

OFFICE OF OMBUDSMAN FOR MENTAL HEALTH
AND MENTAL RETARDATION

FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1991

SEPTEMBER 1992

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

OFFICE OF THE OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION

FINANCIAL AUDIT FOR THE THREE YEARS ENDED JUNE 30, 1991

Public Release Date: September 4, 1992

No. 92-57

OBJECTIVES:

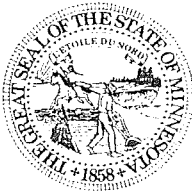
- EVALUATE INTERNAL CONTROL STRUCTURE: payroll and in-state travel.
- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

CONCLUSIONS:

We found the internal control structure to be effective.

We found no departures from finance-related legal provisions.

Contact the Financial Audit Division for additional information.
(612) 296-1730



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Bruce Johnson, Ombudsman
Office of the Ombudsman for Mental Health and Mental Retardation

Audit Scope

We have conducted a financial related audit of the Office of the Ombudsman for Mental Health and Mental Retardation for the three years ended June 30, 1991. Our audit was limited to only that portion of the State of Minnesota financial activities attributable to the transactions of the Office of the Ombudsman for Mental Health and Mental Retardation. We have also made a study and evaluation of the internal control structure of the Office of the Ombudsman for Mental Health and Mental Retardation in effect during March 1992.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transactions of the Minnesota Sentencing Guidelines Commission are free of material misstatements.

As part of our study and evaluation of the internal control structure, we considered the Office of the Ombudsman for Mental Health and Mental Retardation's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

Management Responsibilities

The management of the Office of the Ombudsman for Mental Health and Mental Retardation is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;
- transactions are executed in accordance with applicable legal and regulatory provisions, as well as management's authorization; and
- transactions are recorded properly on the statewide accounting system in accordance with Department of Finance policies and procedures.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Payroll, and
- In-State Travel.

For the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Conclusions

In our opinion, the internal control structure of the Office of the Ombudsman for Mental Health and Mental Retardation in effect during March of 1992, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial activities attributable to transactions of the Office of the Ombudsman for Mental Health and Mental Retardation.

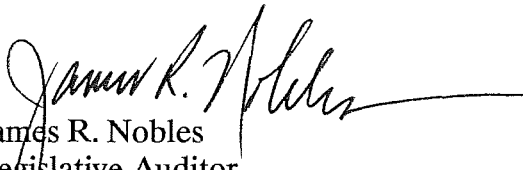
However, we noted certain matters involving the internal control structure and its operation that we reported to the management of the Office of the Ombudsman for Mental Health and Mental Retardation in a meeting held on May 13, 1992.

The results of our tests indicate that, with respect to the items tested, the Ombudsman for Mental Health and Retardation complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to


Representative Ann Rest, Chair
Members of the Legislative Audit Commission
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Page 3

our attention that caused us to believe that the Ombudsman for Mental Health and Retardation had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Commission and management of the Office of the Ombudsman for Mental Health and Mental Retardation. This restriction is not intended to limit the distribution of this report, which was released as a public document on September 4, 1992.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: May 13, 1992

Report Signed On: August 31, 1992

Ombudsman for Mental Health and Retardation

Table of Contents

	Page
Background Information	1-2

Audit Participation

The following staff from the Office of the Legislative Auditor prepared this report:

John Asmussen, CPA
Renee Redmer, LPA
Daniel Quandt, CPA

Deputy Legislative Auditor
Audit Manager
Auditor-In-Charge

Exit Conference

The conclusions of our work were discussed with the following staff on May 13, 1992:

Bruce Johnson
Jean Koonce

Ombudsman
Office Manager

Ombudsman for Mental Health and Retardation

Background Information

The 1987 Minnesota Legislature created the Office of the Ombudsman for Mental Health and Mental Retardation. Shirley Hokanson assumed the responsibilities of Ombudsman in September of 1987 and resigned her position effective November of 1991. In December of 1991, Governor Carlson appointed Bruce Johnson as the Ombudsman. The Ombudsman for Mental Health and Mental Retardation has a broad mandate to “promote the highest attainable standards of treatment, competence, efficiency, and justice for all people receiving care and treatment for mental illness, mental retardation, chemical dependency, or emotional disturbance.”

The Ombudsman has statutory authority to:

- prescribe the methods by which complaints to the office are made, reviewed, and acted upon;
- mediate or advocate on behalf of the clients; and investigate the quality of services provided to clients;
- determine the extent to which quality assurance mechanisms work to promote the health, safety, and welfare of clients;
- gather information about and analyze the actions of an agency, facility, or program and enter and view the premises of an agency, facility, or program;
- examine records of an agency, facility, or program on behalf of a client; and subpoena a person to appear, give testimony, or produce documents relevant to a matter under inquiry; and
- attend Department of Human Services Review Board and Special Review Board proceedings.

The Office of the Ombudsman for Mental Health and Mental Retardation consists of a central office in St. Paul and regional offices throughout the state. The regional offices are each staffed by a regional client advocate and are located in the Regional Treatment Centers in Anoka, Brainerd, Cambridge, Faribault, Fergus Falls, Moose Lake, St. Peter, and Willmar.

Ombudsman for Mental Health and Retardation

General Fund appropriations provide the funding for operations of the Ombudsman. Expenditures of the Ombudsman for the three years ended June 30, 1991 are as follows:

	<u>Year Ended June 30</u>		
	<u>1989</u>	<u>1990</u>	<u>1991</u>
Payroll	\$575,668	\$733,020	\$801,666
In-State Travel	19,868	27,151	31,442
Other Administrative Expenditures	<u>159,513</u>	<u>143,878</u>	<u>135,101</u>
Total Expenditures	<u>\$755,049</u>	<u>\$904,049</u>	<u>\$968,209</u>

Source: Statewide Accounting Managers Financial Reports, as of September 2, 1989; September 1, 1990; and August 31, 1991.