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# Capitol Area Architectural and Planning Board

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## Financial-Related Audit

For the Period July 1, 1995, through June 30, 1999

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September 1999

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Financial Audit Division  
Office of the Legislative Auditor  
State of Minnesota

99-51

# SUMMARY

State of Minnesota  
Office of the Legislative Auditor  
1st Floor Centennial Building  
658 Cedar Street • St. Paul, MN 55155  
(651)296-1727 • FAX (651)296-4712  
TDD Relay: 1-800-627-3529  
email: [auditor@state.mn.us](mailto:auditor@state.mn.us)  
URL: <http://www.auditor.leg.state.mn.us>

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## **Capitol Area Architectural and Planning Board**

### **Financial-Related Audit**

### **For the Period from July 1, 1995, through June 30, 1999**

Public Release Date: September 30, 1999

No. 99-51

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#### **Agency Background**

The Legislature created the Capitol Area Architectural and Planning Board in 1967. Its organization and purpose are defined in Minn. Stat. Section 15.50. In part, the Legislature established the board to “preserve and enhance the dignity, beauty, and architectural integrity of the capitol, the buildings immediately adjacent to it, the capitol grounds, and the Capitol area.” The board consists of ten members: the Lieutenant Governor, four members appointed by the Governor, three members appointed by the Mayor of Saint Paul, a state representative, and a state senator.

#### **Audit Scope and Conclusions**

We have conducted a financial related audit of the Capitol Area Architectural and Planning Board for the period from July 1, 1995, through June 30, 1999. Our audit scope included general financial management, including appropriations, and payroll and professional/technical services and per diem payments.

We found that board expenditures were within the limits of its appropriations. The board administered its appropriations to ensure that expenditures complied with applicable legal requirements. However, we found that the board miscoded certain transactions on the state’s accounting system. We also found that one member of the board did not file an Economic Interest Statement within 60 days of appointment, as required by Minn. Stat. Section 10A.

We found that the board appropriately administered its payroll expenditures. The board accurately reported professional/technical service expenditures in the accounting records and made per diem payments appropriately to board members. However, the board did not provide adequate control over the role and compensation of its Advisory Committee. The board did not comply with certain contract provisions when paying advisors, and the board overpaid advisor per diems in some cases.

In its written response, the Capitol Area Architectural and Planning Board agreed with the report’s findings and is taking corrective actions to resolve 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

The Honorable Mae Schunk, Lieutenant Governor  
Capitol Area Architectural and Planning Board Chair

Members of the Capitol Area Architectural and Planning Board

Ms. Nancy Stark, Executive Secretary  
Capitol Area Architectural and Planning Board

We have conducted a financial related audit of the Capitol Area Architectural and Planning Board for the period from July 1, 1995, through June 30, 1999. Our audit scope included general financial management, including appropriations, and payroll and professional/technical services and per diem payments.

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 audit standards also require that we design the audit to provide reasonable assurance that the Capitol Area Architectural and Planning Board complied with the provisions of laws, regulations, contracts, and grants that are significant to the audit.

Pursuant to Minn. Stat. Section 3.975, this report has been referred to the Attorney General. The Attorney General has the responsibility to ensure the recovery of state funds and, in fulfilling that role, may negotiate the propriety of individual claims.

This report is intended for the information of the Legislative Audit Commission and the management of the Capitol Area Architectural and Planning Board. This restriction is not intended to limit the distribution of this report, which was released as a public document on September 30, 1999.

James R. Nobles  
Legislative Auditor

Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

End of Fieldwork: July 20, 1999

Report Signed On: September 24, 1999

# Capitol Area Architectural and Planning 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 |
| Jeanine Leifeld, CPA, CISA | Audit Manager              |
| Susan Kachelmeyer, CPA     | Auditor-in-Charge          |
| Charlie Klein              | Staff Auditor              |
| Mike Willis                | Staff Auditor              |

## Exit Conference

This report was discussed with the following representatives of the Capitol Area Architectural and Planning Board at the exit conference held on September 15, 1999:

|               |                     |
|---------------|---------------------|
| Nancy Stark   | Executive Secretary |
| Renita Dellwo | Fiscal Officer      |

# Capitol Area Architectural and Planning Board

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## Chapter 1. Introduction

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The Legislature created the Capitol Area Architectural and Planning Board in 1967. Its organization and purpose are defined in Minn. Stat. Section 15.50. In part, the Legislature established the board to “preserve and enhance the dignity, beauty, and architectural integrity of the capitol, the buildings immediately adjacent to it, the capitol grounds, and the capitol area.” The capitol area is a legally defined portion of the city of Saint Paul surrounding the state capitol. The board oversees all capitol area projects.

The Capitol Area Architectural and Planning Board consists of ten members. Four members are appointed by the Governor, three members by the Mayor of Saint Paul, and one member each is appointed by the President of the Senate and the Speaker of the House of Representatives. The Lieutenant Governor serves as the chair of the board.

In addition to board members, pursuant to Minn. Stat. Section 15.50, Subd. 2(h), an advisory committee of three persons exists to “advise the board on all architectural and planning matters.” Each member of the advisory committee must be either a professional architect or a planner. They are selected and appointed as follows:

- One by the State Board of Arts,
- One by the Capitol Area Architectural and Planning Board, and
- One by the Minnesota Society of the American Institute of Architects

The board’s current staff consists of an executive secretary, one planner, a program administrator, and an office and administrative specialist. Nancy Stark has been the executive secretary since March 1996.

The board is funded by appropriations from the Legislature. Included in these appropriations are funding for board operations, as well as funding for a variety of planning and design projects for the capitol area. Table 1-1 shows the sources and uses of the board’s appropriations for fiscal years 1996 through 1999. Chapter 2 of this report discusses, in more detail, the specific appropriations the board received during the audit period.

# Capitol Area Architectural and Planning Board

**Table 1-1**  
**Sources and Uses of Funds**  
**Fiscal Years 1996 through 1999**

|                                 | <u>1996</u>             | <u>1997</u>             | <u>1998</u>             | <u>1999</u>             |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Sources:</b>                 |                         |                         |                         |                         |
| Appropriations (1)              | \$368,000               | \$682,000               | \$306,000               | \$289,000               |
| Balances Forwarded In           | 165,868                 | 224,211                 | 290,553                 | 204,873                 |
| Other (2)                       | <u>81,261</u>           | <u>11,117</u>           | <u>2,700</u>            | <u>24</u>               |
| <b>Total Sources</b>            | <b><u>\$615,129</u></b> | <b><u>\$917,328</u></b> | <b><u>\$599,253</u></b> | <b><u>\$493,897</u></b> |
| <b>Uses:</b>                    |                         |                         |                         |                         |
| Payroll                         | \$181,329               | \$251,377               | \$233,086               | \$219,189               |
| Professional/Technical Services | 127,477                 | 72,787                  | 83,107                  | 3,361                   |
| Other Expenditures (4)          | 30,340                  | 60,421                  | 74,498                  | 81,268                  |
| Transfers Out (3)               | 50,000                  | 241,000                 | 0                       | 0                       |
| Balances Forwarded Out (4)      | 224,211                 | 290,553                 | 204,873                 | 170,668                 |
| Cancellations (4)               | <u>1,772</u>            | <u>1,190</u>            | <u>3,689</u>            | <u>19,411</u>           |
| <b>Total Uses</b>               | <b><u>\$615,129</u></b> | <b><u>\$917,328</u></b> | <b><u>\$599,253</u></b> | <b><u>\$493,897</u></b> |

(1) See Table 2-1 for more detail on these appropriation amounts.

(2) Includes gifts received and interest earned for the Roy Wilkin's Memorial Gift Fund. Does not include capitol area zoning permit fees pursuant to Minn. Stat. Section 15.50, Subd. 2. Zoning permit fees are non-dedicated receipts and are deposited to the General Fund.

(3) Transferred \$50,000 appropriated for maintenance of the Peace Officers Memorial and \$241,000 appropriated for construction of the Minnesota Woman's Suffrage Memorial Garden to the Department of Administration.

(4) Fiscal year 1999 other expenditures, balances forwarded out, and cancellations are estimated.

Source: Minnesota Accounting and Procurement System and Capitol Area Architectural and Planning Board appropriation documentation.

# Capitol Area Architectural and Planning Board

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## Chapter 2. Financial Management

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### *Chapter Conclusions*

*We found that board expenditures were within the limits of its appropriations. The board administered its appropriations to ensure that expenditures complied with applicable legal requirements. However, we found that the board miscoded certain transactions on the state's accounting system.*

*We found that one member of the board did not file an Economic Interest Statement within 60 days of appointment as required by Minn. Stat. Section 10A. The board also omitted this member's name in its confirmation to the Campaign Finance and Public Disclosure Board.*

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The Capitol Area Architectural and Planning Board receives an annual appropriation from the Legislature to preserve and enhance the dignity, beauty, and architectural integrity of the capitol, the buildings immediately adjacent to it, the capitol grounds, and the capitol area. The board received \$1.6 million in appropriations during fiscal years 1996 through 1999. Table 2-1 shows the appropriations received by the board during the audit period and their intended purposes.

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**Table 2-1**  
**Board Appropriations**  
**Fiscal Years 1996 through 1999**

| <u>Fiscal Year</u>               | <u>Legal Reference</u>          | <u>Purpose</u>                      | <u>Amount</u>      |
|----------------------------------|---------------------------------|-------------------------------------|--------------------|
| 1996                             | Laws 1995 Ch 254, Art 1, Sec 13 | Operations                          | \$258,000          |
|                                  |                                 | Korean War Memorial                 | 50,000             |
|                                  |                                 | Peace Officers Memorial Maintenance | 50,000             |
| 1997                             |                                 | Operations                          | 262,000            |
| 1996                             | Laws 1996 Ch 390, Sec 5         | Roy Wilkins Memorial Maintenance    | 10,000             |
| 1997                             |                                 | Women's Suffrage Memorial           | 250,000            |
|                                  |                                 | Board Comprehensive Plan            | 170,000            |
| 1998                             | Laws 1997 Ch 202, Art 1, Sec 14 | Operations (1)                      | 306,000            |
| 1999                             |                                 | Operations                          | 289,000            |
| <b>Total Amount Appropriated</b> |                                 |                                     | <b>\$1,645,000</b> |

(1) Original appropriation included \$455,000 of additional funds for projects. That portion of the appropriation was vetoed.

Note: The board receives only a small portion of each project's total funding. The Legislature appropriates the majority of project funding to the Department of Administration, which pays for construction expenditures. The board uses its project appropriations primarily to pay planning and design consultants.

Source: Minnesota State Laws.

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# Capitol Area Architectural and Planning Board

## Audit Objective and Methodology

Our review of the Capitol Area Architectural and Planning Board appropriations focused on the following question:

- Did the Capitol Area Architectural Planning Board operate within its available resources and comply with applicable legal provisions concerning its appropriations?

To answer this question, we interviewed staff to obtain an understanding of the internal controls over the budgeting process. We reviewed board appropriations and expenditures for the fiscal year 1996 through 1999 period.

## Conclusions

We found that board expenditures were within the limits of its appropriations. The board administered its appropriations to ensure that expenditures complied with applicable legal requirements. However, as discussed below, we found that the board miscoded certain transactions on the state's accounting system. We also found that one member of the board did not file an Economic Interest Statement within 60 days of appointment as required by Minn. Stat. Section 10A. The board also omitted this member's name in its certification to the Campaign Finance and Public Disclosure Board.

### 1. The board miscoded certain transactions on the state's accounting system.

The board made a variety of coding errors when recording its transactions on the state's accounting system. For example, the board incorrectly coded rent as non-state space rental for three out of four fiscal years during our audit scope. It incorrectly coded improvements to the Attorney General's office space as non-state space rental and coded the majority of the Roy Wilkins Memorial construction costs as repairs. The board was inconsistent in its coding of payments to jurists, finalists, and awardees for its design competitions. Incorrect or inconsistent coding makes the accounting data less useful and does not allow the board to perform meaningful comparisons of information.

#### *Recommendation*

- *The board should follow state coding criteria to prevent errors and should correct any coding errors in a timely manner.*

### 2. One board member did not file an Economic Interest Statement as required by law.

One member of the board did not file an Economic Interest Statement within 60 days of appointment as required by law. The board also omitted this member's name in its certification to the Campaign Finance and Public Disclosure Board. Minn. Stat. Section 10A requires an individual to file an Economic Interest Statement within 60 days of becoming a member of certain organizations, including the Capitol Area Architectural and Planning Board. An individual files a statement with the Campaign Finance and Public Disclosure Board. The



## Capitol Area Architectural and Planning Board

Capitol Area Architectural and Planning Board must also certify its current membership to the Campaign Finance and Public Disclosure Board. As of July 1999, one member, who had been appointed in January 1998, did not have an Economic Interest Statement on file.

### *Recommendation*

- *The Capitol Area Architectural and Planning Board should notify the Campaign Finance and Public Disclosure Board whenever a new member is appointed and should carefully monitor the related certifications.*

## Capitol Area Architectural and Planning Board

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### Chapter 3. Professional Technical Services and Per Diem Expenditures

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#### *Chapter Conclusions*

*The Capitol Area Architectural and Planning Board accurately reported professional/technical service expenditures in the accounting records. The board made per diem payments appropriately to board members.*

*The board did not, however, provide adequate control over the role and compensation of the Advisory Committee. Specifically, the board:*

- did not clearly define the role of the advisors in some situations;*
- did not comply with contract provisions when compensating advisory committee members for certain professional consulting services; and*
- overpaid advisor per diems in some cases.*

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The Capitol Area Architectural and Planning Board hires professional consultants to help fulfill its statutory responsibility to “preserve and enhance the dignity, beauty, and architectural integrity of the capitol...” pursuant to Minn. Stat. Section 15.50, Subd. 1. The board issues specific professional/technical service contracts to consultants. The board also issues general master contracts that extend for a period of time to other consultants. During the audit period, the board spent \$290,092 for professional/technical services.

The Capitol Area Architectural and Planning Board is composed of ten board members, as discussed in Chapter 1. Board members, pursuant to Minn. Stat. Section 15.0575, receive per diems of \$55 a day for board activities.

Pursuant to Minn. Stat. Section 15.50, Subd. 2(h), the board has three architectural and planning advisors who serve as consultants to the board. In accordance with board policy, the board compensates these advisors either through per diem payments or through professional service payments, depending on their specific responsibilities. Concerning payments to advisors, board policy states:

For these professional services, compensation to the advisors is recommended for the following advising activities:

- \$55.00/day per diems plus mileage for all CAAPB [Capitol Area Architectural and Planning Board] meetings (per yearly contract)
- \$55.00/day per diems plus mileage for all in office consultation with staff, or CAAPB [the board] regarding project resolution (per yearly contract)
- for professional services that are not within the capabilities of CAAPB staff, but essential to the framework of initial project development through preschematic design, the advisors would be paid on the basis of \$50.00/hr.

## Capitol Area Architectural and Planning Board

Table 3-1 shows the amount the board paid advisors and other consultants for professional services and payments made to board members and advisors for per diems.

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**Table 3-1**  
**Professional Services and Per Diem Expenditures**  
**Fiscal Years 1996-1999**

| <u>Payment Type</u>                 | <u>Amount</u>           |
|-------------------------------------|-------------------------|
| Professional Services by Advisors   | \$ 15,474               |
| Professional Services by Others (1) | <u>274,619</u>          |
| <b>Total Professional Services</b>  | <b><u>\$290,092</u></b> |
| Board Member Per Diems              | \$ 4,740                |
| Advisory Committee Per Diems        | <u>11,495</u>           |
| <b>Total Per Diems</b>              | <b><u>\$ 16,235</u></b> |

(1): Of this amount, \$120,000 was paid to an architectural partnership for work on Comprehensive Plan revisions.

Source: Minnesota Accounting and Procurement System (MAPS) data.

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## Audit Objectives and Methodology

The primary objectives of our audit of professional/technical services were to answer the following questions:

- Did the Capitol Area Architectural and Planning Board administer its professional technical service contracts in a prudent and reasonable manner?
- Did the board comply with significant finance-related legal provisions and board policy when making payments to board advisors and to others?

The primary objectives of our audit of per diems were to answer the following questions:

- Were per diem payments paid to board members and advisors at a rate authorized in state law and board policy?
- Were per diem payments supported by appropriate documentation?

To meet these objectives, we interviewed board employees to gain an understanding of the professional/technical service expenditure process and the per diem payment process. We reviewed the types of expenditures made for professional/technical services. We also tested a sample of transactions to determine the appropriateness of payments.

# Capitol Area Architectural and Planning Board

## Conclusions

The Capitol Area Architectural and Planning Board accurately reported professional technical service expenditures in the accounting records. The board made per diem payments at a rate authorized in state law and applicable board policy. However, as discussed in the Findings below, the board did not provide adequate control over the role and compensation of the Advisory Committee.

### **3. The board did not clearly define the role of the advisors in some situations.**

The board has not sufficiently clarified the advisor's role and responsibilities in some situations. For example, the executive secretary and an advisor made a work-related trip to New York City to attend a convention. During the trip the board paid the advisor an hourly rate of \$50 for professional/technical services, totaling \$950. However, the board also paid this advisor a daily \$55 per diem for the same activity. It is unclear as to whether the individual was functioning as a consultant (paid per contract) or as an advisor (paid per diem per policy) during this trip. In another case, the board paid an advisor \$500 for serving on a design competition jury when the advisor was subject to advisor per diem.

In other situations, the board did not specify in advance the particular work to be performed by advisors and other professional service consultants. The board and the consultants signed broad, general contracts that required the consultants to "provide professional services on a work-order basis as requested by the state on architectural and planning matters." These contracts should be supplemented with detailed work plans, specifically citing the work to be done on particular projects. Without advance work plans indicating services to be performed, it is difficult to monitor whether the contractors have achieved their objectives.

#### *Recommendations*

- *The board should clearly define the role of its advisors. Advisors should not be allowed to function as a part of the advisory committee and as a paid consultant simultaneously.*
- *The board should complete detailed work orders for the specific work projects done under a general contract.*
- *The board should seek repayment of the advisor's per diems during the trip to New York City.*

### **4. The board did not comply with contract provisions when compensating advisory committee members for certain professional consulting services.**

The board made inappropriate contract payments to two advisors. In one instance, the board overpaid an advisor. In three other instances, the board paid an advisor for work completed outside of the contractual time period terms.

## Capitol Area Architectural and Planning Board

The board paid an advisor \$221 more than the fiscal year 1997 contract entitled him to receive. The fiscal year 1997 contract specified that payment was limited to \$1,000. For work performed from November 1996 until January 1997, the advisor received \$1,221 for professional/technical services. The board did not amend the original contract to allow for the additional payments.

In the other cases, the board made payments totaling \$4,063 for work performed outside the time period of the contract. The board made three payments to an advisor for \$2,413, \$770, and \$880 for work completed under two different contracts. The contract term was from June 3, 1996, through June 30, 1996. According to documentation submitted by the advisor, the work was performed during April, May, August, and September of 1996.

### *Recommendation*

- *The board should comply with the terms of its professional service contracts. If necessary, the board should make the appropriate amendments to contracts.*

## **5. The board overpaid advisor per diems in some cases.**

The board paid advisors multiple per diem payments for one day's activities. We also noted a lack of documentation for certain advisor per diem and other expenditures. The board policy for advisor per diems allows \$55/day per diem plus mileage for all board meetings and \$55/day per diem plus mileage for all in-office consultations.

The board granted some advisors multiple per diems within a single day. The board granted an advisor one per diem payment of \$55 for July 9, 1997, and three per diem payments of \$55 each for activities on July 10, 1997. The board paid another advisor two per diems of \$55 for activities on July 21, 1998.

In addition, the board failed to adequately document instances of "in-office consultation" by advisors. Often, the documentation consisted of a note indicating "office meeting," without any indication of the type and scope of the meeting, or who attended. Documentation of these sessions is important in order to verify that the meetings were legitimate and that work was actually completed.

### *Recommendations*

- *The board should limit per diem payments to a maximum of one per day.*
- *The board should clarify which office consultations qualify for per diem payments and make sure that all office consultations are adequately documented.*
- *The board should seek repayments from advisors who received multiple per diems in a single day.*

# Capitol Area Architectural and Planning Board

## Chapter 4. Payroll Expenditures

### *Chapter Conclusions*

*The Capitol Area Architectural and Planning Board appropriately processed and recorded payroll expenditure transactions. For the items tested, the board also complied with applicable finance-related provisions of state bargaining unit agreements, including separation payments.*

The Capitol Area Architectural and Planning Board currently employs four full-time employees. The positions (executive secretary, planner principal, administrative specialist, and program administrator) are covered under various state bargaining agreements.

Payroll expenditures comprised over 60 percent of total office expenditures, totaling \$884,981 for the four fiscal years ending June 30, 1999. Table 4-1 shows the total amounts of payroll by type for the audit period.

**Table 4-1**  
**Payroll Expenditures**  
**Fiscal Years 1996 through 1999**

|                    | <u>1996</u>             | <u>1997</u>             | <u>1998</u>             | <u>1999</u>             |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Full-time Salaries | \$180,538               | \$234,976               | \$220,412               | \$215,965               |
| Overtime Pay       | 0                       | 139                     | 100                     | 0                       |
| Severance          | 0                       | 12,543                  | 5,960                   | 0                       |
| Other              | 791                     | 3,719                   | 6,614                   | 3,224                   |
| <b>Total</b>       | <b><u>\$181,329</u></b> | <b><u>\$251,377</u></b> | <b><u>\$233,086</u></b> | <b><u>\$219,189</u></b> |

Source: Auditor summary of Minnesota Accounting and Procurement System (MAPS) data for budget fiscal years 1996 – 1999.

### **Audit Objectives and Methodology**

The primary objectives of our audit were to answer the following questions:

- Did the board office have an effective process in place to ensure that payroll transactions were accurately recorded on the state's accounting system?
- Were employees paid in accordance with material finance-related provisions of state bargaining unit agreements, including separation payments?

To meet these objectives, we interviewed office employees to gain an understanding of the payroll and personnel process. We analyzed payroll expenditure levels to determine proper recording of payroll transactions. We also reviewed salaries and separation payments to ensure proper payment pursuant to contract provisions.

## **Capitol Area Architectural and Planning Board**

### **Conclusions**

The Capitol Area Architectural and Planning Board appropriately processed and recorded payroll expenditure transactions. For the items tested, the board also complied with applicable finance-related provisions of state bargaining unit agreements.



# Capitol Area Architectural and Planning Board

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## Status of Prior Audit Issues As of July 20, 1999

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### Most Recent Audits

**May 19, 1995, Legislative Audit Report 95-22** covered the three years ended June 30, 1994. That audit scope included a review of project and administrative expenditures. This report included eight reportable findings. The board resolved all but one of these issues. The remaining issue relates to our recommendation that the board establish an advisory committee policy. We recommended that this policy set terms, establish appropriate compensation, and prohibit advisory committee members from providing contractual services for board projects. The board did establish a policy that sets terms and establishes compensation for the members of its advisory committee. It has not, however, prohibited advisory committee members from providing contractual services to the board. See related Findings 3, 4, and 5 in Chapter 3.

**May 19, 1995, Legislative Audit Report 95-23** was a special review report of certain activities of the former executive secretary of the Capitol Area Architectural and Planning Board. The objectives of the review were to determine whether the former executive secretary received personal benefits from traveling on state business and whether he inappropriately maintained a second set of financial records for the Minnesota Vietnam Veterans Memorial project. Although he denied any liability for the \$3,387 in overpayments identified, the state recovered \$1,150 from the former executive secretary as a result of the special review report.

| State of Minnesota Audit Follow-Up Process  |
|---|
| The Department of Finance, on behalf of the Governor, maintains a quarterly process for following up on issues cited in financial audit reports issued by the Legislative Auditor. The process consists of an exchange of written correspondence that documents the status of audit findings. The follow-up process continues until Finance is satisfied that the issues have been resolved. It covers entities headed by gubernatorial appointees, including most state agencies, boards, commissions, and Minnesota state colleges and universities. It is not applied to audits of the University of Minnesota, any quasi-state organizations, such as the metropolitan agencies or the State Agricultural Society, the state constitutional officers, or the judicial branch. |

## Capitol Area Architectural and Planning Board

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**Capitol Area Architectural and Planning Board**

204 Administration Building  
50 Sherburne Avenue  
Saint Paul, Minnesota 55155  
Phone: 651.296.7138  
Fax: 651.296.6718  
TTY: 800.627.3529

September 22, 1999

Ms. Jeanine Leifeld, CPA  
Audit Manager  
Office of the Legislative Auditor  
Centennial Office Building, First Floor  
658 Cedar Street  
St. Paul, Minnesota 55155

Dear Ms. Leifeld,

Thank you for the opportunity to review and comment on the Capitol Area Architectural and Planning Board's draft financial audit for the period of July 1, 1995 through June 30, 1999.

The attached response is keyed to your draft findings and recommendations. This response outlines our current or proposed compliance.

We will provide you with an electronic copy of our response, as requested. Please contact me if you should have any questions.

Sincerely,

Nancy Stark  
Executive Secretary

c: Lt. Governor Mae Schunk, Chair CAAPB

NS:rnd

## **CURRENT FINDINGS AND RECOMMENDATIONS**

Audit for Fiscal Years 1996 – 1999  
for the Capitol Area Architectural and Planning Board

### **FINDING #1**

1. *The board miscoded certain transactions on the state's accounting system.*

#### **Response**

The CAAPB agrees with this finding.

- Administration's Real Estate Management Division prior to July 1997 (fiscal years 1996 and 1997) input the coding of space rental. The responsibility of entering lease contracts was given to each agency at that time. In one of the two following years improper coding did occur. We have since coded space rental properly and feel we are in compliance with the recommendation.
- The improvement and construction coding errors occurred in Administration's Building Construction Division.
- Any design competition transactions in the future will follow state coding criteria with some assistance from Administration's Material Management Division.

We feel that the Minnesota Procurement and Accounting System (MAPS) training lacked some clarity in certain areas. The report's findings acknowledge that both agencies had difficulties in the early years of the audit but have since made an effort to comply with the recommendation.

### **FINDING #2**

2. *One board member did not file an Economic Interest Statement as required by law.*

#### **Response**

The CAAPB agrees with this finding. We will implement the policy of copying the Campaign Finance and Public Disclosure Board on every notice of appointment (gubernatorial and mayoral). We agree with the report's recommendation and have begun implementation.

### **FINDING #3**

*3. The board did not clearly define the role of the advisors in some situations.*

#### **Response**

The CAAPB agrees with this finding. We will implement documentation that more clearly defines the role of an advisor on a specific project, and thus compensation of the advisor is compatible with the role as defined. Role definition will prevent advisors functioning as a CAAPB advisor and a paid consultant simultaneously. An advisor on a design competition jury will assume the role of a paid consultant with a detailed work order done under a general contract.

Operations that resulted in these discrepancies will be changed. We will pay back any amount owed.

### **FINDING #4**

*4. The board did not comply with contract provisions when compensating advisory committee members' for certain professional consulting services.*

#### **Response**

The CAAPB agrees with this finding. We will monitor the professional service contracts of the advisors, based on their defined role, and request monthly invoicing. For services that expand in scope or schedules, the professional service contracts will be amended.

### **FINDING #5**

*5. The board overpaid advisor per diems in some cases.*

#### **Response**

The CAAPB agrees with this finding. "In-office consultation" by CAAPB advisors has always been legitimate professional work. We will continue the practice of documenting such meetings with agendas and actions or recommendations by the advisors to the CAAPB. We will limit per diem payments to advisors to a maximum of one per day, and repay any amounts owed from multiple per diems per day.

a:audit response s16