

O L A

OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

Financial Audit Division Report

Department of Veterans Affairs

July 1, 2003, through June 30, 2007



November 15, 2007

07-31

Financial Audit Division

The Office of the Legislative Auditor (OLA) is a professional, nonpartisan office in the legislative branch of Minnesota state government. Its principal responsibility is to audit and evaluate the agencies and programs of state government (the State Auditor audits local governments).

OLA's Financial Audit Division annually audits the state's financial statements and, on a rotating schedule, audits agencies in the executive and judicial branches of state government, three metropolitan agencies, and several "semi-state" organizations. The division also investigates allegations that state resources have been used inappropriately.

The division has a staff of approximately forty auditors, most of whom are CPAs. The division conducts audits in accordance with standards established by the American Institute of Certified Public Accountants and the Comptroller General of the United States.

Consistent with OLA's mission, the Financial Audit Division works to:

- Promote Accountability,
- Strengthen Legislative Oversight, and
- Support Good Financial Management.

Through its Program Evaluation Division, OLA conducts several evaluations each year.

OLA is under the direction of the Legislative Auditor, who is appointed for a six-year term by the Legislative Audit Commission (LAC). The LAC is a bipartisan commission of representatives and senators. It annually selects topics for the Program Evaluation Division, but is generally not involved in scheduling financial audits.

All findings, conclusions, and recommendations in reports issued by the Office of the Legislative Auditor are solely the responsibility of the office and may not reflect the views of the LAC, its individual members, or other members of the Minnesota Legislature.

To obtain a copy of this document in an accessible format (electronic ASCII text, Braille, large print, or audio) please call 651-296-1235. People with hearing or speech disabilities may call us through Minnesota Relay by dialing 7-1-1 or 1-800-627-3529.

All OLA reports are available at our web site: <http://www.auditor.leg.state.mn.us>

If you have comments about our work, or you want to suggest an audit, investigation, or evaluation, please contact us at 651-296-4708 or by e-mail at auditor@state.mn.us



Financial Audit Division Report

Department of Veterans Affairs

July 1, 2003, through June 30, 2007

November 15, 2007

07-31

FINANCIAL AUDIT DIVISION

Centennial Building – Suite 140

658 Cedar Street – Saint Paul, MN 55155

Telephone: 651-296-4708 • Fax: 651-296-4712

E-mail: auditor@state.mn.us • Web site: <http://www.auditor.leg.state.mn.us>

Through Minnesota Relay: 1-800-627-3529 or 7-1-1



OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

Representative Rick Hansen, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Clark Dyrud, Commissioner
Department of Veterans Affairs

We have audited the Department of Veterans Affairs for the period July 1, 2003, through June 30, 2007. Our audit scope included: payroll and administrative expenditures, guardianship receipts and disbursements, and grants administration. The audit objectives and conclusions are highlighted in the individual chapters of this report.

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's internal controls relevant to the audit. The standards also require that we design the audit to provide reasonable assurance that the Department of Veterans Affairs complied with the requirements of laws, regulations, contracts, and grants that are significant to the audit. The management of the department 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 Department of Veterans Affairs. This restriction is not intended to limit the distribution of this report, which was released as a public document on November 15, 2007.

/s/ James R. Nobles

James R. Nobles
Legislative Auditor

/s/ Cecile M. Ferkul

Cecile M. Ferkul, CPA
Deputy Legislative Auditor

End of Fieldwork: September 13, 2007

Report Signed On: November 12, 2007

Department of Veterans Affairs

Table of Contents

	Page
Report Summary	1
Chapter 1. Introduction	3
Chapter 2. Payroll and Administrative Expenditures	7
Chapter 3. Guardianship Receipts and Disbursements	11
Chapter 4. Grants Administration	13
Status of Prior Audit Issues	15
Agency Response	17

Audit Participation

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

Cecile Ferkul, CPA, CISA	Deputy Legislative Auditor
Jim Riebe, CPA	Audit Manager
John Hakes, CPA	Auditor-in-Charge
Mark Allan	Auditor
Tenzin Tsering	Auditor

Exit Conference

We discussed the results of the audit with the following staff of the Department of Veterans Affairs at an exit conference on October 31, 2007:

Clark Dyrud	Commissioner
Michael Pugliese	Deputy Commissioner
Sherry Kromschroeder	Admin Officer

Report Summary

Conclusion:

Except for the concerns discussed in our findings, we concluded the Department of Veterans Affairs had adequate internal controls over the activities we examined and complied with the legal requirements we tested.

Findings:

- The department did not have sufficient procedures in place over employee access to the accounting system. ([Finding 1, page 8](#))
- The department did not complete annual performance evaluations for some employees as required by statute and other personnel policies and procedures. ([Finding 2, page 9](#))
- The department did not fully dispose of funds in its terminated guardian program. ([Finding 3, page 12](#))

Audit Scope:

Period Audited:

- July 1, 2003, through June 30, 2007.

Activities Audited:

- Payroll and administrative expenditures
 - Guardianship receipts and disbursements
 - Grants administration
-

Agency Background:

The Department of Veterans Affairs was created in 1943 to serve the veterans of the armed forces of the United States, residing in Minnesota, and their dependents and survivors. The department acts as an advocate for state veterans to obtain benefits under the laws of the United States, the state of Minnesota, or any other state or governmental agency.

From fiscal years 2004 through 2006, the department's annual appropriations ranged from \$4.2 to \$4.7 million. In fiscal year 2007, the appropriations increased by about \$3 million to provide additional benefits, including the establishment of a higher education office and an online support center, to more veterans.

Department of Veterans Affairs

This page intentionally left blank.

Department of Veterans Affairs

Chapter 1. Introduction

Existing since 1943, the Department of Veterans Affairs has served veterans from the Korean, Vietnam, Southwest Asia (Persian Gulf), Iraq War, and other conflicts. *Minnesota Statutes* 2006, chapters 196 and 197, and *Minnesota Rules* 2006, chapter 9055, govern the department. Since 2005, Clark Dyrud has served as the commissioner of the department.

The department has the following two main program areas:

- Veterans Benefits and Services - This area includes the State Soldier Assistance Program, the Guardianship Program, and the Higher Education Veterans Program, among others. The department oversees two claims offices that represent veterans, their dependents, and survivors pursuing claims for benefits and services from the United States Department of Veterans Affairs. Each of Minnesota's 87 counties employs a county veterans service officer to serve as a primary contact person for veterans in that particular service area. Although the county veterans service officers are county employees, the commissioner of Veterans Affairs certifies the individuals occupying these positions.
- Operations – This area is responsible for all human resources, purchasing, accounting, and information technology functions for the department. In addition, the department administers the Grants to Counties Program, provides funding to the Vinland National Center, and it manages development and maintenance aspects for the State Veterans Cemetery.

The following table summarizes the financial activities of the department for fiscal years 2004 through 2007. As highlighted in the table, the department received significant increases in its fiscal year 2007 appropriations to provide additional benefits, including the establishment of a higher education office and an online support center, to more veterans. The department is also adding staff to administer the expanded benefits and is remodeling its main office to accommodate the increased staffing levels.

Department of Veterans Affairs

**Table 1-1
Sources and Uses of Funds
By Budget Fiscal Year**

Sources:	2004	2005	2006	2007
Appropriations	\$4,188,000	\$4,177,000	\$4,744,000	\$ 7,516,737
Cancellations	(240,400)	(43,952)	(3,725)	(209,212)
Guardianship Receipts ¹	1,225,182	987,364	587,980	48,971
Federal Grants	345,748	407,243	406,375	448,731
Transfers In ²	153,543	17,618	395,499	936,398
Donations	113,952	22,667	9,919	65,319
Interest Earnings	37,617	67,399	70,808	37,547
Cemetery Development	23,300	27,100	41,250	31,700
Balance Forward In	<u>3,688,241</u>	<u>4,224,180</u>	<u>3,090,964</u>	<u>2,302,321</u>
Total Sources	<u>\$9,535,183</u>	<u>\$9,886,619</u>	<u>\$9,343,070</u>	<u>\$11,178,512</u>
Uses:				
Payroll	\$2,080,077	\$2,252,984	\$2,287,615	\$ 3,008,821
Guardianship Disbursements ¹	1,115,034	1,453,363	2,370,057	347,281
State Soldier Assistance Grants	1,156,522	1,571,820	1,235,144	3,059,797
Administrative and Capital Expenditures ³	540,746	765,547	494,802	1,431,801
Aid to Nongovernmental Organizations ⁴	194,764	171,280	388,828	495,056
Transfers Out ⁵	5,329	432,000	168,000	688,056
Aid to Counties	89,077	86,428	82,355	292,220
Interagency Grants	10,000	15,000	10,000	240,725
Encumbrances	119,454	47,233	3,948	719,741
Balance Forward Out	<u>4,224,180</u>	<u>3,090,964</u>	<u>2,302,321</u>	<u>895,014</u>
Total Uses	<u>\$9,535,183</u>	<u>\$9,886,619</u>	<u>\$9,343,070</u>	<u>\$11,178,512</u>

¹The department discontinued its management of guardianship accounts during the audit period, as described in Chapter 3.

²Amounts include intra-agency transfers of \$50,000 in fiscal year 2006 and \$307,000 in fiscal year 2007. The majority of the transfers in from other agencies originated with the Department of Public Safety, primarily from license plate fees dedicated to the Support Our Troops initiative and, to a lesser extent, donations for the World War II memorial.

³Significant administrative expenditures included space rental, supplies, equipment, and payments to other state agencies for services performed.

⁴Aid to nongovernmental organizations includes grants to the Vinland National Center and five outside veterans service organizations.

⁵Amounts include intra-agency transfers of \$168,000 in fiscal year 2006 and \$581,056 in fiscal year 2007. In fiscal years 2005 and 2007, the department transferred \$432,000 and \$107,000, respectively, to the Department of Administration for construction of the World War II memorial.

Source: Minnesota Accounting and Procurement System, as of August 2007.

Audit Approach

We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we obtain an understanding of the department's internal controls relevant to the audit objectives. We used the guidance contained in *Internal Control-Integrated Framework*, published by the Committee of

Department of Veterans Affairs

Sponsoring Organizations of the Treadway Commission,¹ as our criteria to evaluate agency controls. The standards also require that we plan the audit to provide reasonable assurance that the department complied with financial-related legal requirements that are significant to the audit. In determining the department's compliance with legal requirements, we considered requirements of laws, regulations, contracts, and grant agreements.

To meet the audit objectives, we gained an understanding of the Department of Veterans Affairs' financial policies and procedures. We considered the risk of errors in the accounting records and noncompliance with relevant legal requirements. We analyzed accounting data to identify unusual trends or significant changes in financial operations and reviewed security clearances for various computer systems. We examined a sample of evidence supporting the department's internal controls and compliance with laws, regulations, contracts, and grant requirements.

¹ The Treadway Commission and its Committee of Sponsoring Organizations was established in the mid-1980s by the major national associations of accountants. One of their primary tasks was to identify the components of internal control that organizations should have in place to prevent inappropriate financial activity.

Department of Veterans Affairs

This page intentionally left blank.

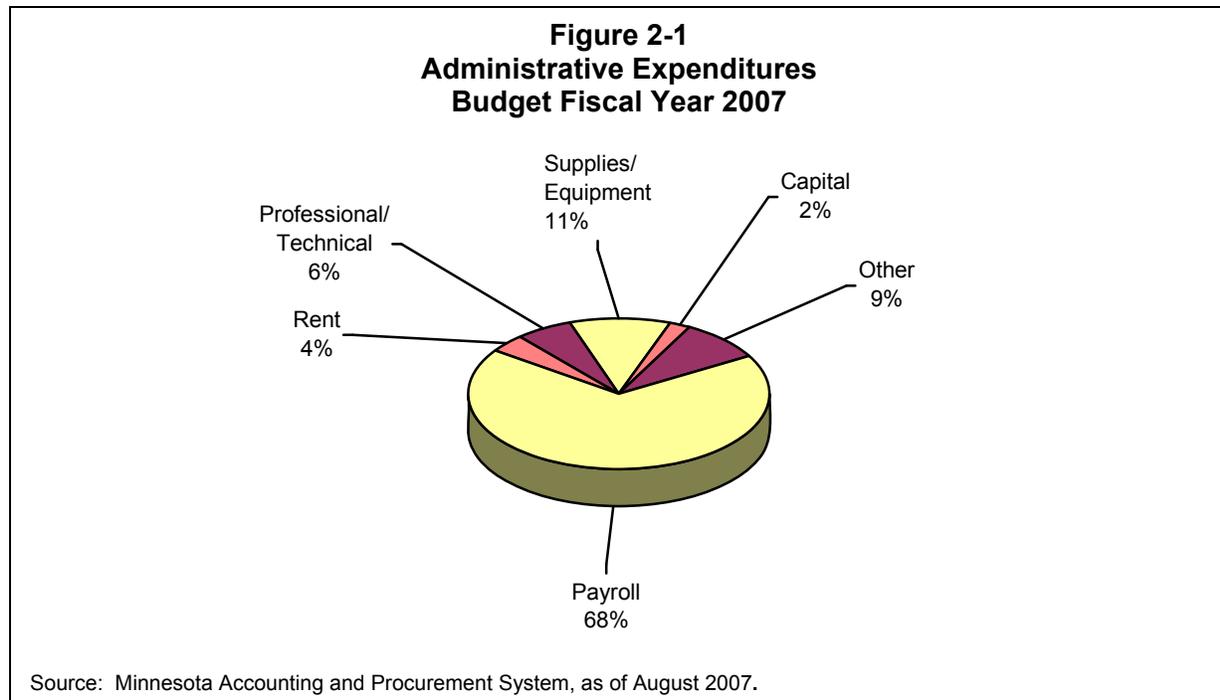
Chapter 2. Payroll and Administrative Expenditures

Chapter Conclusions

The Department of Veterans Affairs generally had adequate internal controls over payroll and administrative expenditures; however, it did not have sufficient procedures in place over employee access to the accounting system used to process administrative expenditures.

The department accurately paid its employees in accordance with the respective state bargaining agreements and plans and generally administered payroll and administrative expenditures in accordance with state policies. However, the department did not complete performance appraisals for some employees, as required by various legal requirements.

The Department of Veterans Affairs spent approximately \$4.4 million on payroll and other administrative expenditures during fiscal year 2007, as depicted in Figure 2-1.



Department of Veterans Affairs

At \$3 million, payroll represents approximately 68 percent of the department's total administrative expenditures. As of July 2007, the department employed about 70 people. These employees belong to various state bargaining units and plans. The department processes payroll through the state's payroll system on a biweekly basis. At the end of fiscal year 2007, the department began using the state's self-service time entry payroll system where employees electronically enter hours worked and leave taken, and supervisors authorize employee payroll directly in the payroll system.

Audit Objectives

Our review of the department's payroll and administrative expenditures processes focused on the following questions:

- Did the Department of Veterans Affairs have adequate internal controls over payroll and administrative expenditures, including controls over access to the accounting system?
- Did the department pay employees in accordance with the respective bargaining agreements, compensation plans, and state policies?

The department had the following weaknesses in its payroll and administrative expenditures processes:

Current Findings and Recommendations

1. The Department of Veterans Affairs did not segregate incompatible employee access to the state's accounting system.

The department granted five staff access to process transactions in the accounting system that resulted in an inadequate segregation of duties. The five employees each had the ability to encumber funds, create and process contracts and purchase orders, and pay invoices. These duties are incompatible because they increase the risk that an employee could process erroneous or unauthorized transactions without detection. Generally, departments should avoid granting access for these types of transactions to any one employee.

The state has distinct security profiles in the accounting system to allow departments to separate incompatible duties and help prevent inappropriate transactions. If a department determines that it is not feasible to segregate duties, perhaps because of limited staff, state policy² requires that the department develop a written plan identifying the controls it has in place to detect inappropriate transactions, should they occur. Typically, such controls provide that an independent person review transactions entered by the employee with incompatible access and obtain sufficient evidence to ensure transactions were authorized and appropriate. The Department of Veterans Affairs had not developed a written plan nor implemented controls to detect potentially inappropriate transactions.

² Department of Finance Policy 1101-07.

Department of Veterans Affairs

Recommendations

- *The department should review the accounting system access granted to individual employees to ensure they only have the necessary access to perform their job duties.*
- *If the department determines that it must grant incompatible access to any staff, it should develop, document, and implement the controls necessary to ensure the propriety of accounting transactions entered by employees having incompatible access to the accounting system.*

2. The Department of Veterans Affairs did not complete annual performance evaluations for some employees as required by statute and other personnel policies and procedures.

Five of ten employees we tested had not received annual performance appraisals. *Minnesota Statutes*³ require that executive branch departments evaluate and counsel each civil service employee on work performance at least once a year. Bargaining unit agreements, compensation plans, and the department's operating policies and procedures also require annual performance appraisals. Beyond the legal requirements, the department's significant growth in personnel heightens the need to provide timely feedback on performance to all employees. Timely performance appraisals provide assurance that the department is effectively managing its workforce and provides the opportunity for feedback to newly hired employees and employees who have assumed new roles and responsibilities within the department.

Recommendation

- *The Department of Veterans Affairs should ensure that supervisors complete timely employee performance evaluations in compliance with applicable requirements.*

³ *Minnesota Statutes* 2006, 43A.20.

Department of Veterans Affairs

This page intentionally left blank.

Chapter 3. Guardianship Receipts and Disbursements

Chapter Conclusions

The Department of Veteran Affairs safeguarded guardianship receipts and ensured that guardianship disbursements from veterans' accounts were authorized and appropriate. The department complied with applicable legal requirements in administering the guardianship program. Subsequent to its decision to discontinue administering the program in fiscal year 2005, the department made authorized transfers of veterans' assets to legitimate successors at accurate amounts. However, it needs to determine the disposition of about \$8,700 remaining in the guardianship accounts.

Until fiscal year 2006, the Department of Veterans Affairs acted as the guardian⁴ for certain minors or incompetent adults receiving veterans benefits. Veterans and their dependents participated in the program because of a court appointment or referral by the U.S. Veterans Affairs Department. The department provided comprehensive financial planning and management of client funds, including receipt and disbursement of funds and acquisition, maintenance and disposal of client assets, including both real and personal property. During fiscal year 2004, the department had approximately 60 guardianship accounts with balances exceeding \$2.3 million.

In May 2005, the department determined that it did not have sufficient personnel to administer the guardianship program. From November 2005 through December 2006, the department gradually dissolved the program by transferring accounts to successor conservators.⁵ By December 2006, the department had closed all of its guardianship accounts. Table 3-1 shows the financial activity of the guardianship program for fiscal years 2004 – 2007.

⁴ *Minnesota Statutes* 2006, 196.05, subd. 1 (8), allows the Department of Veterans Affairs to act as the guardian for minors or incompetent adults receiving veterans benefits.

⁵ The department reassigned funds to private conservators after obtaining approval from the appropriate judicial body and working with the U.S. Department of Veterans Affairs at the Fort Snelling office.

Department of Veterans Affairs

Table 3-1
Guardianship Receipts, Disbursements, and Account Balances
By Fiscal Year

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Beginning Balance	\$2,313,633	\$2,452,668	\$2,036,191	\$302,911
Receipts	1,225,182	987,364	587,980	48,971
Interest Earnings	28,887	49,522	48,797	4,106
Disbursements	<u>(1,115,034)</u>	<u>(1,453,363)</u>	<u>(2,370,057)</u>	<u>(347,281)</u>
Ending Balance	<u>\$2,452,668</u>	<u>\$2,036,191</u>	<u>\$ 302,911</u>	<u>\$ 8,707</u>

Source: Minnesota Accounting and Procurement System, as of August 2007.

Audit Objectives

Our review of the department's guardianship program focused on the following questions:

- Did the Department of Veterans Affairs adequately safeguard guardianship receipts?
- Did the department ensure that guardianship expenditures from veterans' accounts were authorized and appropriate?
- Did the department comply with legal requirements applicable to the guardianship program?
- In discontinuing the guardianship program, did the department make authorized transfers of veterans' assets to legitimate successors at accurate amounts?

The department had the following weakness in its administration of the guardianship program:

Current Finding and Recommendation

3. The department had not determined the disposition of approximately \$8,700 remaining in the guardianship accounts after the termination of the program.

As of August 2007, the guardianship account had a balance of about \$8,700, even though the department had dissolved the program and the accounts had been transferred to successor guardians in December 2006. Department personnel were not sure about the source or ownership of these funds, but believed they were a combination of emergency funds donated from various veteran service organizations, accumulated interest, and possibly other sources.

Recommendation

- *The Department of Veterans Affairs should determine the proper disposition of the remaining funds in its guardianship account balance.*

Chapter 4. Grants Administration

Chapter Conclusions

The Department of Veterans Affairs properly administered state soldier assistance grants, grants to counties, and grants to the Vinland National Center. Additionally, it complied with applicable finance-related legal requirements for its grant programs.

The Department of Veterans Affairs issued grants under the State Soldiers Assistance and the Grants to Counties programs and issued grants to the Vinland National Center, as shown in Table 4-1.

Table 4-1
Grant Expenditures
By Budget Fiscal Year

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
State Soldier Assistance Grants ¹	\$1,156,522	\$1,571,820	\$1,235,144	\$3,059,797
Vinland National Center Grants	\$179,764	\$150,000	\$121,275	\$100,000
Grants to Counties	\$89,077	\$180,984	\$82,355	\$276,220

¹The department more than doubled the state soldier assistance grants between fiscal years 2006 and 2007 to support veterans returning from the Iraq War. As noted in Chapter 1, the Legislature increased the department's general appropriation between fiscal years 2006 and 2007 by 58 percent to support additional grants and services to the state's veterans.

Source: Minnesota Accounting and Procurement System, as of August 2007.

The State Soldier Assistance Program assists Minnesota veterans and/or their dependents in securing subsistence, optical, dental, and clothing benefits. Subsistence benefits provide short-term (six months or less) emergency financial assistance to meet the daily needs of applicants who are disabled and unable to pursue their normal occupation. Generally, applicants must meet income and asset guidelines to receive assistance under the program.

The department makes grants to counties to enhance the benefits, programs, and services provided to veterans, such as outreach, transportation, and psychological treatment. For fiscal year 2007, grants to counties increased \$200,000 over previous authorizations of \$95,000 already available on an annual basis. The largest grant, a \$100,000 grant to Goodhue County, was for a reintegration effort for Minnesota veterans returning from Iraq through Wisconsin's Fort McCoy.

The department also administered grants to the Vinland National Center, which is a residential treatment facility that provides vocational rehabilitation and chemical dependency treatment for individuals with disabilities. Although the department disbanded the program in fiscal year 2003

Department of Veterans Affairs

due to budget cuts, the department funded grants during the audit period from available balances originating from prior appropriations.

Audit Objectives

Our review of the department's grant programs focused on the following questions:

- Did the department properly administer grants?
- Did the department comply with applicable legal requirements?

The department had no weaknesses in its administration of these grant programs.

**Status of Prior Audit Issues
As of September 13, 2007**

Most Recent Audit

Legislative Audit Report 03-55, issued in October 2003, covered the period from July 1, 1999, to June 30, 2003. The scope included guardianship revenues and expenditures, payroll expenditures, and grants. The report did not contain any findings.

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 metropolitan agencies or the State Agricultural Society, the state constitutional officers, or the judicial branch.

Department of Veterans Affairs

This page intentionally left blank.



Clark Dyrud
Commissioner

State of Minnesota
DEPARTMENT OF VETERANS AFFAIRS
VETERANS SERVICE BUILDING
SECOND FLOOR
20 WEST 12TH STREET
ST. PAUL, MINNESOTA 55155-2006
(651) 296-2562

November 8, 2007

James R. Nobles, Legislative Auditor
Office of the Legislative Auditor
140 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155

Dear Mr. Nobles:

We appreciate the opportunity to respond to the findings and recommendations included in the Department of Veterans Affairs audit for the four years ended June 30, 2007. We found the information in your report and in the exit meeting to be very informative and helpful in our continuing attempts to operate the agency in the best manner for state citizens.

Finding #1:

The Department of Veterans Affairs did not segregate incompatible employee access to the state's accounting system.

Recommendation:

The Department of Veterans Affairs should review the accounting system access granted to individual employees to ensure they only have the necessary access to perform their job duties.

If the department determines that it must grant incompatible access to any staff, it should develop, document, and implement the controls necessary to ensure the propriety of accounting transactions entered by employees having incompatible access to the accounting system.

Response:

We agree with the recommendation for this finding. The Admin Officer is reviewing security profiles and will be developing written mitigating controls where needed and removing unnecessary security rights in other cases. These actions will be reviewed quarterly by the Admin Officer. In those cases where due to vacations the Department may be unable to function without providing incompatible access to another employee that creates a temporary conflict, the

Department will grant only temporary access to the needed security module and will attach to the security request a written process describing the mitigating control(s) that will be performed during this temporary period.

Scheduled to be completed by: December 2007

Finding #2:

The Department of Veterans Affairs did not complete annual performance evaluations for some employees as required by statute and other personnel policies and procedures.

Recommendation:

The Department of Veterans Affairs should ensure that supervisors complete timely employee performance evaluations in compliance with applicable requirements.

Response:

We agree with the recommendation for this finding. The Admin Officer is working in conjunction with the Human Resources Representative to revise our existing policy and procedure to include an additional action that states, "Managers' and supervisors' own performance rating will be dependent upon the responsibilities of the managers and supervisors to oversee the performance review cycle and maintain current performance reviews for all employees."

Scheduled to be completed by: December 2007

Finding #3:

The Department had not determined the disposition of approximately \$8,700 remaining in the guardianship accounts after the termination of the program.

Recommendations:

The Department of Veterans Affairs should determine the proper disposition of the remaining funds in its guardianship account balance.

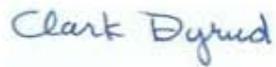
Response:

We are aware of the remaining balance in the guardianship account. The Admin Officer will make every effort to determine the proper disposition of funds. However, if we are unable to make a determination, the funds will be canceled to the Department of Finance's non-operating account. The Admin Officer will record all transactions and retain supporting documentation involved in the resolution of this finding.

Scheduled to be completed by: January 2008

Thank you for the opportunity to respond to your findings and recommendations. The Department has assigned Sherry Kromschroeder, Admin Officer, to coordinate these corrective actions. Please extend our appreciation to the audit managers and audit staff responsible for the audit.

Sincerely,

A handwritten signature in blue ink that reads "Clark Dyrud". The signature is written in a cursive, slightly slanted style.

Clark Dyrud
Commissioner