

Office of Ombudspersons for Families

Financial Audit

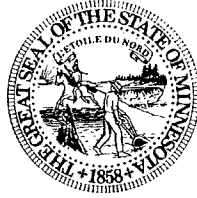
For the Period July 1, 1995 through June 30, 1998

August 1998

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Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

98-44



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Members of the Legislative Audit Commission


J. Ann Hill, Ombudsperson for African American Families
Bauz Nengchu, Ombudsperson for Asian Pacific Families
Eustolio Benavides, III, Ombudsperson for Spanish-Speaking Families
Steve Campbell, Ombudsperson for Indian Families


Members of the Ombudspersons for Families Community-Specific Boards

We have audited the Office of Ombudspersons for Families for the period from July 1, 1995, through June 30, 1998, as further explained in Chapter 1. Our audit scope, as discussed in Chapter 2, included payroll, rent, and other administrative expenditures.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, as issued by the Comptroller General of the United States. These 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 Office of Ombudspersons for Families complied with provisions of laws, regulations, and contracts that are significant to the audit. The office's management 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 Office of Ombudspersons for Families. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 7, 1998.


James R. Nobles
Legislative Auditor


Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

End of Fieldwork: July 16, 1998

Report Signed On: August 3, 1998

SUMMARY

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Office of Ombudspersons for Families

Financial Audit For the Period July 1, 1995 through June 30, 1998

Public Release Date: August 7, 1998

No. 98-44

Background Information

The Legislature created the four ombudspersons for families positions in 1991. The legislation required that they operate independent of, but in collaboration with, the following councils: the Asian Pacific Council, the Indian Affairs Council, the Council on Black Minnesotans, and the Spanish-Speaking (Chicano-Latino) Affairs Council. One ombudsperson represents each of these communities. The goal of the ombudspersons is to ensure that agencies implement all laws governing the protection of children and their families in a culturally competent manner. In 1994, the four ombudspersons became the Office of Ombudspersons for Families, separate and apart from the related minority councils.

Scope and Conclusions

We audited the Office of Ombudspersons for Families for the period July 1, 1995, through June 30, 1998. Our audit scope included payroll, rent, and other administrative expenditures. We found that the office designed internal controls to provide reasonable assurance that payroll, rent, and other administrative expenditures were properly authorized, supported, and recorded in the accounting records, in compliance with applicable legal provisions.

Ombudspersons for Families

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Audit Participation

Claudia Gudvangen, CPA	Deputy Legislative Auditor
Jeanine Leifeld, CPA, CISA	Audit Manager
Sonya Johnson, CPA	Auditor-In-Charge

Exit Conference

We discussed the results of this audit with the following representatives of the Office of Ombudspersons for Families at the exit conference held on July 31, 1998:

J. Ann Hill	Ombudsperson for African American Families
Bauz Negchu	Ombudsperson for Asian Pacific Families
Eustolio Benavides, III	Ombudsperson for Spanish-Speaking Families
Steve Campbell	Ombudsperson for Indian Families
Mark Sinclair	Hotline Administrator

Ombudspersons for Families

Chapter 1. Introduction

Pursuant to Minn. Stat. Section 257.0755, the Legislature created the four ombudspersons for families positions in 1991. The legislation required that they operate independent of, but in collaboration with, the following councils:

- Spanish-Speaking (Chicano-Latino) Affairs Council,
- Council on Black Minnesotans,
- Indian Affairs Council, and
- Council on Asian-Pacific Minnesotans

One ombudsperson represents each of these communities. In 1994, the four ombudspersons became the Office of Ombudspersons for Families, separate and apart from the related minority councils.

Each ombudsperson reports to a community-specific board. Each community-specific board has five members. The chair of each minority council appoints the board for the community represented by that group. Each community-specific board selects the ombudsperson for its community. The board advises and assists its ombudsperson in the areas of policy development, work plans, and programs. Minn. Stat. Section 257.0768, subd. 6 requires the community-specific boards "to meet jointly at least four times each year to advise the ombudspersons on overall policies, plans, protocols, and programs for the office." Each ombudsperson has the authority to monitor state and local agency compliance with all laws governing protection or placement as they pertain to children of color.

The office consists of the five employees - four ombudspersons and a person who operates the parent assistance hotline. The office does not have any support staff. One ombudsperson takes lead responsibility for the office's administrative functions. During our audit period, the Department of Administration performed all budget and accounting functions for the office.

The office receives most of its funding from General Fund appropriations and transfers from the Department of Human Services. In fiscal year 1997, the agency entered into a grant agreement with the Department of Children, Families & Learning (CFL) for \$73,895 for the period from April 1, 1997, through June 30, 1998. Under this grant, the office hired a staff person who operated the parent assistance hotline, in order to respond to the increased volume of requests for information and assistance from parents regarding laws, policies, and services which effect children. CFL reimbursed the office for payroll and other costs incurred under the grant based upon invoices that the Department of Administration submitted to CFL.

Table 1-1 shows the office's sources and uses of funds for fiscal years 1996, 1997, and 1998.

Ombudspersons for Families

Table 1-1
Office of Ombudspersons for Families
Sources and Uses of Funds
Fiscal Years 1996, 1997, and 1998

	<u>1996</u>	<u>1997</u>	<u>1998 (3)</u>
Sources:			
Appropriations	\$133,000	\$137,000	\$157,000
Balance Forward In	4,877	12,776	55,349
DHS Transfer In (1)	92,000	92,000	92,000
CFL Grant (2)	0	42,817	31,078
Other Transfers In	<u>5,001</u>	<u>9,078</u>	<u>0</u>
Available Resources	<u>\$234,878</u>	<u>\$293,671</u>	<u>\$335,427</u>
Uses:			
Payroll	\$185,621	\$ 183,388	\$238,350
Rent	8,703	15,516	22,074
Other	<u>27,778</u>	<u>39,418</u>	<u>54,725</u>
Total Expenditures	\$222,102	\$238,322	\$315,149 (4)
Balance Forward Out	<u>12,776</u>	<u>55,349</u>	<u>20,278 (4)</u>
Use of Resources	<u>\$234,878</u>	<u>\$293,671</u>	<u>\$335,427(4)</u>

- (1) Annual Department of Human Services transfer made pursuant to Minn. Stat. Section 257.0755, subd. 3.
- (2) Grant from Department of Children, Families & Learning for parent assistance hotline for the period from April 1, 1997, through June 30, 1998.
- (3) Fiscal year 1998 expenditures include outstanding encumbrances as of June 30, 1998.
- (4) Estimated as of June 30, 1998.

Sources: State of Minnesota MAPS accounting system budgetary basis accounting reports for fiscal years 1996, 1997, and 1998 as of September 1996 and 1997 and as of June 30, 1998.

Chapter 2. Financial Activities

Chapter Conclusions

We found that the Office of Ombudspersons for Families designed controls to provide reasonable assurance that payroll, rent, and other administrative expenditures were properly authorized, adequately supported and reported in the state's accounting system, and in compliance with applicable legal provisions.

The most significant expenditure for the Office of Ombudspersons for Families was payroll. The office also paid rent and a variety of miscellaneous administrative expenditures. Our audit scope included payroll, rent, and other administrative expenditures which totaled \$222,102 for fiscal year 1996, \$238,322 for fiscal year 1997, and \$315,149 for fiscal year 1998.

The Department of Administration provided budget and accounting functions for the office. Administration processed the office personnel transactions and entered the office payroll into the state's payroll system. For other administrative expenditures, the office requested the purchase and Administration entered the purchase order on the state's accounting system (MAPS). The office received the invoice for the purchase or service, approved the invoice for payment, and submitted it to Administration for MAPS input. Administration sent monthly MAPS accounting reports to the office for the ombudspersons to review.

Audit Objectives and Methodology

Our audit objective was to determine if the Office of Ombudspersons for Families designed internal controls to provide reasonable assurance that its expenditures were properly authorized, adequately supported and reported in the accounting records, and in compliance with applicable legal provisions.

To meet this objective, we interviewed the ombudspersons, as well as employees of the Department of Administration, to gain an understanding of the internal control structure over office expenditures. We reviewed various disbursement transactions to determine if the office properly authorized, documented, and recorded transactions in the accounting system (MAPS).

Payroll

Payroll expenditures accounted for 78 percent of the office's expenditures during our audit period. The office had five employees who were all members of the Minnesota Association of Professional Employees (MAPE) compensation plan. Each ombudsperson reported to the related community-specific board. Each board was responsible for selecting its ombudsperson, evaluating performance, and authorizing salary increases.

Ombudspersons for Families

All employees completed biweekly timesheets. The community-specific board chair signed its ombudsperson's timesheets. One of the ombudspersons signed the timesheet for the employee who operates the parent hotline under the Children, Families & Learning grant. The timesheets then went to the Department of Administration for input in the state's payroll system (SEMA4).

Rent

Rent accounted for six percent of total expenditures during our audit period. The office has a five year lease for its space in Saint Paul's Energy Park. The office receives monthly invoices for the amount of the lease payment. The office approves the invoice for payment and submits it to Administration for input into the state's accounting system (MAPS).

Other Administrative Expenditures

The office spent a total of \$121,921 on other administrative expenditures during the three year audit period. The most significant other expenditure was computer equipment the office purchased through grant funds from the Department of Children, Families & Learning. Other expenditures included office support purchases, such as copy machine rental and telephone services.

Conclusions

The Office of Ombudspersons for Families designed controls to provide reasonable assurance that its payroll, rent, and other administrative expenditures were properly authorized, accurately supported and reported in the accounting records, and in compliance with applicable legal provisions.

Ombudspersons for Families

Prior Audit History

Until fiscal year 1995, the financial activity of the ombudspersons for families was included with the related minority council. This financial activity was subject to audit during the audits of the four minority councils from fiscal years 1992 through 1994. The following is a list of the minority council audits included in that time period:

Legislative Audit Report 95-48, issued October 1995, covered the Minnesota Indian Affairs Council for the four years ended June 30, 1995.

Legislative Audit Report 96-27, issued July 1996, covered the Spanish Speaking Affairs Council for the two years ended June 30, 1995.

Legislative Audit Report 97-19, issued April 1997, covered the Council on Asian-Pacific Minnesotans for the four years ended June 30, 1996.

Legislative Audit Report 97-33, issued June 1997, covered the Council on Black Minnesotans for the four years ended June 30, 1996.

None of these reports contained any specific findings or recommendations concerning the ombudspersons for families.