

STATE OF MINNESOTA

Office of the State Auditor



Julie Blaha
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

CASS COUNTY
WALKER, MINNESOTA

YEAR ENDED DECEMBER 31, 2018

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 100 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 600 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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**CASS COUNTY
WALKER, MINNESOTA**

Year Ended December 31, 2018



Management and Compliance Report

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

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**CASS COUNTY
WALKER, MINNESOTA**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of County Commissioners
Cass County
Walker, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cass County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 21, 2019. Our report includes a reference to other auditors who audited the financial statements of the Cass County Housing and Redevelopment Authority and the Pine River Area Sanitary District, the discretely presented component units, as described in our report on Cass County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because Cass County administers no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Cass County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*. 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 County's noncompliance with the above referenced provisions.

Cass County's Response to Finding

Cass County's response to the internal control finding identified in our audit is described in the Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 21, 2019

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JULIE BLAHA
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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
Cass County
Walker, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Cass County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. Cass County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Cass County's basic financial statements include the operations of the Cass County Housing and Redevelopment Authority component unit, which expended \$411,849 in federal awards during the year ended December 31, 2018, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Cass County Housing and Redevelopment Authority because it was audited by other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cass County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit

requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cass County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cass County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

Cass County's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Cass County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2018-001, that we consider to be significant deficiencies.

Cass County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cass County, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated August 21, 2019, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Cass County Housing and Redevelopment Authority component unit, which was audited by other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

August 21, 2019

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal programs are:

SNAP Cluster	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CFDA No. 10.561
Medicaid Cluster	
Medical Assistance Program	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$750,000.

Cass County qualified as a low-risk auditee? **Yes**

**CASS COUNTY
WALKER, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2017-002

Credit Card Procedures

Criteria: Counties have authority to make purchases using credit cards, and the County Board has adopted a credit card policy, including management and internal control procedures. Internal control procedures over the use of credit cards includes a system for tracking all credit cards issued by the County as well as requiring all employees who have been issued a County credit card to sign a County-issued credit card user agreement form acknowledging they have read the credit card policy.

Condition: The Sheriff's Department does not require its employees to sign a credit card user agreement acknowledging that the employee has read the County's credit card policy.

Context: The County does track who is allowed to utilize the credit cards and has procedures for payment of credit cards. However, credit card user agreements are also not maintained for the County's Sheriff's Department.

Effect: Failure to follow the credit card policy increases the likelihood for misuse of both the credit cards and County funds.

Cause: The County is not following its credit card policy.

Recommendation: We recommend the County follow the Board-approved credit card policy and ensure that all individuals who utilize credit cards have signed the credit card user agreement and are submitting the proper documentation to the Auditor-Treasurer's Office for payment.

View of Responsible Official: Concur

**CASS COUNTY
WALKER, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2014-001

Eligibility Testing

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 05-1805MN5ADM, 2018

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. While periodic supervisory case reviews are performed to provide reasonable assurance of compliance with grant requirements for eligibility, the following exceptions were detected in the sample of 40 cases tested:

- in four instances, a participant's assets were not recorded in MAXIS. This would have had no effect on each participant's eligibility as the assets would have been excluded when calculating each participant's total countable assets; and
- in three instances, asset verification was not completed. This information would not have caused the participants to be ineligible.

Questioned Costs: Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Context: The State of Minnesota contracts with the County to perform the “intake function” (meeting with social services participants to determine income and categorical eligibility). The state also maintains the MAXIS system used by County intake workers in the determination of participant program eligibility. Based upon the eligibility period determined in MAXIS, the state makes the benefit payments to program participants.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Missing and unverified information increases the risk that participants will receive incorrect benefits or be incorrectly deemed eligible or ineligible for benefits.

Cause: Program personnel entering case information into MAXIS did not ensure all required information was entered into MAXIS or that it was verified as required, and supervisory review did not detect the errors.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation is obtained and properly input into MAXIS. These procedures should include providing additional training to program personnel and increased supervisory review for new and less experienced staff.

View of Responsible Official: Concur

ITEM ARISING THIS YEAR

Finding Number 2018-001

Local Collaborative Time Study Reporting

Program: U.S. Department of Health and Human Services’ Medical Assistance Program (CFDA No. 93.778), Award No. 05-1805MN5ADM, 2018

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Requirements for Local Collaborative Time Study (LCTS) Cost Schedules (DHS-3220 reports) are described in DHS Bulletin #16-32-04 – *Local Collaborative Time Study (LCTS) Fiscal Operations*. The bulletin states that LCTS fiscal site contacts are required to verify that the information on the LCTS Fiscal and Cost Schedule is accurate and that it complies with all guidelines set forth in the LCTS Cost Schedule Instructions. It also states that the County’s LCTS Fiscal Reporting and Payment Agent is required to review all cost schedules from participating agencies on or before the 20th calendar day following the end of each quarter.

Condition: The County did not retain documentation to support that the Public Health LCTS Cost Schedule for the second quarter of 2018, the Probation LCTS Cost Schedules for the second and third quarters of 2018, and the Annual Spending Report were reviewed by someone other than the preparer. In addition, documentation was not available to show that the LCTS Cost Schedules prepared by other participating agencies for the second, third, and fourth quarters of 2018 were reviewed by the Fiscal Reporting and Payment Agent (FRAPA).

Questioned Costs: Not applicable.

Context: The DHS-3220 reports are submitted on a quarterly basis by each member of the collaborative to DHS for reimbursement of LCTS money, which is reimbursed to the County with federal Medical Assistance Program funds. Cass County Health, Human, and Veterans Services acts as the LCTS Fiscal Reporting and Payment Agent for the local collaborative in Cass County and is responsible for preparing and submitting the Annual Spending Reports.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Lack of a review and approval process increases the risk that reports will not be submitted as required or will not be correct.

Cause: Previously, the FRAPA would print off the cost schedules received from other participating entities and initial them after reviewing them. Starting with the reports submitted for the second quarter of 2018, the FRAPA started to keep the reports electronically and no longer marked up the reports after completing their review. No other

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

documentation was retained showing that the reports were reviewed. For the Public Health Department's report for the 2nd quarter, the copy of the report signed by the Director of Health, Human, and Veterans Services could not be located.

Recommendation: We recommend the County implement policies and procedures to ensure that the LCTS annual and quarterly reports required to be submitted are reviewed for accuracy and completeness by an individual independent of the preparer. Evidence of the reviews should be maintained on file.

View of Responsible Official: Concur

V. PREVIOUSLY REPORTED ITEMS RESOLVED

2017-001 Journal Entry Approval

2017-003 Use of Public Funds

Chief Financial Officer

Our mission is to deliver quality public services to the citizens in an effective, professional, and efficient manner



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REPRESENTATION OF CASS COUNTY WALKER, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2017-002
Finding Title: Credit Card Procedures

Name of Contact Person Responsible for Corrective Action:
Sandra Norikane, Chief Financial Officer

Corrective Action Planned:
The County will review its current policy and update as necessary. For each County employee issued a County charge card, a user agreement will be signed and kept on file.

Anticipated Completion Date:
June 30, 2019

Finding Number: 2014-001
Finding Title: Eligibility Testing
Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 05-1805MN5ADM, 2018

Name of Contact Person Responsible for Corrective Action:
Income Maintenance Unit Supervisors – Health, Human and Veterans Services

Corrective Action Planned:
We will be conducting a detailed training about mandatory assets and a review of policy. We will be making a list of what to do in different situations, what can we do to help the client, what we can't do to help the client. We will be training on renewals, how to compare the maxis case with the assets already submitted and the submitted renewal to find discrepancies. (Completed 7/9/19)

We will follow up on the cases with errors to make sure they have been corrected. All but one has been corrected. Waiting on client to provide proofs.

Anticipated Completion Date:
July 21, 2019

Finding Number: 2018-001

Finding Title: Local Collaborative Time Study Reporting

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 05-1805MN5ADM, 2018

Name of Contact Person Responsible for Corrective Action:

Devan Bergerson

Corrective Action Planned:

Electronic signature will be placed on documents that are completed and reviewed electronically.

Anticipated Completion Date:

The process began at the end of the 1st quarter 2019.

Chief Financial Officer

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REPRESENTATION OF CASS COUNTY WALKER, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number: 2014-001
Finding Title: Eligibility Testing
Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: During the testing of the Medical Assistance Program, two instances were noted where a client's assets were not record in MAXIS. This would have no effect on the client's eligibility as the asset would have been excluded when calculating the client's total countable assets. Additionally, in two instances, asset verification was not completed. This information would not have caused the participants to be ineligible.

Summary of Corrective Action Previously Reported: The County will continue to monitor effective controls that currently exists, as well as work toward a goal of establishing key controls and compensating controls that can minimize risk to an acceptable level.

Status: Partially Corrected. The planned corrections have been implemented. However, in the follow up reviews conducted, additional errors in documentation were identified. The County will continue to increase supervisor reviews and provide ongoing training opportunities at unit meetings held twice per month. Errors identified have been addressed directly with the case workers involved and shared with the entire unit as a learning opportunity.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2017-001
Finding Title: Journal Entry Approval

Summary of Condition: During the review of journal entries, two of the ten journal entries tested were not properly reviewed and approved.

Summary of Corrective Action Previously Reported: Internal controls will be established to ensure all journal entries are signed off by agency director or designee monthly.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2017-002
Finding Title: Credit Card Procedures

Summary of Condition: During the testing of 25 items, two purchases were found that did not have the proper supporting documentation submitted for payment as required by the County's credit card car policy. Also, the Sheriff's Department and the Road and Bridge Department do not require their employees to sign a credit card user agreement acknowledging that the employee has read the County's credit card policy.

Summary of Corrective Action Previously Reported: The County will review its current policy and update as necessary. For each County employee issued a County charge card, a user agreement will be signed and kept on file.

Status: Partially Corrected. The Sheriff's Department did not obtain signed user agreements from all staff before the estimated completion date of December 31, 2018.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2017-003
Finding Title: Use of Public Funds

Summary of Condition: During the November 21, 2017 County Board meeting, the County accepted \$1,500 in donations of gift cards from a local church to be distributed to needy individuals. Once received by the County, fund become public funds and, as such, may only be expended as authorized by law. The County could not provide statutory authority for the distribution of County funds in the form of gift cards to the "needy".

Summary of Corrective Action Previously Reported: The County will discontinue accepting gift cards to give out to citizens in need.

Status: Fully Corrected. The County stopped the receipt of any gift cards as donations.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Direct			
Cooperative Forestry Assistance	10.664		\$ 10,150
Passed Through Minnesota Department of Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	182MN004W1003	195,874
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$332,965)	10.561	182MN101S2514	332,665
Passed Through University of Minnesota			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$332,965)	10.561	00046697	300
Passed Through Minnesota Department of Management & Budget			
Forest Service Schools and Roads Cluster			
Schools and Roads – Grants to States	10.665	G9RUSDFORESTRY	<u>133,369</u>
Total U.S. Department of Agriculture			<u>\$ 672,358</u>
U.S. Department of the Interior			
Direct			
Payments in Lieu of Taxes	15.226		\$ 353,368
Secure Rural Schools and Community Self-Determination	15.234		<u>2,519</u>
Total U.S. Department of the Interior			<u>\$ 355,887</u>
U.S. Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607		\$ 3,063
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	A-CVS-2018-CASSAO-00086	<u>42,625</u>
Total U.S. Department of Justice			<u>\$ 45,688</u>

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	011-677-013	\$ 2,495,411
Passed Through Minnesota Department of Public Safety Highway Safety Cluster			
State and Community Highway Safety	20.600	F-ENFRC18-2018-CASSSD, 402 Funds	3,988
State and Community Highway Safety (Total State and Community Highway Safety 20.600 \$4,538)	20.600	F-ENFRC19-2019-CASSSD, 402 Funds	550
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC18-2018-CASSSD, 164 Funds	12,273
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$125,731)	20.608	F-ENFRC19-2019-CASSSD, 164 Funds	9,673
Highway Safety Cluster National Priority Safety Programs	20.616	F-ENFRC18-2018-CASSSD, 405 Funds	9,813
Passed Through Minnesota Trial Courts Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT18-2018-CASSDWI-007	69,433
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$125,731)	20.608	A-DGCT19-2019-CASSDWI-006	<u>34,352</u>
Total U.S. Department of Transportation			<u>\$ 2,635,493</u>
U.S. Department of Education			
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	H181A180029	<u>\$ 2,263</u>
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	NU90TP921911	\$ 17,033
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	NUR3DD00062	225
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	H23IP000737	450
TANF Cluster Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$596,926)	93.558	2017G996115	67,093
Maternal, Infant, and Early Childhood Home Visiting Cluster Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC32199	89,579
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30621	35,680

**CASS COUNTY
WALKER, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families TANF Cluster	93.556	G-1701MNFSS	7,220
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$596,926)	93.558	1801MNTANF	529,833
Child Support Enforcement	93.563	1804MNCEST	608,306
Child Support Enforcement (Total Child Support Enforcement 93.563 \$702,563)	93.563	1804MNCSES	94,257
Community-Based Child Abuse Prevention Grants CCDF Cluster	93.590	G-1702MNFPRG	4,197
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801MNCDF	7,986
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	5,250
Foster Care – Title IV-E	93.658	1801MNFOST	314,849
Social Services Block Grant	93.667	G-1801MNSOSR	233,087
Chafee Foster Care Independence Program	93.674	G-1801MNCILP	4,600
Children's Health Insurance Program Medicaid Cluster	93.767	1805MN5R21	349
Medical Assistance Program	93.778	05-1805MN5ADM	1,280,033
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,285,985)	93.778	05-1805MN5MAP	5,952
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2B08TI010027-17	1,160
Total U.S. Department of Health and Human Services			\$ 3,307,139
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	R29G40CGFFY17	\$ 14,674
Passed Through Minnesota Department of Public Safety			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR4069/P0720	1,173
Emergency Management Performance Grants	97.042	A-EMPG-2018-CASSCO-011	28,241
Total U.S. Department of Homeland Security			\$ 44,088
Total Federal Awards			\$ 7,062,916
Totals by Cluster			
Total expenditures for SNAP Cluster			\$ 332,965
Total expenditures for Forest Service Schools and Roads Cluster			133,369
Total expenditures for Highway Planning and Construction Cluster			2,495,411
Total expenditures for Highway Safety Cluster			14,351
Total expenditures for TANF Cluster			596,926
Total expenditures for Maternal, Infant, and Early Childhood Home Visiting Cluster			89,579
Total expenditures for CCDF Cluster			7,986
Total expenditures for Medicaid Cluster			1,285,985

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2018.

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**CASS COUNTY
WALKER, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Cass County. The County's reporting entity is defined in Note 1 to the financial statements. This schedule does not include \$411,849 in federal awards expended by the Cass County Housing and Redevelopment Authority component unit, which had a separate audit performed by another auditor.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass County under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Cass County, it is not intended to and does not present the financial position or changes in net position of Cass County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Cass County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.