

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Clay County Moorhead, Minnesota

Management and Compliance Report

Year Ended December 31, 2022

Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

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www.osa.state.mn.us

Clay County Moorhead, Minnesota

Year Ended December 31, 2022



Office of the State Auditor

Management and Compliance Report

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

Clay County Moorhead, 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
Clay County
Moorhead, 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 business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by 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 identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay 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 financial statements. 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

In connection with our audit, nothing came to our attention that caused us to believe that Clay County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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, insofar as they relate to accounting matters.

Clay County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Clay County's response to the internal control finding identified in our audit and described in the accompanying 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

December 15, 2023

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



**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
Clay County
Moorhead, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Clay County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Clay County's major federal programs for the year ended December 31, 2022. Clay County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Clay County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Clay 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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Clay County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each

major federal program. Our audit does not provide a legal determination of Clay County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying Schedule of Findings and Questioned Costs, Clay County did not comply with requirements regarding Assistance Listing No. 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2022-003 for Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for Clay County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Clay County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clay County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Clay County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Clay County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of Clay County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 Clay County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on Clay County's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and

Questioned Costs. Clay County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a 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 attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Clay County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Clay County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of and for the year ended December 31, 2022, and have issued our report thereon dated December 15, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

/s/Julie Blaha

/s/Chad Struss

Julie Blaha
State Auditor

Chad Struss, CPA
Deputy State Auditor

December 15, 2023

Clay County Moorhead, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s 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 federal programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for major federal programs: **Unmodified, except for COVID-19 – Coronavirus State and Local Fiscal Recovery Funds, which is qualified.**

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

Identification of major federal programs:

Assistance Listing

Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant

The threshold used to distinguish between Type A and B programs was \$750,000.

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

Section II – Financial Statement Findings

2022-001 Segregation of Duties

Prior Year Finding Number: 2021-001

Repeat Finding Since: 1996

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Clay County Moorhead, Minnesota

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect County assets, proper segregation of the record-keeping, custody, and authorization functions should be in place, and where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: Due to the limited number of personnel within several Clay County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Context: This is not unusual in operations the size of Clay County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view.

Effect: Inadequate segregation of duties could adversely affect the ability of the County's employees, in the normal course of performing their assigned functions, to detect misstatements in a timely period.

Cause: The County informed us that collecting fees for services at individual departments provides convenience for their customers. Paying at a single point of collection, such as the Treasurer's office, for services provided in several locations would be inconvenient. The staffing available in several of these smaller offices limits the potential for complete segregation of duties.

Recommendation: We recommend Clay County's officials and management be mindful that limited staffing increases the risks in safeguarding the County's assets and the proper recording of its financial activity and, where possible, implement oversight procedures to ensure that internal control policies and procedures are being followed by staff.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

2022-002 Eligibility

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance

Severity of Deficiency: Significant Deficiency

Federal Agency: U.S. Department of Health and Human Services

Program: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 2201MNTANF; 2022

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.

Clay County Moorhead, Minnesota

Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by Clay County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available, updated, or input correctly to support participant eligibility. The following exceptions were noted in the sample of 40 MAXIS case files tested:

- One case file did not have documentation to support a parent relationship,
- two case files had differences between documentation supporting asset amounts in the case file and amounts input into MAXIS, and
- two case files had differences between what was noted in MAXIS as support and actual support in the case files for citizenship.

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

Context: The State of Minnesota contracts with the County's Health and Wellness Financial Assistance Services Department to perform the "intake function" (meeting with the social services client to determine income and categorical eligibility), while the Minnesota Department of Human Services maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to participants.

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

Effect: The lack of updated information in MAXIS and documented verification of key eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible.

Cause: Program personnel entering case data into MAXIS did not ensure all required information was input correctly or was supported and that all required information was obtained and/or retained.

Recommendation: We recommend Clay County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and is properly inputted or updated in MAXIS.

View of Responsible Official: Concur

2022-003 Suspension and Debarment

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

Federal Agency: U.S. Department of the Treasury

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Criteria: Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 *U.S. Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be

Clay County Moorhead, Minnesota

performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction.

Condition: For three covered transactions tested, the verification for suspended or debarred vendors was not performed before entering into the covered transaction.

Questioned Costs: None

Context: A sample of three vendors over the simplified acquisition threshold of \$25,000 was tested.

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

Effect: The County is not in compliance with federal grant requirements.

Cause: There was no notation on the invoices informing the employee processing the claims that federal funds were being used.

Recommendation: We recommend the County maintain documentation to demonstrate that vendors were not debarred, suspended, or otherwise excluded from conducting business with the County; this documentation should be completed prior to entering into a covered transaction.

View of Responsible Official: Concur

COUNTY AUDITOR

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195



**Representation of Clay County
Moorhead, Minnesota**

**Corrective Action Plan
For the Year Ended December 31, 2022**

Finding Number: 2022-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Lori Johnson, County Auditor-Treasurer

Corrective Action Planned:

Clay County is aware of the lack of segregation of duties in some of the smaller departments and has implemented oversight procedures to ensure that internal control policies and procedures are being implemented by staff.

Anticipated Completion Date:

December 2023

Finding Number: 2022-002

Finding Title: Eligibility

Program: Temporary Assistance for Needy Families (AL No. 93.558)

Name of Contact Person Responsible for Corrective Action:

Rhonda Porter, Director and Karen Syverson, Supervisor

Corrective Action Planned:

All five cases found to have errors are being reviewed and will be corrected as appropriate. All case errors will be reviewed with staff who are involved in administering this program. Case file reviews will continue to occur, and any errors found will continue to be reviewed with staff and training provided.

Anticipated Completion Date:

The five cases found in error will be corrected by December 31, 2023. Family Team will review these errors on Dec. 14, 2023. Case file reviews will continue monthly.

Finding Number: 2022-003

Finding Title: Suspension and Debarment

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL No. 21.027)

Name of Contact Person Responsible for Corrective Action:

Lori Johnson, Auditor-Treasurer and Mike Clark, Deputy Auditor – Accounts Payable

Clay County Courthouse
807 11th Street North
P.O. Box 280
Moorhead, Minnesota 56561-0280

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Corrective Action Planned:

For vendor payments using federal funds: if payment is over \$25,000 the deputy auditor – accounts payable will complete an individual “Entity” search at the Federal SAM-System for Awards Management to verify vendor is not debarred, suspended, or otherwise excluded from conducting business with the County. The results of each search will be saved in a separate folder maintained by the deputy auditor – accounts payable. Each payment, using federal funds, will be coded with report code “A” and at the end of each quarter a report will be ran and if a vendor is approaching or has reached \$25,000, and entity search will be conducted in the same manner as noted above. Verification will be done on an annual basis.

Anticipated Completion Date:

Prior to the December 5, 2023 board run, a report will be ran to determine vendors paid with federal funds and those vendors will be verified in the Federal SAM-System for Awards Management if total of payments exceed \$25,000 for 2023. Going forward, the process will be as described above.

COUNTY AUDITOR

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195



**Representation of Clay County
Moorhead, Minnesota**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022**

Finding Number: 2021-001

Year of Finding Origination: 1996

Finding Title: Segregation of Duties

Program: N/A

Summary of Condition: Due to the limited number of personnel within several Clay County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Summary of Corrective Action Previously Reported: Clay County is aware of the lack of segregation of duties in some of the smaller departments and has implemented oversight procedures to ensure that internal control policies and procedures are being implemented by staff.

Status: Not Corrected. Clay County is aware of the lack of segregation of duties in some of the smaller departments and has implemented oversight procedures to ensure that internal control policies and procedures are being implemented by staff.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2021-002

Year of Finding Origination: 2021

Finding Title: Eligibility

Program: Medical Assistance Program (Assistance Listing #93.778)

Summary of Condition: DHS maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available to support participant eligibility. In a sample of 40 case files tested, three case files did not include documentation to support citizenship.

Summary of Corrective Action Previously Reported: The following are the steps the County will take to correct the issue: 1) All of the audit findings and case errors will be reviewed with the Eligibility Workers and strategies will be developed with the Supervisor and Eligibility Workers to eliminate errors from occurring in the future; 2) Citizenship requirements will be reviewed with staff and processes for documentation in the electronic case file and MAXIS will be reviewed with all Eligibility Workers; 3)

Monthly case reviews will be done, and any errors will be addressed with all Eligibility Workers for correction and training purposes, and we will focus on citizenship documentation.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Clay County Moorhead, Minnesota

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	Not Provided	\$ 49,012
National School Lunch Program	10.555	Not Provided	94,864
Passed Through Partnership4Health Community Health Board			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not Provided	360,705
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	730,159
Total U.S. Department of Agriculture			\$ 1,234,740
U.S. Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607		\$ 511
Passed Through Minnesota Department of Public Safety			
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	F-CESF-2022-WCENTJUV-0274	4,482
Crime Victim Assistance	16.575	A-CVS-2022-CLAYAO-152	65,306
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAGRE-2022-WCENTJUV-006	184,411
Total U.S. Department of Justice			\$ 254,710
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	1030014	\$ 3,550,400
Passed Through City of Moorhead, Minnesota			
Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC22-2022-MOORHDPD-00057	3,725
National Priority Safety Programs	20.616	A-ENFRC22-2022-MOORHDPD-00057	2,507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC22-2022-MOORHDPD-00057	2,627
Passed Through the Headwaters Regional Development Commission			
E-911 Grant Program	20.615	A-DECN-NGGIS-2019-NWECB-4	10,000
Total U.S. Department of Transportation			\$ 3,569,259

**Clay County
Moorhead, Minnesota**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Treasury			
Direct			
Joint Law Enforcement Operation Task Force Project	21.U01		\$ 3,649
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		798,974
Passed Through Catholic Charities			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	33,662
(Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds 21.027 \$832,636)			
Total U.S. Department of Treasury			\$ 836,285
Institute of Museum and Library Services			
Passed Through Minnesota Department of Education			
COVID-19 – Grants to States	45.310	LS-250219-OLS-21	\$ 6,005
U.S. Department of Education			
Passed Through Partnership4Health Community Health Board			
Special Education – Grants for Infants and Families	84.181	Not Provided	\$ 2,100
U.S. Department of Election Assistance Commission			
Passed Through Office of the Minnesota Secretary of State			
2018 HAVA Election Security Grants	90.404	Not Provided	\$ 38,302
U.S. Department of Health and Human Services			
Passed Through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRCSEG101005-04-00	\$ 643
Passed Through Partnership4Health Community Health Board			
Public Health Emergency Preparedness	93.069	Not Provided	\$ 72,646
Food and Drug Administration Research	93.103	Not Provided	40
Early Hearing Detection and Intervention	93.251	Not Provided	300
Immunization Cooperative Agreements	93.268	Not Provided	80,382
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	193,889
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	29,057
State Physical Activity and Nutrition (SPAN)	93.439	Not Provided	17,667
Temporary Assistance for Needy Families	93.558	Not Provided	75,000
(Total Temporary Assistance for Needy Families 93.558 \$1,045,907)			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Provided	235,032
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	82,829
Passed Through Polk-Norman-Mahnomen Community Health Board			
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	Not Provided	125,270

Clay County Moorhead, Minnesota

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing 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	93.556	2101MNFPS	6,785
Temporary Assistance for Needy Families	93.558	2201MNTANF	970,907
(Total Temporary Assistance for Needy Families 93.558 \$1,045,907)			
Child Support Enforcement	93.563	2201MNCSES	173,716
Child Support Enforcement	93.563	2201MNCST	1,221,853
(Total Child Support Enforcement 93.563 \$1,395,569)			
Refugee and Entrant Assistance – State Administered Programs	93.566	2201MNRMA	1,113
CCDF Cluster			
Child Care and Development Block Grant	93.575	2201MNCDF	35,130
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	7,125
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	7,753
Foster Care – Title IV-E	93.658	2201MNFOS	1,208,807
Social Services Block Grant	93.667	2201MNSOSR	372,079
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	9,981
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILC	34,249
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	7,810
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	27,271
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCILP	99,555
(Total John H. Chafee Foster Care Program for Successful Transition to Adulthood 93.674 \$168,885)			
Children's Health Insurance Program	93.767	2205MN5021	3,785
Medicaid Cluster			
Medical Assistance Program	93.778	2205MN5ADM	2,073,332
Medical Assistance Program	93.778	2205MN5MAP	22,028
(Total Medical Assistance Program 93.778 \$2,095,360)			
Total U.S. Department of Health and Human Services			\$ 7,196,034
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety		F-EMPG-2020-CLAYCO-	
Emergency Management Performance Grants	97.042	3876	\$ 33,751
Total Federal Awards			\$ 13,171,186

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2022.

Totals by Cluster			
Total expenditures for Child Nutrition Cluster			\$ 143,876
Total expenditures for SNAP Cluster			730,159
Total expenditures for Highway Planning and Construction Cluster			3,550,400
Total expenditures for Highway Safety Cluster			6,232
Total expenditures for CCDF Cluster			35,130
Total expenditures for Medicaid Cluster			2,095,360

Clay County Moorhead, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Clay County. The County's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County under programs of the federal government for the year ended December 31, 2022. 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 Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – De Minimis Cost Rate

Clay County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 12,001,979
Grants received more than 60 days after year-end, considered unavailable revenue in 2022	
Highway Planning and Construction (AL No. 20.205)	1,437,178
Promoting Safe and Stable Families (AL No. 93.556)	1,805
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	3,219
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)	20,235
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	36,260
Unavailable revenue in 2021, recognized as revenue in 2022	
Highway Planning and Construction (AL No. 20.205)	(42,178)
Temporary Assistance for Needy Families (AL No. 93.558)	(248,359)
Community-Based Child Abuse Prevention Grant (AL No. 93.590)	(954)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	(36,260)
Children's Health Insurance Program (AL No. 93.767)	(1,739)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 13,171,186</u>