

**BRAINERD REGIONAL HUMAN SERVICES CENTER
FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1991**

DECEMBER 1992

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

SUMMARY

State of Minnesota
Office of the Legislative Auditor
Centennial Office Building • St. Paul, MN 55155
612/296-4708

BRAINERD REGIONAL HUMAN SERVICES CENTER

FINANCIAL AUDIT

FOR THE THREE YEARS ENDED JUNE 30, 1991

Public Release Date: December 11, 1992

No. 92-83

OBJECTIVES:

- EVALUATE INTERNAL CONTROL STRUCTURE: Personnel services, cost of residents care, chemical dependency allocation, and residents' accounts.
- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

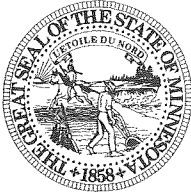
CONCLUSIONS:

We found three areas where the internal control structure needed improvement:

- Chemical dependency cost allocations and contract administration need improvement.
- Controls over the employees' payroll system need improvement.
- The relationship between the Volunteer Council and the center is not clearly defined.

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
CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Ms. Natalie Haas Steffen, Commissioner
Department of Human Services

Mr. Harvey Caldwell, Chief Executive Officer
Brainerd Regional Human Services Center

Audit Scope

We have conducted a financial related audit of the Brainerd Regional Human Services Center as of and for the three years ended June 30, 1991. Our audit was limited to only that portion of the State of Minnesota's financial activities attributable to the transactions of the Brainerd Regional Human Services Center, as discussed in the Introduction. We have also made a study and evaluation of the internal control structure of the Brainerd Regional Human Services Center in effect at March 31, 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 Brainerd Regional Human Services Center are free of material misstatements.

As part of our study and evaluation of the internal control structure, we performed tests of the Brainerd Regional Human Services Center'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 Brainerd Regional Human Services Center 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:

- Personnel services
- Cost of residents care:
 - Mentally retarded and mentally ill
 - Chemically dependent
 - Nursing home
- Chemical dependency allocation; and
- Residents accounts

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

Our study and evaluation disclosed the conditions discussed in findings 1-3 involving the internal control structure of the Brainerd Regional Human Services Center. We consider these conditions to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data.

Representative Ann Rest, Chair
Members of the Legislative Audit Commission
Ms. Natalie Haas Steffen, Commissioner
Mr. Harvey Caldwell, Chief Executive Officer
Page 3

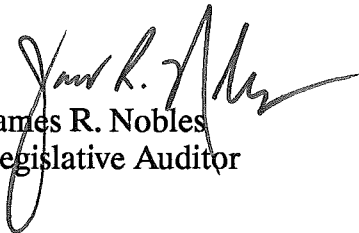
A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial activities being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we reported to the management of Brainerd Regional Human Services Center in a meeting held on June 5, 1992.


The results of our tests indicate that, with respect to the items tested, the Brainerd Regional Human Services Center 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 Brainerd Regional Human Services Center 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 Brainerd Regional Human Services Center. This restriction is not intended to limit the distribution of this report, which was released as a public document on December 11, 1992.

We thank the Brainerd Regional Human Services Center staff for their cooperation during this audit.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: June 5, 1992

Report Signed On: December 7, 1992

Brainerd Regional Human Services Center

Table of Contents

	Page
Introduction	1
Current Findings and Recommendations	2
Auditor Comments on Agency Response	6
Agency Response [The agency's response included several attachments which are not presented in this report. These attachments are available upon request.]	7

Audit Participation

The following members of the Office of the Legislative Auditor participated in this audit:

John Asmussen, CPA	Deputy Legislative Auditor
Renee Redmer, LPA	Audit Manager
Ken Vandermeer, CPA	Auditor-in-Charge
Chris Buse, CPA	Staff Auditor
Dan Quandt, CPA	Staff Auditor

Exit Conference

The findings and recommendations in this report were discussed with Harvey Caldwell, Chief Executive Officer of the Brainerd Regional Human Services Center on June 5, 1992.

Brainerd Regional Human Services Center

Introduction

The Brainerd Regional Human Services Center is a multipurpose facility which serves individuals with problems caused by mental illness, chemical dependency, or mental retardation. The center services a 12 county area in north central Minnesota. The center is under the general management of the Commissioner of Human Services and the immediate supervision of a chief executive officer (CEO) who is appointed by the commissioner. Harvey Caldwell is the current CEO at the center. The center has a staff of 625 to administer the general operations and various programs at the center. The average daily population of the residents decreased from 401 in 1989 to 343 in 1991.

The center is financed mainly by General Fund appropriations made directly to the Department of Human Services. Human Services is responsible for maintaining, controlling, and transferring the necessary funds to the appropriate center accounts. The table below summarizes the center's financial activity for the three fiscal years ended June 30, 1991.

	Fiscal Year		
	<u>1989</u>	<u>1990</u>	<u>1991</u>
Revenues			
Cost of residents care:			
Mentally retarded and ill	\$15,711,530	\$16,970,153	\$18,633,762
Chemical dependency	1,414,943	1,934,890	1,699,437
Nursing home		804,238	1,333,208
Residents accounts	411,951	425,927	413,263
Other	<u>234,101</u>	<u>394,842</u>	<u>634,445</u>
Total Revenue	<u>\$17,772,525</u>	<u>\$20,530,050</u>	<u>\$22,714,115</u>
Expenditures			
Personnel services	\$18,256,673	\$20,611,429	\$21,550,985
Chemical dependency program	1,773,861	1,947,742	1,515,145
Residents accounts	335,535	344,041	340,403
Other	<u>1,350,744</u>	<u>2,019,522</u>	<u>2,726,959</u>
Total Expenditures	<u>\$21,716,843</u>	<u>\$24,922,734</u>	<u>\$26,133,492</u>

Source: Statewide Accounting System, Manager's Financial Report as of closing for fiscal years 1989 to 1991 and the Cost of Care Billing System Accumulative Summary for fiscal years 1989 to 1991.

Current Findings and Recommendations

1. Chemical dependency cost allocations and contract administration need improvement.

The center charged the Chemical Dependency (CD) Program for direct salary costs unrelated to the program and allocated an incorrect amount for indirect costs. These erroneous allocations inflated the cost of care rates for chemically dependent clients and overstated the expenditures in the Chemical Dependency Fund. In addition, the center did not properly administer the contracts established with the counties for reimbursement of client services. Specifically, the center did not charge the counties the proper rates for the 1991 contract. The center also did not finalize its annual contracts with the counties on a timely basis.

The center charged the Chemical Dependency Fund for employees who did not work exclusively on the program. Minn. Stat. Section 246.64, Subd. 1 requires that the actual costs incurred for the chemical dependency programs be included in the cost of care rate. The rate is currently based on the actual historical costs accumulated each year, and then adjusted for estimated increases/decreases in future services. Any excess charges would result in overcharges to the CD Fund and inflated rates. Center staff process payroll and allocate direct and indirect salary charges to the Chemical Dependency Program. Staff inappropriately charged direct salaries to the CD Fund for several employees who did not work full-time on the program. There is no process to reconcile the actual salaries paid to the indirect and direct salary costs charged to the fund. The questionable direct salary charges to the CD Fund totaled \$66,360.12, \$194,534.79 and \$110,216.30 for fiscal years 1989, 1990 and 1991, respectively.

An error also occurred in the transfer of indirect costs to the Chemical Dependency Fund. An amount of \$1,405.00 was erroneously transferred to the fund in fiscal year 1990. Although the amount is immaterial, errors could occur and remain undetected since neither central office nor the center review the amounts transferred for indirect costs. Without adequate controls over costs paid and allocated to the CD Fund, the clients could be charged incorrect rates for the services provided by the center.

The center did not bill counties at the rates specified in the calendar year 1991 contract. We estimate that the center charged counties \$63,000 less than the written contract specified. The contract provided treatment rates of \$140/day for inpatient and \$110/day for outpatient treatment. However, the center charged the counties \$135/day and \$100/day, respectively, which was the previous contract rate. Currently, staff responsible for billing the counties do not receive a copy of the contract. Notification of rate changes is done verbally, which increases the risk of incorrect billings. The lack of properly monitoring the contractual provisions and the informal notification of the rate changes resulted in the loss of revenue.

Brainerd Regional Human Services Center

In each of the past five years, the center provided chemical dependency services to counties before finalizing the contracts. During each of these years the center operated without a contract for periods of one to seven months. For example, the center provided services to counties from January to April 1991; however, the center did not formalize the annual contract until May 1991. By operating without a written contract the center exposes itself to unnecessary risks. Misunderstandings about rates, payment methods, duties, and liability could arise.

Recommendations

- *The center should properly allocate direct and indirect salary costs to the CD Fund.*
- *The center should determine the financial impact of the inappropriate salary charges to the CD Fund and the rates charged.*
- *The center should strengthen contract review and billing rate notification procedures. In addition, the center should work with the affected counties to recover the \$63,000 billing shortage.*
- *The center should execute chemical dependency contracts before the beginning of each fiscal year.*

2. Controls over the employees' payroll system need improvement.

The center is not verifying the accuracy of leave records for vacation, sick, and compensatory overtime leave balances. The center does not record alternate holidays earned or taken by employees. Also, the center did not compare input and output documents to confirm the validity of the charges entered on the state's payroll system.

We found variances between the payroll system's biweekly leave balance report and employees' leave records for 5 of 25 timesheets reviewed. The center enters employees' hours worked and leave taken in the payroll system. The system processes the payroll and generates computerized output reports. Supervisors are responsible for reconciling leave balances listed in the output reports with amounts recorded on employees' timesheets. Supervisors did not detect or investigate any of the differences in a timely manner. Employee math errors caused three of the variances. The other two occurred because the center entered leave in the payroll system incorrectly. Reconciling leave balances recorded on timesheets with the payroll system reports is an important control for detecting data entry errors.

Brainerd Regional Human Services Center

Internal controls over alternate holidays are weak because the center does not record holidays earned and used by employees. Instead, the center relies on employees to record their own alternate holiday balances on their timesheets. Errors or irregularities could occur and remain undetected because employees maintain their own payroll records without an independent oversight. Alternate holidays are riskier than other leave types because the statewide payroll system does not control the usage of these holidays.

The center does not reconcile the payroll certification report to an input document. The center reconciles the timesheets to the precertification report, but does not reconfirm payroll activities to the final certification report. Although the center reviews the certification report for unusual items, changes to leave balances and retroactive adjustments could occur and remain undetected. Statewide accounting procedures require the reconciliation of the payroll certification report to an input document.

Recommendations

- *The center should confirm the correctness of employees' leave usage from the timesheets to the payroll system's biweekly leave balance report.*
- *The center should develop a system to identify alternate holidays earned and used by each employee.*
- *The center should reconcile the payroll system's precertification to the certification report to ensure the propriety of the leave balances and any adjustments.*

3. The relationship between the Volunteer Council and the center is not clearly defined.

The activities of the Volunteer Council and the center are not separate and distinct. The council is a nonprofit organization established to supplement programs and services for clients of the center.

The lack of distinction between activities of the council and the center are evidenced through the following:

- The community services director, an employee of the center, uses a center office to provide services for the canteen operations. The canteen is operated by the council for the benefit of the centers' clients. The bylaws of the council list the principle office of the corporation as the center.
- The director collects and deposits canteen receipts for the council. The canteen receipts are deposited into a state account, but may be withdrawn and redeposited into the councils' bank account when requested by the council. Approval for the transfer is given by the director, and can only be given for activities that benefit all clients at the center.

Brainerd Regional Human Services Center

- The council provides an imprest cash fund for some client activities, and use of these funds is approved by the director.
- The center provides a building for the collection of donated items by the general public. The “receipt for donation form” issued by the center and signed by the center employee to acknowledge the donated goods lists the council as the recipient.

The council’s lack of autonomy may cause confusion for donors because they may not readily be able to identify whether they are dealing with the center or the council. The confusion is further enhanced by the discussion of donated gifts and money within the center’s policy manual. This policy requires that items and money donated for client benefit processed by volunteer services be deposited to the councils’ accounts. It is important that donors know to whom their money is going directly and indirectly, and the flow and use of such funds.

To ensure that the council is distinct and separate from the center, the activities of the council and the center should be defined in a written agreement. To avoid any conflict of interest for center employees, the council’s board members should establish policies and make the spending decisions. Activities between the center and the council should benefit both parties, but the center must not be able to control the policy making decisions of the council.

Recommendations

- *The center should make clear to potential donors whether the center or the council is actually soliciting or receiving the funds, and to whose account those contributions will be deposited when received.*
- *A written, formal agreement between the council and the center providing for cost benefits to the state should be signed, stating each organizations rights and obligations.*

Brainerd Regional Human Services Center

Auditor Comments on Agency Response

The attached response indicates some areas of disagreement with our draft report comments. We have reconsidered these items and offer the following comments.

Regarding the first finding, the response suggests a different legal interpretation of state laws governing the funding and operation of the chemical dependency program. Upon review, we disagree with the center's interpretation of laws regarding employee layoffs. We do not agree that the laws removed layoffs as an option in responding to a decrease in chemical dependency program staffing. We believe that layoffs of professional, supervisory, and other nonprotected employees were legal options that the center could have pursued.

The response also challenged a recommendation related to the first finding. We recommended that the center adjust the Chemical Dependency Fund for inappropriate salary charges and refund the counties for amounts overcharged. We have reconsidered this recommendation and have withdrawn it from our final report. We agree that the legal obligations between the center and counties have been fulfilled and that no legal basis exists to seek refunds.

Regarding finding 3, the center indicated that "some clarification was necessary." We reconsidered this finding and reviewed our evidence. We believe that our comments are clearly stated and accurate. More importantly, we should note that the response indicates agreement with our recommendation, and the center plans to execute a contract with the Volunteer Council.



1777 Highway 18 East
Brainerd, Minnesota 56401-1000
(218) 828-2201

Harvey G. Caldwell
Chief Executive Officer

Robert B. Jones, M.D.
Medical Director

Accredited by the Joint Commission on Accreditation of Healthcare Organizations

November 13, 1992

Mr. James R. Nobles
Legislative Auditor
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Mr. Nobles:

This is the Department of Human Services' formal written response to the comments and recommendations contained in the Financial Audit Report of the Brainerd Regional Human Services Center submitted by Renee Redmer on October 15, 1992.

1. Chemical dependency cost allocations and contract administration need improvement.

Recommendation:

- The center should properly allocate direct and indirect salary costs to the CD Fund.

Response:

In responding to the audit report finding that BRHSC charged the CD Fund for employees who did not work exclusively on the program, it is important to review legislative changes governing the funding and operation of Regional Treatment Center (RTC) CD programs.

On January 1, 1988, RTC CD Programs changed from an appropriation funding base to an enterprise fund operation. On-going survival in a market driven setting is predicated on the entrepreneurial skill of providing goods and services that compare favorably with the quality and price offered by the competition.

BRHSC's CD program consists primarily of inpatient services. Like most other inpatient CD programs, BRHSC experienced a loss of market share during the time period covered by the audit. As a result, the number of CD employees employed by the program exceeded the staffing levels required to operate the program.

BRHSC's private sector competitors responded to similar situations by reducing staffing levels, and the 1986 Legislature provided the Commissioner of Human Services with similar authority for RTC programs by enacting the following legislation as a part of Laws of Minnesota for 1986, Chapter 394, Section 7:

The Commissioner may expand or reduce chemical dependency staff complement as long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. An increase or decrease in chemical dependency staff shall not result in an increase or decrease in staff in any facility or unit not providing chemical dependency services.

However, during the period of time covered by the audit findings, the Commissioner was effectively limited in exercising this authority by the following rider language, which was added to the appropriation bills by both the 1987 and 1989 Legislatures as a part of Laws of Minnesota for 1987, Ch. 403, Art. 1, Sec. 2, Subd. 9 and Laws of Minnesota for 1989, Ch. 282, Art. 1, Sec. 2, Subd. 8:

Provided there is no conflict with any collective bargaining agreement, any regional treatment center or state nursing home reduction in the human services technical classifications and other nonprofessional, non-supervisory direct care positions must only be accomplished through attrition, transfers, and retirement and must not be accomplished through layoff, unless the position reduction is due to the relocation of residents to a different state facility and the employee declines to accept a transfer to a comparable position in another state facility.

Since the above rider covers most CD employees, the effect of the rider language was to remove layoffs as an option in responding to a decrease in CD staffing requirements.

To the extent vacancies existed in other program areas, and funding levels permitted new hires, excess CD employees were assimilated into these positions. However, to the extent that alternative employment opportunities were not available, ultimate responsibility for the salaries of these employees remained with the CD program until such time as other attrition options (e.g., retirement, voluntary resignation, etc.) brought actual staffing patterns into balance with staffing needs.

Since the services of these individuals were not required by the CD Program, they were frequently assigned to work elsewhere at the facility in an effort to obtain some productive service. However, unless these individuals were transferring to funded vacant positions as indicated above, the CD Program retained responsibility for their salaries. In our judgment, to do otherwise would have violated legislative intent that a decrease in CD staffing not result in an increase in other program staffing levels.

In any event, this issue is presently resolved. BRHSC has over time affected necessary staffing reduction in the CD complement to bring the number of employees in line with program needs and revenue. In addition, rider language precluding layoffs expired on June 30, 1991, and was not renewed by the 1991 Legislature.

We should state that when reviewing the audit report we questioned the following sentence: "The questionable direct salary charges to the CD fund totaled \$66,360.12, \$194,534.79, and \$110,216.30 for fiscal years 1989, 1990, and 1991, respectively." We called Ken Vandermeer about this sentence and he provided us with 14 pages of documentation listing a number of BRHSC employees who were allegedly incorrectly paid from the direct CD salary AID 192559. Upon careful review of each employee and the wages paid, we believe that with the following exceptions all wages paid from CD salary AID 192559 were correct:

Caldwell, Elizabeth	\$3,924.37
Goedderz, Katherine	212.01
Barron, Karen	982.09
Total	<u>\$5,118.47</u>

Our explanation for this \$5,118.47 error is that these people were incorrectly placed on position control numbers that allowed them to be paid out of the CD AID. Because of the relatively small amount of this error, and because it occurred quite some time ago, we do not feel it appropriate to make an adjustment.

Recommendation:

- The center should determine the financial impact of the inappropriate salary charges to the CD Fund and the rates charged. The center should make the proper adjustments to the fund and refund the counties for amounts overcharged.

Response:

As indicated in the previous response, the Department does not believe the CD Program was inappropriately charged for CD staff salaries. However, to refund an overcharge would ignore \$900,000 in subsidies received by the BRHSC program to cover the differences in expenditures over revenue for the three year period of the audit.

The premise of this recommendation seems to be based in a belief that rates are somehow tied to a specific cost calculation. Such a rate setting strategy would totally ignore rates offered by competitors. In other words, if BRHSC rates were determined strictly on costs, BRHSC would be helpless to respond to competitors discounting their rates in an effort to capture BRHSC's share of the market. Similarly, if BRHSC was limited to recovering only current costs, the facility would never be able to establish a fund balance necessary to survive market fluctuation. Additional examples could be offered demonstrating the inadvisability of the pricing strategy implied in the audit finding, but suffice to say the Department does not agree that the Legislature intended to limit BRHSC's ability to use competitive rate setting techniques.

Recommendation:

- The center should strengthen contract review and billing rate notification procedures. In addition, the center should work with the affected counties to recover the \$63,000 billing shortage.

Response:

We acknowledge that the error occurred. We do not feel it appropriate to work with the affected counties to recover the \$63,000 billing shortage.

Recommendation:

- The center should execute chemical dependency contracts before the beginning of each fiscal year.

Response:

We certainly agree that Brainerd Regional Human Services Center should execute chemical dependency contracts before the beginning of each calendar year. (Our host county contract runs on a calendar year basis, not a fiscal year basis.) Our response to this is that the 1993 host county contract has already been negotiated, signed, and submitted to St. Paul for signatures by the appropriate state offices. We fully expect that the 1993 host county agreement will be in place by January 1, 1993. Also, copies of this fully executed agreement will be submitted to all

appropriate parties who should be aware of its content; this will very specifically include Reimbursement Office staff.

2. Controls over the employees' payroll system need improvement.

Recommendation:

- The center should confirm the correctness of employees' leave usage from the timesheets to the payroll system's biweekly leave balance report.

Response:

The BRHSC Personnel Office is in full agreement with the need to check leave balances as mentioned in recommendation #1. As of this date timesheets have been checked against the leave balance report three (3) times in the new fiscal year and corrections are brought to supervisors' attention. We will be checking balances as frequently as time allows, but not less than once per month.

On June 24, 1992 the supervisors attended training on the leave balance printout. A copy of the agenda, overhead, and explanations of this training are attached (attachments #1, 2, 3, and 4).

Recommendation:

- The center should develop a system to identify alternate holidays earned and used by each employee.

Response:

In the past we have sent out memos regarding float and alternate holidays which instruct the supervisors on the correct recording (attachment #5 and #6).

We feel that the alternate holiday problem is a system problem that should be addressed in Central Payroll as we feel that if the program can identify an earnings type code for float holidays it could do the same for alternate holidays. However, at this time there is not an earnings type to identify alternate holidays. Therefore, we have implemented a tracking system for supervisors to complete. They will in turn submit this form to Personnel every three (3) months. Personnel will then keep a record on file and will monitor alternate holidays. (One supervisor was given a tracking form before we distributed them to others and she had some positive remarks.) The form went to supervisors in time for the upcoming holiday season (attachment #7).

We are also sending to supervisors a list of those employees who have not taken their float holidays for FY 93. This, too, was recently implemented and therefore we have not received feedback. Central Payroll sends us a list of those employees who have taken their float and a list of employees who have not taken their float holiday (attachment #8).

Recommendation:

- The center should reconcile the payroll system's pre-certification to the certification report to ensure the propriety of the leave balances and any adjustments.

Response:

Entries in the past have been spot checked before releasing the payroll by doing a PI22. By doing this, errors are found before payroll is released and an accurate payroll warrant would result versus checking the certification after the payroll warrant has already been issued, resulting in a need for an adjustment to be done at a later pay period.

We have however, because of recommendation 3, implemented reconciling the pre-certification to the certification to ensure proper entry. This process will continue to be done on a bi-weekly basis. NOTE: These added procedures will increase the work load by an additional 8 to 10% a payroll period at first; however, as corrections are made and maintained this should reduce overtime.

3. The relationship between the Volunteer Council and the center is not clearly defined.

Recommendations:

- The center should make clear to potential donors whether the center or the council is actually soliciting or receiving the funds, and to whose account those contributions will be deposited when received.
- A written, formal agreement between the council and the center providing for cost benefits to the state should be signed, stating each organization's rights and obligations.

Response:

First some clarifications are necessary. In the last paragraph of page 4 of the Audit Report, the statement, "Approval for the transfer is given by the director..." should be, "Approval for the transfer is given by the Council..." The director never approves this transfer. The accounting supervisor approves the fact that the money can be taken out of the resident accounts by looking at the motion in the council minutes and the next meeting minutes to make sure the minutes were approved as written at the meeting the motion was made.

The first sentence of page 5 states, "...use of these funds is approved by the director". The director only approves the expenditures that have already been approved by the council. It's more of a rubber stamp to satisfy the Resident Account Office requirements.

Paragraph 2--The cash receipts are all done and signed by the treasurer of the Volunteer Council. The receipts for the material donations are signed by the director but never have had anything that noted Volunteer Council.

Paragraph 3, the second sentence, contains a misunderstanding: this policy requires that items and money donated for the client benefit processed by volunteer services be deposited to the Council's account. "Items" aren't deposited in any monetary account. It's not possible.

Paragraph 4--The Council does have policies and does make all the spending decisions. NO decisions are made by anyone else. The director can ONLY present the requests for monies for the clients to the Council.

The recommendations are good. At the present time only the Council solicits and receives the monetary donations. The only exception is if someone inadvertently makes the check out to BRHSC instead of the Volunteer Council. The check is either sent back and rewritten to the Council or the check is deposited into the General Bequest Account. All solicitation materials for money, all receipts for money, etc., state that

the Volunteer Council is the one soliciting, etc. All receipts say what account the money went into (attachment #9). Also see attached solicitation letter (attachment #10).

In regard to solicitation of materials, the Council normally does most of the solicitation. However, the director also does some solicitation under the name of BRHSC. In each case we make sure that the donor understands who is soliciting materials. We are trying to move toward the Volunteer Council taking sole responsibility for materials also, the same as monies.

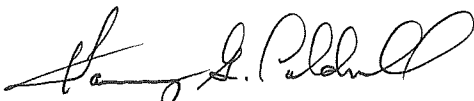
Plan:

The Personnel Services Director and the Volunteer Services Director will ensure that a written formal agreement is set up between the Volunteer Council and Brainerd Regional Human Services Center.

Completion Date:

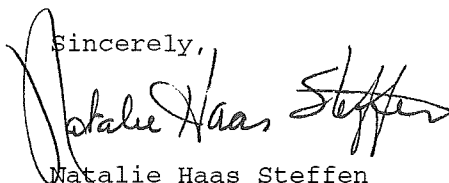
The agreement will be in place by February 1, 1993.

Sincerely,



Harvey G. Caldwell
Chief Executive Officer
Brainerd Regional Human
Services Center

Sincerely,



Natalie Haas Steffen
Commissioner
Department of Human Services


Attachments

Brainerd Regional Human Services Center

Lyn Ogren
 STATE OF MINNESOTA
 OFFICE MEMORANDUM

DATE: June 17, 1992

TO: Supervisors

 FROM: Harvey G. Caldwell
 Chief Executive Officer
 

PHONE: (218)828-2205

SUBJECT: Supervisors' Meeting

The next supervisors' meeting will be held on Wednesday, June 24, 1992 in the Halsted Building Meeting Room. Coffee will be available at 9:15 prior to the meeting which will start promptly at 9:30. Agenda items for this meeting are:

CEO Comments	Harvey Caldwell (15 minutes)
Personnel Issues	Mike Engler & Lyn Ogren
MAPE Overtime	(40 minutes)
ADA Handout	Lyn Ogren
Sick Leave Review Board	(10 minutes)
Leave Balances Printout	Pat Holman
Participation at Committees	(10 Minutes)
In-Print	Faye Christensen
Employee Recognition	(20 minutes)
90/900 Club	Faye Christensen
Open Forum	(5 Minutes)
	Lyn Ogren
	(10 minutes)

Suggestion Box
Sign Sheet

This meeting will again last the full two hours. Approximately 10 minutes will be allowed for an Open Forum to allow anyone the opportunity to discuss issues with the group. If need dictates, additional time can be allotted for the Open Forum. There will be a suggestion box available at each upcoming meeting to allow for suggestions and possible agenda items.

Division of Labor

F.D.H. - Americans with Disabilities Act

Synopsis:
Equal Protection Against Discrimination
for persons with disabilities

PROGRAM NO: PFP02207

DEPT-DIV-LOC: 10-000-001

DEPT NAME: DEPARTMENT OF FINANCE

STATE OF MINNESOTA
DEPARTMENT OF FINANCE - CENTRAL PAYROLL DIVISION
EMPLOYEE BIWEEKLY LEAVE REPORTING
FOR THE PAY PERIOD ENDING 11/13/84

RUI DATE: 11/17/84

REPORT PAGE NUMBER: 041

DEPT-DIV-LOC PAGE NO: 0003

REPORT PROCESSING

102

EMPLOYEE NAME		DEPARTMENT OF FINANCE		FOR THE PAY PERIOD ENDING 11/15/84										SICK BANK HOURS			COMPENSATORY HOURS				
		VACATION HOURS					SICK HOURS														
		②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫	⑬	⑭	⑮	⑯	⑰	⑱	⑲	⑳	
EMPLOYER	LY LEAVE	ACCUE	TAKEN	LQID	ADJUST	PRESENT	ACCUE	TAKEN	LQID	ADJUST	PRESENT	ACCUE	ADJUST	PRESENT	ACCUE	TAKEN	LQID	ADJUST	PRESENT		
NAME	SC ACCRUAL DATE	FYTD	FYTD	FYTD	ONLY	BALANCE	FYTD	FYTD	FYTD	ONLY	BALANCE	FYTD	ONLY	BALANCE	FYTD	FYTD	FYTD	ONLY	BALANCE		
999-99-0012 01	06/23/84 A	9.00	.00	.00	.00	9.00	9.00	.00	.00	.00	23.00	.00	.00	.00	.00	.00	.00	.00	.00		
CHILLI, WILLI		4.00	.00	.00			4.00	.00	.00			.00			.00	.00	.00				
999-99-0014 02	09/15/69 A	7.50	.00	.00	.00	200.00	.00	.00	.00	.00	900.00	2.00	.00	50.00	.00	5.50	.00	.00	36.00		
COTTON, CANDY		82.50	95.50	.00			.00	.00	.00			22.00			57.50	21.50	.00				
999-99-0008 02	02/19/73 A	7.00	.25	.00	.00	246.00	4.00	16.00	.00	.00	476.50	.00	.00	.00	.00	.00	.00	.00	.00		
COMBORG, DUDLEY		70.50	29.25	.00			44.00	52.50	.00			.00			5.00	5.00	.00				
999-99-0016 02	03/11/80 A	4.00	.00	.00	.00	230.50	4.00	1.50	.00	.00	35.50	.00	.00	.00	.00	.00	.00	.00	.00		
FEVER, SCARLETT		44.00	32.00	.00			44.00	20.00	.00			.00			5.00	5.00	.00				
999-99-0010 01	10/30/81 A	9.00	.00	.00	.00	123.00	9.00	.00	.00	.00	205.00	.00	.00	.00	.00	.00	.00	.00	.00		
GURFUDGIN, ORMLIE		44.00	40.00	.00			44.00	20.00	.00			.00			.00	.00	.00				
999-99-0018 02	01/02/51 A	9.00	.00	.00	.00	156.50	.00	.00	.00	.00	900.00	2.00	.00	691.50	.00	.00	.00	.00	.00		
TOHRI, OTTO		99.00	105.50	.00			2.50	2.50	.00			21.50			.00	.00	.00				
999-99-0009 01	08/27/69 A	7.50	2.50	.00	.00	84.50	4.00	.00	.00	.00	272.00	.00	.00	.00	.00	.00	.00	.00	.00		
WIELASH, SHIDLEY		82.50	99.00	.00			44.00	39.50	.00			.00			.00	.00	.00				
999-99-0015 03	01/03/83 A	6.00	4.00	.00	.00	39.50	4.00	.00	.00	.00	193.50	.00	.00	.00	.00	.00	.00	.00	.00		
WIRE, BARB		66.00	140.00	.00			44.00	.00	.00			.00			.00	.00	.00				
999-99-0013 01	10/10/78 T	.00	.00	.00	.00	.00	.00	.00	.00	.00	323.50	.00	.00	.00	.00	.00	.00	.00	.00		
WOODY, CHUCK		27.00	153.00	.00			21.50	.00	.00			.00			.00	.00	.00				
999-99-0017 02	10/04/62 A	8.00	22.00	.00	.00	156.00	.00	.00	.00	.00	900.00	2.00	.00	606.00	.00	.00	.00	.00	.00		
WORLD, OLIVER		80.00	101.00	.00			2.00	2.00	.00			22.00			.00	.00	.00				
999-99-0011 03	10/27/49 T	.00	.00	.00	.00	.00	.00	.00	.00	.00	295.40	.00	.00	270.00	.00	.00	.00	.00	.00		
TELLER, OLE		11.25	.00	130.25	.00		5.00	0.00	350.40			.00			.00	.00	.00				

(9) DEPT-DIV-LOC TOTALS

VACATION HOURS

ACCURED CURRENT 803.25
ACCURED FYTD 8,969.25
TAKEN CURRENT 362.50
TAKEN FYTD 9,917.50
LIQUID CURRENT .00
LIQUID FYTD 412.25
ADJUSTMENTS 20.50
PRESENT BAL 17,987.25

SICK HOURS

ACCURED CURRENT 441.75
ACCURED FYTD 4,469.25
TAKEN CURRENT 245.75
TAKEN FYTD 2,361.00
LIQUID CURRENT .00
LIQUID FYTD 640.00
ADJUSTMENTS .00
PRESENT BAL 60,230.94

SICK BANK HOURS

ACCURED CURRENT
ACCURED FYTD 560.50

ADJUSTMENTS .00
PRESENT BAL 11,560.25

COMPENSATORY HOURS

EARNED CURRENT 47.50
EARNED FYTD 453.75
TAKEN CURRENT 14.75
TAKEN FYTD 376.50
LIQUID CURRENT .00
LIQUID FYTD .00
ADJUSTMENTS .00
PRESENT BAL 234.50

overhead #2

For more information on the distribution of warrants, see Procedure 07:04:24.

The Payroll Warrant or Advice Stub

The stub of a payroll warrant or advice details the employee's pay and deductions. A sample payroll warrant stub is shown in Figure S. The stubs attached to advices and warrants are almost identical, but the stub on the advice has smaller print and does not have a NET AMOUNT line in the first column. Here is an explanation of some of the key items on the stub:

TAX CODES: These codes indicate, in order, the employee's marital status for tax purposes (single or married), the number of federal withholding allowances claimed, and the number of state withholding allowances claimed.

HOURS AVAILABLE: The employee's leave balances will be shown here. "BK" stands for the sick leave reserve bank.

STATE OF MINNESOTA - RECORD OF EARNINGS AND DEDUCTIONS									
EMPLOYEE		PAY PERIOD END		TAX CODES		HOURS AVAILABLE		COMP	
SOCIAL SECURITY NO.				FEDERAL STATE		VACATION SICK			
123-45-6789		10/08/91		S 00 00		41.00 84.00		.00	
JONES, MARY A								.00 BK	
TYPE OF PAY	HOURS	GROSS PAY	TYPE OF DEDUCTION	AMOUNT	YEAR-TO-DATE				
REGULAR	51.00	744.09	FED TAX	210.33	GROSS PAY	25,354.58			
PREM OT	.00	.00	STATE TAX	80.61	FICA GR	25,028.67			
DIFF	51.00	20.40	FICA TAX	81.88	MEDIC GR	25,028.67			
LEAVE	29.00	423.11	MEDIC TAX	19.15	FED TAX	3,888.05			
ADJUST	507.00	148.63	TAX-DEF	50.00	STATE TAX	1,511.10			
OTHER	.00	.00	STATE RET	65.48	FICA TAX	1,551.78			
***GROSS PAY		1336.23	UNION DED	16.10	MEDIC TAX	362.92			
FICA GR		1320.63	FIN INST	550.00	TAX-DEF	1,050.00			
MEDIC GRS		1320.63	SAV BONDS	25.00	FYTD RET	478.14			
TAXES		391.97	EMPE PD DEP	7.97	UNION DED	332.50			
OTHER DEDUCTN		217.18	EMPE PD DEP	7.63	CHARITIES	.00			
CREDIT UN DED		550.00	EMPE LIFE	27.50	INSURANCE	.00			
DIR DEPOSIT		.00	SPSE LIFE	17.50	EARN IN CR	.00			
NET AMOUNT		177.08	TOTAL DED	1159.15	FAIR SH ES	.00			
00127828					CYTD RET	1,242.35			

SEE REVERSE SIDE
Inform your personnel office
if you change your address

WARRANT NO. 19710458

Figure S. Stub of payroll warrant.

TYPE OF PAY: The top of this section features a listing of the various types of pay the employee received. Normally the hours shown here will correspond to what the agency reported on the regular roster for the period. But if the agency processed a PILX transaction or a PIRA transaction to adjust hours, the figures will be adjusted accordingly. For example, if the agency pays the employee for 80 regular hours for the current pay period, and enters a PILX transaction for 10 regular hours due the employee from the previous pay period, the REGULAR line will indicate 90 hours. A retroactive adjustment to the employee's pay rate appears on the ADJUST line. For example, if the agency pays an employee 25 cents more per hour for 80 hours, the ADJUST line will indicate the number of hours adjusted and the dollar amount of the adjustment.

The LEAVE line indicates the amount of paid leave taken by the employee. This figure includes all types of paid leave: vacation, sick, holiday, training, jury duty, and military leave. Only vacation and sick leave are charged against the employee's leave balances. The other types are not.

Effective the first payroll period in July, all supervisors will be sent a printout of the balances of the people who report to them. We will need your cooperation in letting us know if someone shows up on your report that shouldn't or if someone new comes into your unit. For this to work the way it should, communication will be of utmost important.

1. The headings on this line indicate the types of paid leave (vacation, sick, sick bank, compensatory hours,)
2. The employee's social security number and name appear in this column. For purposes of data privacy, we black out the first 5 digits. The last four digits are used by supervisors for investigatory issues.
3. ST: Pay Status. A= Active; L= Leave T= Terminated. If someone in your location shows up as Chuck Woody and Ole Yeller do with a "T" as on the example, please notify me.
4. ACCRUE CURR & FYTD: The top figure in this pair of numbers is the number of paid leave hours earned by the employee in the pay period. The bottom figure is the total number of paid leave hours earned by the employee in the present fiscal year.
5. TAKEN CUR & FYTD: The top figure is the number of paid leave hours taken in the pay period. The bottom figure is the total number of paid leave hours taken by the employee thus far in the fiscal year.
6. LIQUID CURR & FYTD: Liquidations. Vacation, severance and compensatory liquidations will show up here.
7. ADJUST CURR ONLY: Any adjustments that were process during the pay period appear in this column.
8. PRESENT BALANCE: This figure represents the employee's paid leave hours balance at the end of the pay period covered by this report. It is calculated when the employee's pay is processed by the system. This figure reflects the number of ours taken, if any, during the pay period.
9. Paid leave balance totals for the location are listed. Each supervisor will now be provided with this information on a bi-weekly basis.

display check stub.

The check stub contains the vacation, sick leave and compensatory balances on each employee's check. Remind your employees to check periodically to see that the hours shown on the check match the hours that show up on their timesheets. If they do not match up, go through the timesheets to locate the error and notify me so that we can correct the original time sheet.

STATE OF MINNESOTA

DEPARTMENT Brainerd Regional Human Services
Center

Office Memorandum

TO: Supervisors / Timekeepers

DATE: 7/19/91

FROM: Pat Holman *Pat*
Payroll

PHONE: 2217

SUBJECT: Proper recording of Float Holidays.

In the past, timesheets have been sent to the Personnel Office with the Float Holiday combined with the Alternate Holiday, and with comp time combined with holidays.

In an attempt to clarify the three, I have provided a definition of each. I have also included a sample timesheet to show how to record each.

The Department of Employee Relations provides us with a printout of those people who have used their Float Holiday if they have been identified on the timesheet. This printout is of no value to us until we start to identify the Float Holiday as such.

I would like to start FY92 out with an accurate reporting of the Float Holiday so that I could provide you with this printout. You would then have an up-to-date record of those who have used their Float Holiday. I am sure you will find this to be a valuable aid to you and your staff.

FLOAT HOLIDAY - Eligible employees are entitled to one (1) Floating Holiday to be used between July 1st and June 30th. Part time employees will receive hours accrued on the number of hours worked in the payroll period in which it is taken.

ALTERNATE HOLIDAY - When an employee works on his/her holiday they receive pay at the appropriate rate plus are entitled to an Alternate Holiday to be taken at a later date. Length of time in which these can be taken vary with the different Bargaining Units.

COMPENSATORY TIME - When an employee works overtime and has opted to take the time off rather than be paid in cash.

If you have any questions/concerns, please contact me at 2217. Refer to Page 2 for an example of how to enter the above mentioned items.

pvh

over ----->

Brainerd Regional Human Services Center

STATE OF MINNESOTA
OFFICE MEMORANDUM

DATE: May 13, 1992

TO: To All Supervisors

FROM: Pat Holman *Pat*
Personnel Aide/Payroll

PHONE: 2217

SUBJECT: Float Holidays/Alternate Holidays and Compensatory Bank Balances.

Please review the status of each of your employees to insure that, where necessary employees are scheduled to take their floating holiday prior to July 1st if they have not already done so.

Afscme employees who have alternate holidays that have not been taken or scheduled to be taken, and are beyond one hundred twenty days (120) shall be converted to compensatory time. This change is not an automatic process. I will need to be informed preferably by memo so that I can establish these holiday hours into a compensatory bank.

We will not be liquidating compensatory time into cash for AFSCME AND MMA employees as we have sometimes done in the past. MAPE employees will however be liquidated in full during the payperiod ending 6/16/92 which will be paid on the payroll warrant issued on 6/26/92.

If you have any questions/concerns, please contact me.

pvh

Memo sent to Sups on 5/14/92

BRHSC Holiday Tracking System FY93

[illegible]

Instructions:

1. Enter all holiday eligible employee's names.
2. Enter the date when the holiday is taken.
(If employee does not work the holiday, write in date of holiday)
3. If holiday is not taken by PPE (120 days) enter hours as compensatory overtime on timesheet and notify Personnel Office.

Send a copy to Personnel on 9/30, 12/30, 3/30 and 6/30

BRAINERD REG HUMAN SRVCS CTR
DP/DIV/LOC: [REDACTED]STATE OF MINNESOTA
DEPARTMENT OF FINANCE - CENTRAL PAYROLL DIVISION
LISTING OF SELECTED EMPLOYEES WHO HAVE NOT USED FLOATING HOLIDAY
FOR THE CURRENT FISCAL YEAR AS OF PPE 10/20/92JOB: FIPU2202 REPORT #5
DATE 10/24/92 PAGE 1855

SOCIAL SECURITY NUMBER	EMPLOYEE NAME	A EMPL STAT	P P T	APPT BEGIN DATE	APPT END DATE	APPT EMPL COND	CONDITION DESCRIPTION	APPT EMPL STAT	STATUS DESCRIPTION	APPT JOB DP/DIV/LOC	PCNT FULL CLASS	APPT BARG TIME	UNIT	
[REDACTED]	[REDACTED]	A	2	A	10/09/91	06/30/99	11	FULL-TIME, UNLIMITED	11	CLASSIFIED, PERMANENT	55/304/310	000881	100	217
[REDACTED]	[REDACTED]	A	4	A	04/03/85	06/30/99	11	FULL-TIME, UNLIMITED	11	CLASSIFIED, PERMANENT	55/304/310	000881	100	217

***** WARNING ***** SOME EMPLOYEES ON THIS REPORT MAY NOT BE ELIGIBLE FOR A FLOATING HOLIDAY BUT WE WERE NOT ABLE TO DETERMINE THEIR
ELIGIBILITY IN ORDER TO EXCLUDE THEM. IT IS THE AGENCY'S RESPONSIBILITY TO MAKE SURE EMPLOYEES ARE ELIGIBLE TO RECEIVE FLOATING HOLIDAYS.

REDFORM

VOLUNTEER COUNCIL
BRAINEED REGIONAL HUMAN
SERVICES CENTER
BRAINERD, MN 56401

RECEIVED FROM

ADDRESS

10-2 92 2609
Five Hundred and ⁴⁰/₁₀₀ 500.⁰⁰
FOR Recreational Equipment
Thank you very much!

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID		CHECK	500 00
BALANCE DUE		MONEY ORDER	

Barbara Stane, Treas.

REDFORM

VOLUNTEER COUNCIL
BRAINEED REGIONAL HUMAN
SERVICES CENTER
BRAINERD, MN 56401

RECEIVED FROM

ADDRESS

10-21 92 2624
Ten and ⁴⁰/₁₀₀ 10.⁰⁰
FOR Christmas Gift
Thank you very much!

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID		CHECK	10 00
BALANCE DUE		MONEY ORDER	

Barbara Stane, Treas.

REDFORM

VOLUNTEER COUNCIL
BRAINEED REGIONAL HUMAN
SERVICES CENTER
BRAINERD, MN 56401

RECEIVED FROM

ADDRESS

DATE 10-21 92 No. 2627
Ten and ⁴⁰/₁₀₀ 10.⁰⁰
FOR Christmas gifts
Thank you very much!

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID		CHECK	10 00
BALANCE DUE		MONEY ORDER	

Barbara Stane, Treas.

Address: _____

Helen Gustafson
Shriner Aux. - Eastern Star
Temple Baptist Church

OFFICE OF THE VOLUNTEER COUNCIL

serving at the
Brainerd Regional Human Services Center
1777 Highway 18 East
BRAINERD, MINNESOTA 56401

March 10, 1992

Dear Friends;

Following is a list of items that the clients/patients of Brainerd Regional Human Services could use:

Electric razors	Nail polish/remover	Emery Boards
Hair spray	Scissors	Make-up (new)
Storage containers	Curling irons/rollers	Board/card games
Cassette/video tapes	Horseshoes	Furniture stripper
Bubble gum	Snap fasteners	Velcro
Hoola hoops	Playground balls/equipment	Contact paper
Picture hangers	Plaster O' Paris	8" X 5" recipe cards
Bikes	Crafts/craft projects	Cross-country ski equip.
Snowsuits	Acrylic paint by numbers	Ice skates
Cupcake tins/cake pans	Holiday decorations & posters	Softballs
Watercolor markers	Shoe type roller skates	Ping pong paddles/balls
Crayons	Sports equipment	Bottles non-toxic glue
Stationary	Greeting cards	Envelopes
Head scarves	Nick knacks	Wallets
Photo frames	Men's belts	Men's/women's jewelry
Mens/women's socks	Men's/women's gym clothing	Men's/women's gym shoes
Exercise equipment	Pine/cedar for bird houses	52" X 52" tablecloths

CLOTHING - Because of the lack of storage and the expense of taking used clothing, the Volunteer office no longer takes used clothing. However; we are able to take select used and new clothes. We can use the following clothing:

Pajamas	mens and womens	Size M and L
T-shirts	mens	mostly M, some L
underwear	mens	size 32 - 38
underwear	womens	sizes 6 - 10
Bras		32,34,36 - B & C
Socks	mens	sizes 10, 11, 12
Socks	womens	sizes 7, 8, 9
Slippers	mens	sizes 9, 10, 11
Slippers	womens	sizes 7, 8, 9
Pants	mens	sizes 30 - 40
Slacks	womens	all sizes
Winter gloves & hats	womens & mens	

If you have any of the items and you wish to donate them, please call Roger Marks or Janet Praska at 828-2420. Thank you for your time and consideration.

Sincerely,



Roger Marks
Volunteer Services Supervisor



Elaine Halldorson
Volunteer Donation Coordinator

The Volunteer Council is composed of representatives of religious, civic and service organizations who voluntarily work for and with the clients of the Brainerd Regional Human Services Center.