

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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MANAGEMENT AND COMPLIANCE REPORT

**REGION 4 SOUTH ADULT MENTAL  
HEALTH CONSORTIUM  
ELBOW LAKE, MINNESOTA**

YEAR ENDED DECEMBER 31, 2015

## **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits of local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for approximately 700 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**REGION 4 SOUTH ADULT MENTAL  
HEALTH CONSORTIUM  
ELBOW LAKE, MINNESOTA**

**Year Ended December 31, 2015**



**Management and Compliance Report**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

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**REGION 4 SOUTH ADULT MENTAL HEALTH CONSORTIUM  
ELBOW LAKE, MINNESOTA**

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**REGION 4 SOUTH ADULT MENTAL HEALTH CONSORTIUM  
ELBOW LAKE, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**PREVIOUSLY REPORTED ITEMS RESOLVED**

**Preparation of Financial Statements (2014-001)**

The Consortium relied on its independent external auditors to assist in the preparation of the basic financial statements, including notes to the financial statements, as part of its external financial reporting process.

**Resolution**

In the current year, the Consortium contracted with a CPA firm to prepare the governmental fund trial balances, the basic financial statements, and the related notes to the financial statements.

**Segregation of Duties (2014-002)**

One or two employees had all responsibilities for billing, collecting, recording, and depositing receipts.

**Resolution**

Responsibilities over the receipting process have been segregated, resulting in better internal controls.

**Budget Documentation (2014-003)**

In the prior year, the approved budget was not reflected in the general ledger.

**Resolution**

Budget amounts were entered for each fund in the general ledger for 2015.

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REBECCA OTTO  
STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Joint Powers Board  
Region 4 South Adult Mental Health Consortium  
Elbow Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities and each major fund of Region 4 South Adult Mental Health Consortium as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated October 11, 2016.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories; however, deposits and investments and claims and disbursements were tested in conjunction with the audit of the financial statements of Grant County. We did not test for compliance with the provisions for tax incrementing financing because the Consortium does not administer any tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Region 4 South Adult Mental Health Consortium failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Consortium's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of the Joint Powers Board and management of Region 4 South Adult Mental Health Consortium and the State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO  
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

October 11, 2016

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