

Sentencing Guidelines Commission

Financial Audit

For the Three Years Ended June 30, 1995

September 1995

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

95-38



STATE OF MINNESOTA

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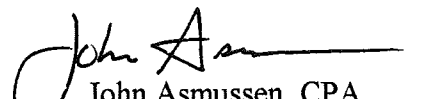
We have audited the Sentencing Guidelines Commission for the period July 1, 1992 through June 30, 1995, as further explained in Chapter 1. Our audit scope focused on employee payroll and administrative disbursements. The summary on the next page highlights the audited areas and conclusions. We discuss these areas more fully in the second chapter of this report.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we obtain an understanding of management controls relevant to the audit. The standards also require that we design the audit to provide reasonable assurance that the commission complied with provisions of laws, regulations, and contracts that are significant to the audit.

This report is intended for the information of the Legislative Audit Commission and the management of the Sentencing Guidelines Commission. This restriction is not intended to limit the distribution of this report, which was released as a public document on September 15, 1995.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: August 8, 1995

Report Signed On: September 11, 1995

SUMMARY

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

Sentencing Guidelines Commission

Financial Audit
For the Three Years Ended June 30, 1995

Public Release Date: September 15, 1995

No. 95-38

Agency Background

The Minnesota Sentencing Guidelines Commission operates under Minn. Stat. Chapter 244.09. The commission consists of 11 members representing both the criminal justice system and the public. It conducts ongoing research regarding sentencing guidelines and other matters relating to the improvement of the criminal justice system. The commission appoints the executive director who is responsible for directing the commission's professional staff in accordance with its policies. Ms. Debra L. Dailey is the current executive director of the commission.

The commission finances its operations through appropriations from the State of Minnesota. The commission's appropriations for fiscal years 1993, 1994, and 1995 were \$254,000, \$387,000, and \$366,000, respectively.

Audited Areas and Conclusions

Our audit scope focused on administrative expenditures for payroll, rent, and data processing from July 1, 1992, to June 30, 1995.

We concluded that the commission spent its state appropriations within its limits and statutory authority. The administrative expenditures were reasonable and in compliance with the commission's purposes. In addition, we concluded that the commission accurately paid, recorded, and retained documentation for payroll, rent, and data processing expenditures.

Sentencing Guidelines Commission

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Audit Participation

The following members of the Office of the Legislative Auditor prepared this report:

John Asmussen, CPA
Renee Redmer, LPA
Fubara Dapper

Deputy Legislative Auditor
Audit Manager
Auditor-in-Charge

Exit Conference

We discussed the results of the audit at an exit conference with Ms. Debra L. Dailey, Executive Director, on September 6, 1995.

Sentencing Guidelines Commission

Chapter 1. Introduction

The Minnesota Sentencing Guidelines Commission operates under Minn. Stat. Chapter 244.09. The commission consists of 11 members representing both the criminal justice system and the public. It conducts ongoing research regarding sentencing guidelines and other matters relating to the improvement of the criminal justice system.

The purpose of the Sentencing Guidelines Commission is to establish rational and consistent sentencing standards that reduce sentencing disparity. These standards are to ensure that sanctions following conviction of a felony are proportional to the severity of the offense of conviction and the extent of the offender's criminal history. Equity in sentencing requires (a) that convicted felons similar with respect to relevant sentencing criteria ought to receive similar sanctions, and (b) that convicted felons substantially different from a typical case with respect to relevant criteria ought to receive different sanctions. Judges imposing sentencing outside of the these standards must justify the deviation in writing. The standards also serve as an aid in developing a more rational use of existing correctional resources.

The commission staff currently consists of seven full-time employees. The Department of Corrections provides accounting and personnel services as part of a shared services agreement between the two agencies. The agreement authorizes the commission to provide annual prison population projections to the Department of Corrections in exchange for accounting and personnel services.

General Fund appropriations provide the funding for the Sentencing Guidelines Commission. Table 1-1 summarizes the commission's appropriations and expenditures for the three-year audit period.

Sentencing Guidelines Commission

Table 1-1
Summary of Financial Activity
General Fund
Fiscal Years 1993 - 1995

	<u>1993</u>	<u>1994</u>	<u>1995</u>
Nondedicated receipts		<u>\$500</u>	
Resources available for expenditures:			
Appropriations (Note 1)	\$254,000	\$387,000	\$366,000
Balance forward in			58,415
Transfers in		562	1,124
Transfers out	(817)		
Balance forward out		(58,415)	
Cancellations	(1,296)		
Total Resources Available	<u>\$251,887</u>	<u>\$329,147</u>	<u>\$425,539</u>
Expenditures:			
Payroll	\$196,053	\$252,468	\$297,308
Rent	15,170	15,252	15,312
Data Processing	7,766	7,766	10,673
Other Expenditures	<u>32,898</u>	<u>53,661</u>	<u>89,457</u>
Total Expenditures (Note 2)	<u>\$251,887</u>	<u>\$329,147</u>	<u>\$412,750</u>
Unencumbered balance			<u>\$ 12,789</u>

Note 1: Appropriations for fiscal years 1994 and 1995 included \$50,000 each year for Crime Bill.

Note 2: FY 95 expenditures include \$35,000 in encumbrances as of 7/31/95 that the commission plans to liquidate.

Source: Statewide Accounting System Manager's Financial Reports as of September 3, 1993; September 4, 1994; and July 31, 1995.

Chapter 2. Administrative Expenditures

Chapter Conclusions

The commission spent its state appropriations within its limits and statutory authority. Expenditures were reasonable and in compliance with the commission's purposes. The commission accurately paid, recorded, and retained documentation for payroll, rent, and data processing expenditures.

The commission receives a direct appropriation from the legislature to finance its operating activities. There were no restrictions in the use of its annual appropriations for general administrative costs. The commission has the authority to carry forward unexpended funds between the years of a biennial budget cycle.

Personnel services are the largest expenditure for the commission, accounting for over 75 percent of total expenditures. Other administrative expenditures are mainly for rent, data processing, communications, travel, supplies, and capital equipment. This audit focused on personnel, rent, and data processing. We analyzed the trends and gained an understanding of the other expenditures. We are satisfied that these expenditures were for valid purposes. The executive director approves disbursements, including payroll. The Department of Corrections processes the commission's payments through the statewide accounting (SWA) system and maintains accounting records for the commission.

The methodology we used to audit payroll, rent, and data processing expenditures included various audit techniques. We interviewed the commission staff and the corrections staff to gain an understanding of the disbursement process. We obtained a summary of the commission's financial data from the SWA system. This data allowed us to review, analyze, and generate samples to test administrative expenditures. We tested sample items for legal compliance provisions, propriety of transactions, reasonableness, proper documentation, and accuracy. In addition, we performed analytical procedures to evaluate any trends throughout the audit period.

Payroll

The commission has seven full-time employees. The executive director approves time sheets that it sends to the Department of Corrections for processing. Corrections staff prepare and approve personnel forms for the commission. In addition, the Department of Corrections also enters payroll information into the state's payroll system. As shown in Table 1-1, payroll expenditures increased significantly, due to the addition of three newly created positions midway through fiscal 1994.

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We focused our review of payroll on the following objectives:

- Does the commission have policies and procedures to ensure that payroll expenditures are properly authorized, adequately supported, and accurately processed?
- Does the commission limit access to payroll system to appropriate personnel?

Our review of payroll found that the commission properly authorized, adequately supported, and accurately processed payroll expenditures. The commission also limited access to the payroll system to appropriate personnel.

Rent

The Department of Administration negotiated the lease for the commission. The lease covers the terms and the payment responsibilities of the commission. The rent is based on the usable square feet of space occupied by the commission. Rent expenditures were about \$15,000 each year for the audit period. The commission is located at the Meridian National Bank Building in St. Paul. There was no parking provision on the lease, pursuant to Minn. Stat. Chapter 16B.58, Subd. 8. The statute provides that "the commissioner (of Administration) shall charge state employees for parking facilities that are used by them and furnished for their use pursuant to any lease entered into between the state and the lessor of any privately owned property situated in the seven-county metropolitan area." The Real Estate Division of the Department of Administration informed us that the enforcement of the law began in July of 1994. The commission's current lease is effective January 1, 1994, through December 31, 1995. The Real Estate Division assured us that parking will be part of the lease agreement when the commission's lease is due for renewal.

We focused our review of rent on the following objectives:

- Are all rent payments made supported by a properly executed rental contract?
- Are all rent payments in accordance with the rental contracts?
- Are all rent payments recorded in the SWA system?

On the basis of the review of rent expenditures made throughout the audit period, we concluded that rent payments made by the commission were supported by properly executed rental contracts. In addition, rent payments were made in accordance with the rental contracts and properly recorded in the SWA system.

Data Processing

The commission conducts ongoing research to improve the criminal justice system in the state. The commission uses the University of Minnesota for its data processing services. The commission receives monthly invoices from the University of Minnesota. The commission staff review the invoices for accuracy and forward the documents to the Department of Corrections for payment. Table 1-1 shows the expenditures for data processing.

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We focused our review of data processing expenditures on the following objectives:

- Were data processing expenditures reasonable and in compliance with applicable rules and regulations?
- Were data processing expenditures authorized and consistent with the commission's purposes?
- Did the commission properly record data processing expenditures and retain expenditure documentation?

On the basis of the review of data processing expenditures made throughout the audit period, we concluded that data processing payments made by the commission were reasonable and in compliance with applicable rules and regulations. Data processing expenditures were authorized and consistent with the commission's purposes. In addition, the commission properly recorded and retained supporting documentation