

**MINNESOTA STATE COUNCIL ON DISABILITY**

**FINANCIAL AUDIT**

**FOR THE TWO YEARS ENDED JUNE 30, 1992**

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**JUNE 1993**

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Financial Audit Division  
Office of the Legislative Auditor  
State of Minnesota

**93-33**



# SUMMARY

State of Minnesota  
Office of the Legislative Auditor  
Centennial Office Building • St. Paul, MN 55155  
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## MINNESOTA STATE COUNCIL ON DISABILITY

### FINANCIAL AUDIT FOR THE TWO YEARS ENDED JUNE 30, 1992

Public Release Date: June 24, 1993

No. 93-33

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**OBJECTIVES:**

- EVALUATE INTERNAL CONTROL STRUCTURE: Receipts, council members per diem reimbursements, travel expenses, employee payroll, contractual services, and grants.
- 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.  
296-1730

FINANCIAL AUDIT DIVISION





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Senator Phil Riveness, Chairman  
Legislative Audit Commission

Members of the Legislative Audit Commission

Gregg Asher, Chairman  
Minnesota State Council on Disability

Clell Hemphill, Executive Director  
Minnesota State Council on Disability

Members of the Minnesota State Council on Disability

## **Audit Scope**

We have conducted a financial related audit of the Minnesota State Council on Disability for the two years ended June 30, 1992. Our audit was limited to only that portion of the Minnesota Council on Disability's financial activities attributable to the programs discussed in the Background Section of this report. We have also made a study and evaluation of the internal control structure of the council in effect during February 1993.

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 State Council on Disability are free of material misstatements.

As part of our study and evaluation of the internal control structure, we performed tests of the council'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 Minnesota State Council on Disability 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:

- receipts,
- payroll,
- council members' per diem,
- travel,
- contractual services, and
- grants.

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

### **Conclusions**

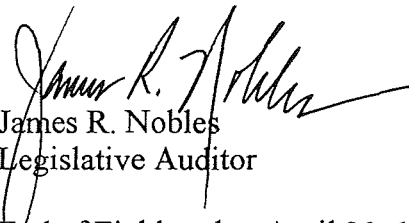
In our opinion, the internal control structure of the Minnesota State Council on Disability in effect at February 1993, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial activities attributable to transactions of the Minnesota State Council on Disability.

The results of our tests indicate that, with respect to the items tested, the Minnesota State Council on Disability 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 Minnesota State Council on Disability had not complied, in all material respects, with those provisions.

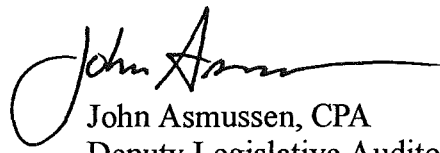
Senator Phil Riveness, Chairman  
Members of the Legislative Audit Commission  
Gregg Asher, Chairman  
Clell Hemphill, Executive Director  
Members of the Minnesota State Council on Disability  
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This report is intended for the information of the Legislative Audit Commission and management of the Minnesota State Council on Disability. This restriction is not intended to limit the distribution of this report, which was released as a public document on June 24, 1993.

We thank the Minnesota State Council on Disability staff for their cooperation during this audit.



James R. Nobles  
Legislative Auditor



John Asmussen, CPA  
Deputy Legislative Auditor

End of Fieldwork: April 30, 1993

Report Signed On: June 15, 1993





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### **Audit Participation**

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

John Asmussen, CPA	Deputy Legislative Auditor
Renee Redmer, LPA	Audit Manager
Sonya Hill, CPA	Auditor-in-Charge

### **Exit Conference**

The results of this audit were discussed with the following staff on May 24, 1993:

Gregg Asher	Council Chairman
Maude Wortham	Accounting and Personnel



## Minnesota Council on Disability

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### Background

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The Minnesota State Council on Disability was created by the Legislature in 1973. The council serves as the primary public agency that recommends and advocates programs and legislation that both promote the independence and improve the quality of life of disabled persons in the state. The council consists of 21 members that are appointed by the governor for staggered three year terms. Council members represent both the general public and organizations that work with disabled individuals. The current executive director of the agency is Clell Hemphill.

Some of the council activities include the following:

- providing information and referral services for both the general public and persons with disabilities,
- performing ombudsman services for individuals with physical disabilities, and
- informing, training, and educating public and private sources about the Americans with Disabilities Act, other legislation that impacts the disabled.

Receipts shown on the statewide accounting system for fiscal year ended June 30, 1992 and 1991 were \$7,798 and \$5,128, respectively. Expenditures for these two fiscal years are presented below:

	Year Ended June 30	
	1992	1991
Payroll	\$338,097	\$328,893
Council members' per diem	13,805	13,053
Contractual services	9,447	5,744
Travel	36,712	28,857
Grants	10,000	40,000
Other expenditures	<u>111,447</u>	<u>74,071</u>
Total	<u>\$519,508</u>	<u>\$490,318</u>

Source: Statewide Accounting System Managers' Financial Reports as of September 5, 1992 and August 31, 1991, respectively.