

**OMBUDSMAN FOR CORRECTIONS
FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1991**

OCTOBER 1992

**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**

92-70

OMBUDSMAN FOR CORRECTIONS
FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1991

Public Release Date: October 8, 1992

No. 92-70

OBJECTIVES:

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

CONCLUSIONS:

We found the internal control structure to be effective.

We found that the Ombudsman for Corrections had complied with 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

Ms. Patricia Seleen
Ombudsman for Corrections

Audit Scope

We have conducted a financial related audit of the Ombudsman for Corrections as of and 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 Ombudsman for Corrections, as discussed in the Background section. We have also made a study and evaluation of the internal control structure of the Ombudsman for Corrections in effect at April 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 transaction of the Ombudsman for Corrections are free of material misstatements.

As part of our study and evaluation of the internal control structure, we performed tests of the Ombudsman for Correction's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Management Responsibilities

The management of the Ombudsman for Corrections is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws, regulations, contracts, and grants. 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
- travel.

For all of 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

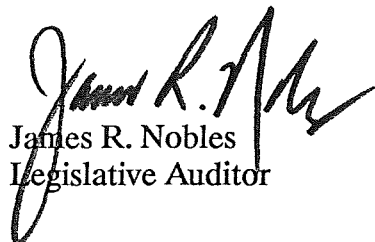
In our opinion, the internal control structure of the Ombudsman for Corrections in effect at April 1992, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material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

However, we noted certain matters involving the internal control structure and its operation that we reported to management of the Ombudsman for Corrections at the exit conference held on June 3, 1992.

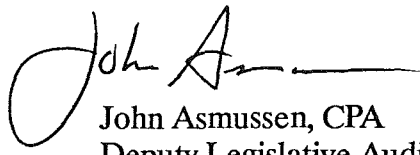
The results of our tests indicate that, with respect to the items tested, the Ombudsman for Corrections complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Ombudsman for Corrections had not complied, in all material respects, with those provisions.

Representative Ann Rest, Chair
Members of the Legislative Audit Commission
Ms. Patricia Seleen
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This report is intended for the information of the Legislative Audit Commission and management of the Ombudsman for Corrections. This restriction is not intended to limit the distribution of this report, which was released as a public document on October 8, 1992.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: June 3, 1992

Report Signed On: October 2, 1992

Ombudsman for Corrections

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Audit Participation

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

John Asmussen, CPA
Warren Bartz, CPA
Mark Johnson

Deputy Legislative Auditor
Audit Manager
Auditor-in-Charge

Exit Conference

The findings and recommendations of this audit were discussed with the following staff on June 3, 1992:

Patricia Seleen
Laura Ochs

Ombudsman for Corrections
Accounting Officer

Ombudsman for Corrections

Background Information

The Ombudsman for Corrections exists to promote the highest attainable standards of competence, efficiency, and justice in the administration of corrections. It is a separate, independent state agency, created by Minn. Stat. Section 241.41. The agency's sole purpose is to conduct investigations of complaints lodged by inmates, staff, and other interested sources.

The Ombudsman was established in 1972 by an executive order. John Poupart was Ombudsman from March 1983 until January 1991. Melvyn Brown was acting Ombudsman between January 1991 and January 1992 when Patricia Seleen was appointed.

Operations of the agency are financed mainly by state appropriations from the General Fund. All operating activities are accounted for on the Statewide Accounting System. Our audit was limited to only the portion of the State of Minnesota financial activities attributable to the transactions of Ombudsman for Corrections.

According to statewide accounting system, the Ombudsman for Corrections spent the following amounts during the audit period:

	<u>Year Ended June 30</u>		
	<u>1991</u>	<u>1990</u>	<u>1989</u>
Expenditures:			
Payroll	\$322,894	\$325,548	\$305,127
Travel	12,859	13,229	9,628
Other	<u>33,068</u>	<u>46,723</u>	<u>37,518</u>
Total Expenditures	<u>\$368,821</u>	<u>\$385,500</u>	<u>\$352,272</u>

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