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# **Automobile Theft Prevention Board**

## **Financial Audit**

**For the Period July 1, 1996, through December 31, 1998**

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**July 1999**

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

**99-41**

# SUMMARY

State of Minnesota

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## **Automobile Theft Prevention Board**

### **Financial Audit**

**For the Period July 1, 1996, through December 31, 1998**

Public Release Date: July 29, 1999

No. 99-41

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### **Agency Background**

The Automobile Theft Prevention Board was established July 1, 1996, pursuant to Minn. Stat. Section 168A.40. The board is responsible for developing and sponsoring the implementation of statewide plans, programs, and strategies to combat automobile theft. The board consists of seven members appointed by the Governor and includes representatives of law enforcement, prosecuting attorneys, the Department of Public Safety, automobile insurers, and the public. The board receives annual state appropriations from a surcharge on automobile insurance premiums.

### **Audit Scope and Conclusions**

Our audit scope included insurance surcharge revenues, automobile theft prevention grants, employee payroll, and other administrative expenditures for the period July 1, 1996, through December 31, 1998.

We concluded that the Automobile Theft Prevention Board did not establish its administrative structure to properly conduct its financial activities. The board chair also served as its executive director and the investigator of automobile theft cases. We do not believe that the board exercised proper financial oversight of its activities by concentrating the administrative and program duties solely within one individual. In addition, the board did not establish a clear, formal arrangement with the Department of Public Safety concerning financial responsibilities.

We found that the board accurately recorded its grant expenditures on the state's accounting system. However, the board did not have a process to ensure that it did not create potential conflicts of interest for its members. In addition, the board did not have adequate control when issuing warrants to local organizations.

We concluded that the board appropriately accounted for insurance surcharge revenues. Finally, the board properly recorded payroll and administrative expenditures on the state's accounting system and complied with material finance-related legal provisions for the items tested.

The board generally agreed with the recommendations in this report and has taken corrective action on several of the issues.



STATE OF MINNESOTA  
**OFFICE OF THE LEGISLATIVE AUDITOR**  
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Dan McElroy, Chair  
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Dennis Roske, Chair  
Automobile Theft Prevention Board

Members of the Automobile Theft Prevention Board

We have audited the Automobile Theft Prevention Board for the period July 1, 1996, through December 31, 1998, as further explained in Chapter 1. Our audit scope included insurance surcharge revenues, automobile theft prevention grants, employee payroll, and other administrative expenditures.

We conducted our audit in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States. 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 Automobile Theft Prevention Board complied with provisions of laws, regulations, contracts, and grants that are significant to the audit. Management of the office is responsible for establishing and maintaining the internal control structure and complying with applicable laws, regulations, contracts, and grants.

This report is intended for the information of the Legislative Audit Commission and the management of the board. This restriction is not intended to limit the distribution of this report, which was released as a public document on July 29, 1999.

James R. Nobles  
Legislative Auditor

Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

End of Fieldwork: May 7, 1999

Report Signed On: July 26, 1999

## **Automobile Theft Prevention Board**

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### **Audit Participation**

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

Claudia Gudvangen, CPA	Deputy Legislative Auditor
Renee Redmer, LPA	Audit Manager
Steve Johnson, CPA	Auditor-in-Charge

### **Exit Conference**

We discussed the findings and recommendations with the following representatives of the Automobile Theft Prevention Board and the Department of Public Safety at an exit conference held on July 15, 1999:

Dennis Roske	Executive Director
Mancel Mitchell	Deputy Commissioner, DPS
Paul Aasen	Assistant Commissioner, DPS
Daniel Boytim	Accounting Supervisor, DPS
Debra Halfer	Accounting Officer, DPS

# Automobile Theft Prevention Board

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## Chapter 1. Introduction

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The Automobile Theft Prevention Board was established July 1, 1996, under Minn. Stat. Section 168A.40. The board is responsible for developing and sponsoring the implementation of statewide plans, programs, and strategies to combat automobile theft. The board membership and compensation matters are governed by Minn. Stat. Section 15.0575. The board consists of seven members appointed by the Governor and includes representatives of law enforcement, prosecuting attorneys, the Department of Public Safety, automobile insurers, and the public. The members serve two-year terms. The board annually elects a chair from its members. The Department of Public Safety provides administrative support to the board. Services provided by the department include expenditure processing, budget development, and personnel services. Although the Department of Public Safety provides administrative support, the decision-making authority and responsibility remain with the board.

The board receives annual state appropriations from a surcharge on automobile insurance premiums. The board provides financial support in the form of grants to police agencies, local prosecutors, judicial agencies, and neighborhood and community groups. The board also provides on-site training programs for interested parties.

Our audit scope was for the period July 1, 1996, through December 31, 1998. Table 1-1 summarizes the financial activity of the Automobile Theft Prevention Board for fiscal year 1998.

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**Table 1-1**  
**Summary of Financial Activity**  
**Fiscal Year 1998**

Resources Available for Expenditures:	
Appropriations	\$1,865,000
Balance forward out – Note 1	(90,783)
Cancellations – Note 2	<u>(592,117)</u>
Total Resources Available	<u>\$1,182,100</u>
Expenditures:	
Grants	\$1,035,883
Payroll	120,428
Rent	8,751
Other administrative	<u>17,038</u>
Total Expenditures	<u>\$1,182,100</u>

Note 1: Balance forward out represents the administrative funds forwarded to fiscal year 1999.

Note 2: Cancellations represent the unencumbered appropriation balance canceled to the auto theft prevention account in the Miscellaneous Special Revenue Fund at fiscal year end.

Source: Minnesota Accounting and Procurement System (MAPS) budget fiscal year basis.

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## Chapter 2. Administrative Structure

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### *Chapter Conclusions*

*The Automobile Theft Prevention Board did not properly establish its administrative structure to properly conduct its financial activities. The board chair served as the executive director of the board and the investigator of automobile theft cases. We do not believe that the board exercised proper financial oversight of its activities by concentrating the administrative and program duties with one individual. In addition, the board did not establish a clear, formal arrangement with the Department of Public Safety concerning financial responsibilities.*

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### Background

Governor Arne Carlson appointed Mr. Dennis Roske and six other members to the Automobile Theft Prevention Board. The appointments were made from April to June 1996. Subsequently, the board members appointed Mr. Roske as the board chair. Mr. Roske also assumed the duties of the executive director and worked as the investigator on automobile theft investigations. Mr. Roske and an administrative secretary were the only employees of the board during the audit period.

### Audit Objective and Methodology

Our review of the administrative structure of the Automobile Theft Prevention Board focused on the following question:

- Did the board make reasonable and prudent decisions in the formation and financial operations of the board?

To answer this question, we interviewed Mr. Roske and employees of the Department of Public Safety to gain an understanding of the administrative structure of the board. We reviewed supporting documentation and evaluated the board's actions in establishing its administrative structure to determine if it was organizationally independent.

### Conclusions

The Automobile Theft Prevention Board did not establish its administrative structure to properly conduct its financial activities. The board authorized the chair of the board to oversee the administrative functions of the board office and to serve as the lead investigator. We do not believe that the board exercised proper financial oversight of its activities by concentrating the administrative and program duties with one individual. In addition, the board did not establish a

## **Automobile Theft Prevention Board**

clear, formal arrangement with the Department of Public Safety concerning financial responsibilities. These issues are discussed in Finding 1.

### **1. The Automobile Theft Prevention Board did not establish its administrative structure to properly conduct its financial activities.**

The board concentrated policy and administrative functions with the board chair, eliminating the traditional oversight provided by an independent board. We believe that the established structure created potential conflicts of interest. In addition, the board did not establish a clear, formal arrangement with the Department of Public Safety concerning financial responsibilities. In addition, without a clear understanding of the funding arrangements with Public Safety, the risk of inappropriately charging costs to different funding sources increases.

The board did not establish an independent function to administer the central office. Mr. Roske served as the board chair, as well as the executive director and investigator for the board office. Governor Arne Carlson appointed Mr. Roske as a member of the board. Subsequently, the other board members appointed Mr. Roske as the board chair. Mr. Roske also assumed the duties of executive director and worked as the investigator on automobile theft investigations. Mr. Roske was not hired under the traditional process used for executive directors of state boards. Most directors serve under the state's Managerial Plan, which establishes the terms of employment and compensation. Instead, Mr. Roske was assigned to work for the board by the Department of Public Safety. Although Mr. Roske worked for the board, he also remained in his previous position as automobile theft investigator for the State Patrol Division. Mr. Roske continued to receive salary, overtime, and other benefits under the state employee bargaining agreement for the State Patrol Division while he worked for the Automobile Theft Prevention Board. Mr. Roske's biweekly timesheet was signed by a major in the State Patrol Division.

We believe that having Mr. Roske simultaneously serve in policy, administrative, and program positions created potential conflicts of interest. Mr. Roske had the ability to make many of the financial decisions relating to office operations, including authorizing his own overtime for investigative duties. There was no independent oversight by the board to ensure the propriety of overtime usage. From April 1997 through December 1998, Mr. Roske charged overtime totaling approximately \$17,600 to the board operations. It is unusual for someone serving in the position of executive director of a state agency or board to receive payment for overtime. Normally, executive directors in the Managerial Plan are not eligible to receive overtime compensation. However, since Mr. Roske's position was governed by the State Patrol Division bargaining agreement, he received overtime payments. Although the board did receive periodic updates on the status of board financial activities, it had no established process to judge the necessity of overtime.

In addition, the board did not clearly establish its arrangement with the Department of Public Safety for funding joint activities. The board worked with Public Safety to reassign Mr. Roske from the State Patrol Division to the board. However, there was no correlation between management's decision on how Mr. Roske's time would be spent in working for the two agencies and the actual funding arrangements that occurred. The issue is further complicated because Mr. Roske's duties as an investigator for the board were very similar to his previous duties as an investigator for the State Patrol Division. An August 1, 1996, memorandum from the assistant to the commissioner of Public Safety authorized an employment transition for



## Automobile Theft Prevention Board

Mr. Roske. The memorandum provided that Mr. Roske would work 25 percent for the board and 75 percent for the State Patrol Division. However, supporting administrative changes were not made to Mr. Roske's job classification, bargaining unit, or employment status, nor to his timesheet authorization process. Mr. Roske's total salary and other benefits continued to be charged to the State Patrol Division, even though he was to work 25 percent for the board. Mr. Roske was assigned the daily use of a Department of Public Safety vehicle and Public Safety continued to fund all costs associated with the vehicle. An April 1997 memorandum from Public Safety provided that Mr. Roske would work 50 percent for the board and 50 percent for the State Patrol Division. The memorandum stated that his base salary would be paid by the board and his overtime would be funded by the State Patrol Division. In reality, however, all salary-related costs for Mr. Roske were charged to the board. In May 1997, Public Safety assigned Mr. Roske to work for the board full-time. Since that time, Mr. Roske's salary and overtime were charged to the board account. However, Public Safety continued to fund a state vehicle for Mr. Roske, rather than charging the board account.

Finally, the board provided office space for an employee of Public Safety without a written agreement. A State Patrol Division Officer from the Department of Public Safety occupies one of the board's offices. The board did not enter into an interagency agreement with the Department of Public Safety to document the terms of this arrangement.

We believe the structure and funding arrangements established when the board was created did not provide a clear definition of the roles and responsibilities of board staff and increased the risk of inappropriate transactions. The Legislature recently adopted an appropriation rider that addresses certain concerns about separation of policy and administrative functions of the board. Laws of Minnesota 1999, Chapter 216, Article 1, Section 18, which appropriates funds to the board for fiscal years 2000 and 2001, provides that the executive director of the Automobile Theft Prevention Board may not sit on the board.

### *Recommendations*

- *The board should properly segregate the duties of policy and administration*
- *The board should formalize funding arrangements with the Department of Public Safety and ensure that roles and responsibilities are identified and costs are allocated based on work performed.*

## **Automobile Theft Prevention Board**

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### Chapter 3. Automobile Theft Prevention Grants

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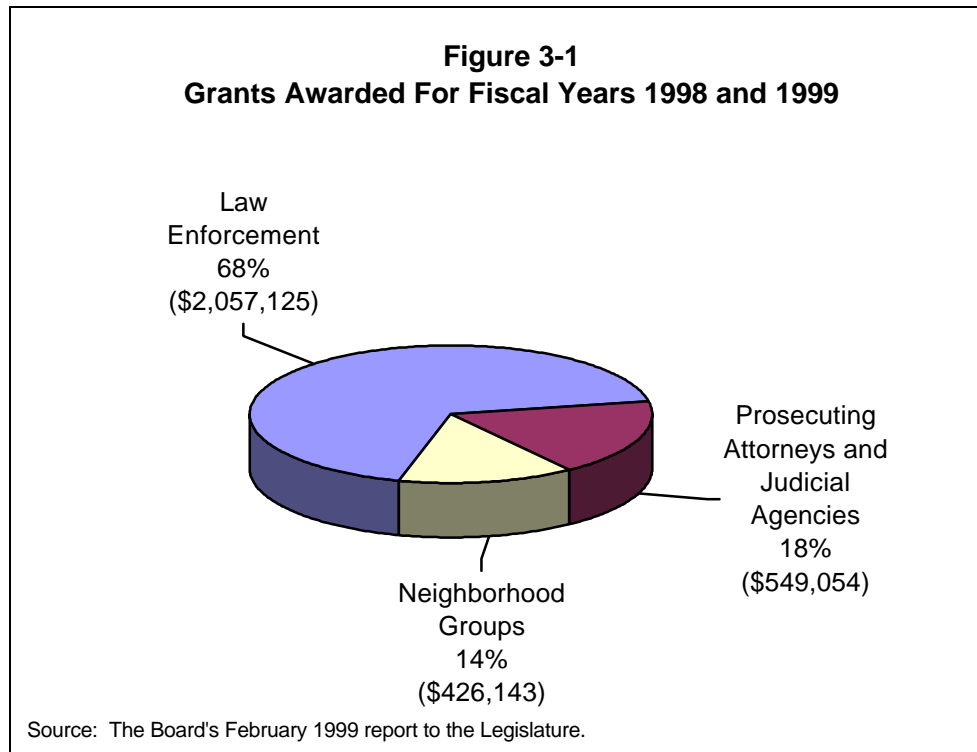
#### *Chapter Conclusions*

*The Automobile Theft Prevention Board accurately recorded its grant expenditures on the state's accounting system. However, the board did not have a process to ensure that it did not create potential conflicts of interest for members. In addition, the board did not have adequate controls when issuing state warrants to local organizations.*

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#### **Background**

Annually, the Board of Directors publishes a notice of grant money available to prospective applicants. Grant announcements are made in the State Register, published by the State of Minnesota, prior to the beginning of the state fiscal year. State or local law enforcement agencies, local prosecutors and judicial agencies, and neighborhood or community organizations may submit grant applications. As of February 1999, for state fiscal years 1998 and 1999, the board awarded 63 grants totaling \$3,032,322. Figure 3-1 provides a breakdown of grant awards by entity type.

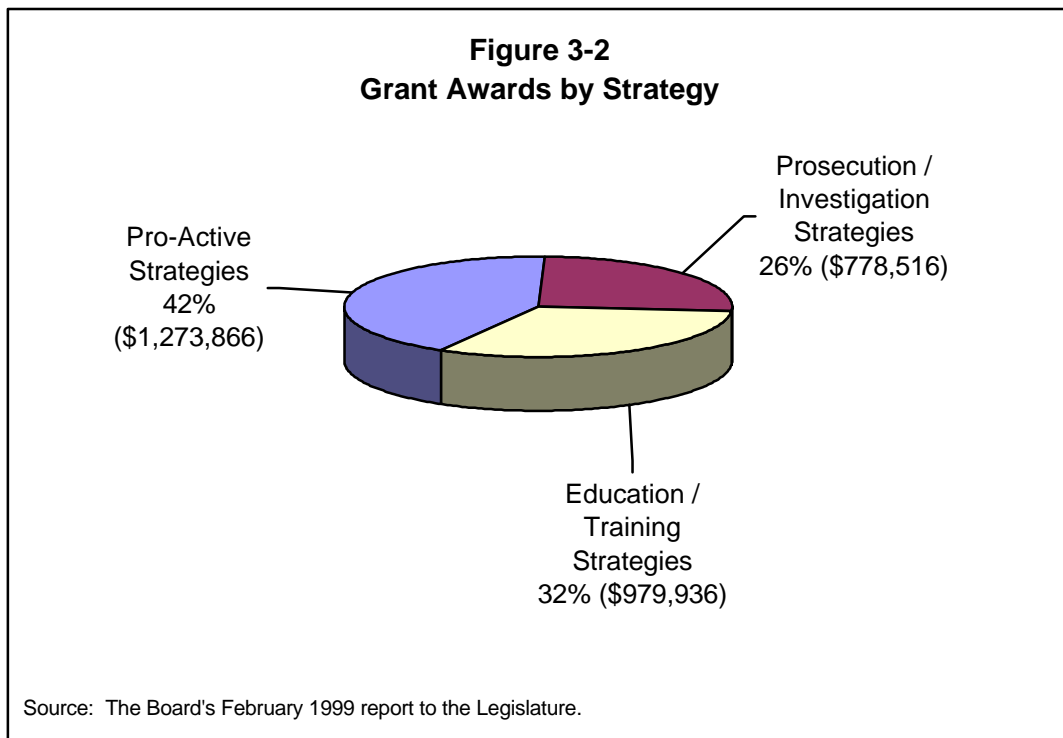


A subgrantee must enter into a written contract with the board. The Department of Public Safety's Administration Division encumbers funds for the contracts and advances 25 percent to the subgrantees for beginning cash flow. After initiation of the program, the subgrantees are

## Automobile Theft Prevention Board

reimbursed up to the grant award amount based on actual expenditures reported on a quarterly basis. After completion of the program, subgrantees are required to report program results to the board in objective terms (such as the number of vehicles recovered, criminals prosecuted, or training seminars held). The board uses this information to evaluate the level of success of the grant program.

The Board of Directors' philosophy is to award grant funding that will establish or enhance a comprehensive program to combat auto theft. A comprehensive program includes efforts in education and training strategies, pro-active strategies, and prosecution and investigation strategies. Figure 3-2 shows the financial resources awarded by category as of February 1999.



## Audit Objectives and Methodology

Our audit of the grant process focused on answering the following questions:

- Did the board have an appropriate process for awarding grant funds and ensuring compliance with applicable legal provisions and board policies?
- Did the board accurately record grant awards and grant expenditures on the state's accounting system?

To answer these questions, we interviewed the board chair as well as employees of the Department of Public Safety's Administration Division to gain an understanding of the controls over the grant award and disbursement processes. We reviewed supporting documentation used by the board to disburse and monitor grants.

# Automobile Theft Prevention Board

## Conclusions

The Automobile Theft Prevention Board accurately recorded its grant expenditures on the state's accounting system. However, the board did not have a process to ensure that it did not create potential conflicts of interest for members. This issue is discussed in Finding 2. In addition, the board did not have adequate controls when issuing state warrants to local organizations, as discussed in Finding 3.

### **2. The Automobile Theft Prevention Board did not have a process to ensure that it did not create potential conflicts of interest for its members.**

The board did not have a conflict of interest policy to guide its membership when approving grant awards to constituent organizations. The board minutes did not adequately document board members' voting records. Therefore, we could not determine whether board members abstained from voting on grants to related organizations. For example, the board minutes for February 19, 1998, approved a grant of \$108,610 to the Duluth Police Department. The board meeting minutes identify that three board members were present, including the representative of the Duluth Police Department. The board by-laws require four persons for a quorum. Even though the required quorum was not present, the board approved nine grants at the meeting. Because the board minutes did not document each board members' vote, we were not able to determine whether the board member representing the Duluth Police Department abstained from voting on the grant to that organization. We identified two other instances when potential conflicts of interest occurred. In one case, a board member from the St. Paul Police Department was present at a meeting where grants totaling \$95,090 to that agency were approved. In another instance, Mr. Roske, the board chair, was present at a meeting where a \$139,347 grant to a nonprofit organization, the Anti-Vehicle Crime Association of Minnesota, was approved. Mr. Roske also served on the board of the nonprofit organization. There was no documentation that these board members abstained from voting on grants to organizations with which they were affiliated.

The board did not act independently when it granted funds to the Department of Public Safety. Mr. Roske was involved in completing and submitting grant applications on behalf of the Department of Public Safety. For example, in July 1997, Mr. Roske submitted a grant application for funding of a fiber optic camera used to identify stolen vehicles. The board awarded the \$7,800 grant and the Department of Public Safety purchased the camera. Although the department owns the camera, the board, in its investigations, was the primary user. We do not believe it was appropriate for the board chair to act on behalf of the Department of Public Safety in preparing and submitting grant applications. Grants submitted in this manner may have a greater chance of being approved than similar grants submitted by another agency. In addition, it is unclear why a grant was awarded to the department to purchase a camera to be used by the board.

In another example, the board authorized a grant of \$40,000 to the Department of Public Safety for equipment that had already been purchased by the department. On August 7, 1997, the Department of Public Safety's Bureau of Criminal Apprehension submitted a \$110,000 grant application for a gas chromatography/mass spectrometer. The board originally denied the request. The Department of Public Safety purchased it anyway, and on May 13, 1998, the bureau resubmitted a grant request for \$40,000 to pay in part for the gas chromatography/mass

## Automobile Theft Prevention Board

spectrometer. The board approved the \$40,000 grant award. State accounting records show that the bureau had actually paid for the equipment on May 5, 1998, prior to receiving the grant award. The grant contract between the board and the bureau was finalized on June 25, 1998. In effect, the \$40,000 grant augmented funding available in the bureau's budget. Financing this equipment through the use of board funds did not increase the state's overall effort in preventing auto theft.

### *Recommendations*

- *The board should develop a conflict of interest policy and process to ensure that board members abstain from voting on grants to their constituent organizations.*
- *The board should ensure that its meeting minutes accurately and completely document actions taken.*
- *The board should ensure that a quorum is present before conducting official business.*

### **3. The board did not properly establish controls when issuing state warrants to local organizations.**

The board did not have an adequate separation of duties when issuing state warrants to local organizations. The board initiated payments to local organizations through the state's accounting system. The Department of Finance produced state warrants for payments to the local organizations. However, the board requested Finance to pull the warrants and forward them to the board office for distribution with a special cover letter. To establish effective controls, individuals with the ability to authorize payments should not have physical access to the state warrants. As a general practice, warrants should be issued directly by the Department of Finance to the local organizations.

### *Recommendation*

- *Board staff should no longer physically handle state warrants.*

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## Chapter 4. Automobile Theft Prevention Insurance Surcharge Revenues

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### *Chapter Conclusions*

*For the items tested, revenue collections complied with applicable legal provisions and board policies. In addition, the board accurately and properly recorded all of the collected revenues on the state's accounting system.*

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### **Background**

Each insurer engaged in the writing of automobile insurance policies is required by law to collect a surcharge, at the rate of 50 cents per vehicle for every six months of automobile insurance issued or renewed in Minnesota. Insurance companies are required to remit the revenue derived from this surcharge at least quarterly to the board for purposes of the automobile theft prevention program. A special revenue account in the state treasury is credited with the surcharge proceeds.

The board has entered into an interagency agreement with the Department of Revenue to manage the collection of the proceeds on behalf of the board. The Department of Revenue provides each insurance issuer with the necessary information and forms to facilitate the insurance provider's compliance with the law. Revenue collections during fiscal years 1997 and 1998 totaled \$4,230,017.

### **Audit Objectives and Methodology**

Our audit of the revenue collection process focused on answering the following questions:

- Did revenue collections comply with applicable legal provisions and board policies?
- Did the board accurately record all of the collected revenues on the state's accounting system?

To answer these questions, we interviewed the board chair as well as employees of the Department of Revenue's Special Taxes Division to gain an understanding of the department's relationship with the board. We reviewed the interagency agreement between the board and the Department of Revenue. We tested the Department of Revenue's Special Taxes Division process used to deposit collected revenues in the state treasury and to record the collected revenues in the state's accounting system.

### **Conclusions**

For the items tested, revenue collections complied with applicable legal provisions and board policies. In addition, the board accurately recorded collected revenues on the state's accounting system

## **Automobile Theft Prevention Board**

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## Chapter 5. Payroll and Administrative Expenditures

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### *Chapter Conclusions*

*The Automobile Theft Prevention Board properly recorded payroll and administrative expenditures on the state's accounting system. The board complied with material finance-related legal provisions for the items tested. However, the board did not provide proper oversight for overtime earned by the executive director, as discussed in Chapter 2.*

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### **Background**

The board had one employee who served as the board's chair, executive director, and auto theft investigator and one clerical employee during the audit period. In addition, the Department of Public Safety provided other administrative support to the board.

### **Audit Objectives and Methodology**

Our audit of payroll and administrative expenditures focused on answering the following questions:

- Did payroll and administrative expenditures comply with applicable legal provisions and board policies?
- Did the board accurately record payroll and administrative expenditures on the state's accounting system?

To answer these questions, we interviewed the chair of the board and employees of the Department of Public Safety's Administration and Human Resources Divisions to gain an understanding of controls over the board's disbursement process. We reviewed the supporting documentation for a sample of administrative expenditures. We reviewed employee pay rates to determine if the board complied with statutory provisions and bargaining agreements. Finally, we performed various analytical procedures to determine the reasonableness of the board's payroll and administrative expenditures.

### **Conclusions**

The Automobile Theft Prevention Board properly recorded payroll and administrative expenditures on the state's accounting system. The board complied with material finance-related legal provisions for the items tested. However, the board did not provide proper oversight of overtime earned by the executive director, as discussed in Chapter 2.

## **Automobile Theft Prevention Board**

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# Minnesota Auto Theft Prevention Board

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July 23, 1999

## Board of Directors

### Dennis Roske

Chair  
Minnesota  
State Patrol

### Bob Johnson

Vice-Chair  
Insurance Federation  
of Minnesota

### Tom Harbinson

Scott County  
Attorney

### John Ballis

St. Paul Police  
Department

### Bob Larson

Duluth Police  
Department

### Tracie Mortenson

3M  
Company

### James Schutjer

Minnesota Auto Dealers  
Association

James R. Nobles  
Legislative Auditor  
1<sup>st</sup> Floor South  
Centennial Building  
St. Paul, MN 55155

Dear Mr. Nobles:

At the audit exit conference on July 15, 1999, we were provided a copy of the draft audit report for the Auto Theft Prevention Board. We received a copy of the revised draft on July 19, 1999. Our written response to the findings and recommendations are in the order presented in the draft report.

Dennis Roske will be responsible for all findings.

## FINDING NUMBER ONE:

The Automobile Theft Prevention Board did not establish its administrative structure to properly conduct its financial activities.

## Recommendations:

*The board should properly segregate the duties of policy and administration.*

*The board should formalize funding arrangements with the Department of Public Safety and ensure that roles and responsibilities are identified and costs are allocated based on work performed.*

## Response:

The Commissioner of Public Safety assigned Sgt. Roske as the Auto Theft Prevention Board's Executive Director on May 1, 1997. He remained in his current bargaining unit. Public Safety did not charge the Auto Theft Prevention Board for his salary until he was formally appointed to Executive Director. Public Safety felt that none of his salary should be charged to the Board until he was appointed as Executive Director, which occurred on May 1, 1997.

When the Auto Theft Prevention Board set up the laws and procedures for administering the grant program, there were no state guidelines, rules or procedures for the make up and operations of a board. The Board consulted with the Attorney General's office and the Department of Public Safety for assistance with setting up the Board's financial system, grant procedures and by laws. At that time the Board did not realize that the structure of having Sgt. Roske as a member of the Board, the Board Chair and the Executive Director of the office was not consistent with other State Boards. To conform to other State Boards and to avoid any conflict of interest, Sgt. Roske has resigned his position on the Auto Theft Prevention Board of Directors effective July 1, 1999. He continues to serve as Executive Director.

A State Patrol major reviews Sgt. Roske's weekly timesheets. If the overtime pertains to auto theft investigations, it is charged to the Auto Theft Prevention Board. If the overtime pertains to duties performed for the State Patrol, it is charged to Public Safety. The overtime charged to the Board is for auto theft investigations, not for duties of Executive Director. Sgt. Roske has started to clarify his time on the payroll timesheets, dividing it between office time and investigating time. Effective 7/22/99 the Board approved the authorization of Sgt. Roske to incur overtime for training and other Board related activities. The Board also authorizes Major Steffen of the Minnesota State Patrol to approve all overtime incurred for the Board. It should be noted that with Sgt. Roske serving as both Executive Director and Auto Theft Investigator, savings were realized to the Auto Theft Prevention Fund.

We take issue with the second sentence of the third paragraph which states...Mr. Roske had the ability to make many of the financial decisions relating to office operations, including authorizing his own overtime for investigative duties. Sgt. Roske's overtime activities are reviewed by a State Patrol major.

The Department of Public Safety will be working with the Auto Theft Prevention Board to write an interagency agreement between the two entities. This agreement will address payroll funding issues, overtime, office space, and a state patrol vehicle.

#### **FINDING NUMBER TWO:**

Automobile Theft Prevention Board did not have a process to ensure that it did not create potential conflicts for its members.

#### **Recommendations:**

*The board should develop a conflict of interest policy and process to ensure that board members abstain from voting on grants to their constituent organizations.*

*The board should ensure that its meeting minutes accurately and completely document actions taken.*

*The board should ensure that a quorum is present before conducting official business.*

**Response:**

The Board has approved a by-law change addressing the potential conflict of interest. The board added a clause to the by-laws stating that no Board member may vote on any grant that has been submitted by that member's constituent organization. The Board members abstention from voting will be reflected in the Board meeting minutes. Abstentions are currently being noted in the Board meeting minutes as of the May 13, 1999 Board meeting. At no time in the past has any Board member voted for the affirmation of any grant that was submitted by their own organization. A form has been designed to record the individual vote on each grant by Board staff.

The board will have a quorum before conducting business.

Sgt. Roske will no longer submit grant applications to the Board for the Department of Public Safety.

The Board voted to approve a grant to The Department of Public Safety – Bureau of Criminal Apprehension for the purchase of a gas chromatography/mass spectrometer. The Board's position by its vote confirms that this was for an auto theft activity.

**FINDING NUMBER THREE:**

The board did not properly establish controls when issuing state warrants to local organizations.

**Recommendations:**

*Board staff should no longer physically handle state warrants.*

**Response:**

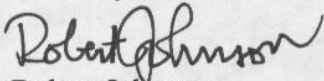
The staff of the Auto Theft Prevent Board will no longer handle state warrants. Effective 7/12/99, cover letters will be attached to the Warrant Special Handling



Request form that is sent to the Department of Finance (DOF). Reimbursement checks will be sent to grantees by DOF staff.

If you have any questions or concerns, feel free to contact me.

Sincerely,



Robert Johnson  
Chairman  
Minnesota Auto Theft Prevention Board

Cc: Mancel Mitchell  
Paul Aasen  
Frank Ahrens  
Dennis Roske