

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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### **Anoka County Anoka, Minnesota**

Management and Compliance Report

Year Ended December 31, 2023

# Anoka County Anoka, 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 and  
Internal Audit Committee Members  
Anoka County  
Anoka, 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, each major fund, and the aggregate remaining fund information of Anoka County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 8, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Anoka 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 our 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 certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-003, that we consider to be significant deficiencies.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anoka 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, we noted that Anoka County failed to comply with the provisions of the contracting – bid laws section 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, as described in the Schedule of Findings and Questioned Costs as item 2023-006. Also, in connection with our audit, nothing came to our attention that caused us to believe that Anoka County failed to comply with the provisions of 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*, 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.

### Anoka County's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Anoka County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and 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 and 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

July 8, 2024

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor



**Report on Compliance for Each Major Federal Program and Report on Internal  
Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of County Commissioners and  
Internal Audit Committee Members  
Anoka County  
Anoka, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Anoka 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 Anoka County's major federal programs for the year ended December 31, 2023. Anoka County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Anoka County complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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 Anoka 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Anoka County's compliance with the compliance requirements referred to above.

***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 Anoka 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 Anoka 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 Anoka 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 Anoka 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 Anoka 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 Anoka 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.

### ***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 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Anoka County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Anoka 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004 and 2023-005 to be significant deficiencies.

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 Anoka 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. Anoka 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.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

July 8, 2024

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

# Anoka County Anoka, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

### Section 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 federal 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**

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.218	CDBG – Entitlement Grants Cluster COVID-19 – CDBG Entitlement Grants Cluster
20.205	Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.563	Child Support Enforcement
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$2,038,334.

Anoka County qualified as a low-risk auditee? **No**

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### Section II – Financial Statement Findings

#### 2023-001 Incomplete Data Submitted to PERA

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Management is responsible for establishing and maintaining internal control over the various accounting cycles, including maintaining employee data and reporting it to the Public Employees Retirement Association (PERA).

**Condition:** The gender identification for four of the 25 new hires selected for testing was missing from the employee data submitted to PERA.

**Context:** County staff submit pension information to PERA each pay period through the Employer Reporting and Information System (ERIS), which is a statewide pension reporting system for public employers.

**Effect:** Errors or incomplete demographic data increases the risk that PERA's net pension liability is misstated.

**Cause:** The County implemented a new payroll system during 2022 and experienced turnover in the Human Resources department which resulted in formula errors in the demographics report generated from the payroll system. In addition, Human Resources staff are not reviewing the report prior to submitting it to ERIS.

**Recommendation:** We recommend the County correct the formula errors in the report and perform a review of the data prior to submitting it to PERA each pay period.

**View of Responsible Official:** Concur

#### 2023-002 Access to Computer Systems – Workday Payroll System

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Internal controls in place over operations should be designed to provide reasonable assurance that material errors will be prevented or detected in a timely manner. These internal controls should provide for an adequate segregation of duties within the human resources, time and attendance, and payroll processing application and include the appropriate and restricted assignment of administrative functions within the system.

The County should limit assignment of the Security Administrator role in Workday to staff in the Information Technology Department. This role allows unrestricted access to manage all security-related information such as creating and maintaining Workday accounts, establishing password rules and parameters, assigning workers to security groups, viewing security reports, and viewing role reports.

Similarly, the County should limit assignment of the Security Configurator role in Workday to staff in the Information Technology Department. This role allows unrestricted access to configure domain and business process security policies.

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The Security Partner role in Workday should be limited and segregated from the Security Administrator role and the Security Configurator role. This role allows access to perform security management functions for assigned supervisory organizations, including setting up users and changing passwords.

**Condition:** During review of user access assignments in the Workday system, the following was noted:

- Six Human Resources employees, including the Human Resources Director, are assigned to the Security Administrator role.
- Five Human Resources employees, including the Human Resources Director, are assigned to the Security Configurator role.
- The Human Resources Director is assigned to the Security Partner role.

Furthermore, the Human Resources Director has administrative access in Finance Enterprise, the County's general ledger accounting system.

**Context:** The County has the ability to implement controls and appropriately restrict and assign access to users on an as-needed basis. The ability to modify access levels is incompatible with individuals assigned accounting responsibilities including entering, reviewing, and monitoring financial information in the payroll system because it provides those individuals unlimited access to make changes to the accounting records that may or may not be authorized by management or other users.

**Effect:** By allowing access to functions beyond the scope of the user's job duties and responsibilities, there is a greater risk of unauthorized or unintended activity in the system.

**Cause:** The County implemented the Workday system in the fourth quarter of 2022 and has not subsequently reviewed the roles and functions assigned to staff during the implementation process.

**Recommendation:** We recommend the County design and implement procedures to ensure that access to its payroll and accounting systems is current, properly restrict users to functions only necessary to complete assigned tasks by restricting access to the Security Administrator role and the Security Configurator role, and segregate the Security Configurator role. In addition, we recommend that the County review access to accounting systems on a periodic basis.

**View of Responsible Official:** Concur

**2023-003**      Access to Computer Systems – Network

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** When employees leave County employment, their access to computer systems and the network should be removed in a timely manner. It is the County's policy to fully remove or disable access at the time of termination, contract completion, or a period of inactivity.

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**Condition:** Twenty-five terminated employees were tested to ensure the County disabled or deleted access to the Active Directory as the policy dictates. For three employees, the County did not disable or delete Active Directory access in a timely manner. For an additional two employees, the County could not provide evidence to support disabling access.

**Context:** The time between termination date and the date of the Active Directory access being disabled spanned from one to two months for the three terminated employees whose access was not disabled in a timely manner.

**Effect:** When terminated employees have access to the County's computer systems, networks, and data, it increases the risk that malicious damage to that information, fraud, and/or misstatements may occur.

**Cause:** The County does not have a formal policy in place identifying who is responsible for notifying the Information Technology Department of when access to the network should be disabled. The County was unable to determine what caused the lack of audit trail for the two employees that had no evidence of being disabled.

**Recommendation:** We recommend the County implement additional procedures to ensure the removal of terminated employees' Active Directory network access in a timely manner and retain documentation of the removal including the date.

**View of Responsible Official:** Concur

### Section III – Federal Award Findings and Questioned Costs

#### 2023-004 Special Tests and Provisions – Review of Prevailing Wage Reports

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Transportation

**Program:** 20.205 Highway Planning and Construction

**Award Number and Year:** 00002; 2023

**Pass-Through Agency:** Minnesota Department of Transportation

**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.

The Davis-Bacon Act (23 U.S.C. § 113) and 29 CFR part 5 requires that contractors and subcontractors performing work on federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's wage determination class. Each covered contractor and subcontractor must, on a weekly basis, provide a copy of the payroll reports including the information listed under the records and certified payrolls section of 29 CFR part 5.

**Condition:** The County is not obtaining assurance that the requirements of the Davis-Bacon Act are being performed for one of two federal projects selected for testing.

# Anoka County

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**Questioned Costs:** None.

**Context:** The project is a joint project with the Minnesota Department of Transportation (MnDOT). The County informed us MnDOT accepted responsibility for ensuring compliance with federal prevailing wage rate standards. Currently, there is no formal agreement in place between MnDOT and Anoka County that establishes or supports who is responsible for the requirements of the program. In addition, the County is not obtaining evidence or performing a review of the prevailing wage rate work performed by MnDOT to ensure compliance with the standards.

**Effect:** Not reviewing payroll reports submitted by contractors or subcontractors or performing other procedures to verify compliance increases the risk that inappropriate wage rates are paid.

**Cause:** The County believes that MnDOT is obtaining and reviewing certified payroll information from contractors.

**Recommendation:** We recommend the County begin performing a review of the prevailing wage rate requirements or obtain evidence of the work performed by MnDOT.

**View of Responsible Official:** Concur

**2023-005      Reporting – Federal Funding Accountability and Transparency Act (FFATA)**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Housing and Urban Development

**Program:** 14.218 Community Development Block Grants/Entitlement Grants

**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.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, that are codified in Title 2 Code of Federal Regulations, Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

**Condition:** Anoka County has not submitted subaward information in the FSRS as required by the FFATA for the Community Development Block Grant.

**Questioned Costs:** None.

**Context:** A subaward is any award provided by a pass-through entity to a subrecipient for the subrecipient to administer part of a federal award received by the pass-through entity. This issue was noted during the audit of the Community Development Block Grant; however, it impacts federal programs County-wide.

# Anoka County

## Anoka, Minnesota

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**Effect:** Anoka County is not in compliance with FFATA reporting.

**Cause:** The County missed HUD notifications that FFATA needed to be implemented.

**Recommendation:** We recommend Anoka County implement procedures to complete reports required by FFATA. In addition, we recommend Anoka County work with the federal government on how best to correct reporting.

**View of Responsible Official:** Concur

### Section IV – Other Findings and Recommendations

#### **2023-006      Withholding Affidavit of Contractors (Form IC-134)**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2023

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Minnesota Statutes, Section 270C.66, states that, before making final settlement with any contractor under a contract requiring the employment of employees for wages by the contractor and by subcontractors, the County is required to obtain proof of compliance with the withholding requirements of Minn. Stat. § 290.92. This requirement can be satisfied through the receipt of Form IC-134 from the Commissioner of Revenue certifying compliance.

**Condition:** During review of 16 finalized construction contracts, which included the employment of individuals for wages by the contractor and where final payment had been made, the County issued final payment for five contracts prior to receiving a Minnesota Department of Revenue approved Form IC-134, which certifies the reporting of employee withholdings, from the contractor.

**Context:** Individual County departments are responsible for overseeing the contracting and bidding process for their own projects and for obtaining the required certificate prior to submitting the final payment for processing. All five contracts were non-highway related construction projects.

**Effect:** Noncompliance with Minn. Stat. § 270C.66.

**Cause:** Staff from the County's individual departments were not aware of all contract requirements.

**Recommendation:** We recommend the County obtain the required IC-134 withholding affidavit form before final payment is made to contractors and subcontractors on all construction contracts requiring the employment of employees for wages.

**View of Responsible Official:** Concur



**Representation of Anoka County  
Anoka, Minnesota**

Corrective Action Plan  
For the Year Ended December 31, 2023

**Finding Number: 2023-001**

**Finding Title: Incomplete Data Submitted to PERA**

Name of Contact Person Responsible for Corrective Action:

Tina Dahlen – Business Systems Analyst, Human Resources

Corrective Action Planned:

Human Resources is planning to review its process and develop appropriate review procedures for the data being sent to PERA. In addition, HR is working with our ERP system vendor to adjust the PERA demographic integration file to pull all demographic information for new employees.

Anticipated Completion Date:

December 13, 2024

**Finding Number: 2023-002**

**Finding Title: Access to Computer Systems – Workday Payroll System**

Name of Contact Person Responsible for Corrective Action:

Karlie Francis – Senior Business Systems Analyst, Human Resources

Amy Kirk – Senior Manager, Accounting, Finance

Corrective Action Planned:

Human Resources will be adjusting security access to the Workday system by removing the administrative rights from the Human Resources Director and data analysts. Finance will adjust its process to annually review and update access into the Finance Enterprise System. As Workday Finance is implemented over the next year or so, the County is planning to move Workday security access oversight to Information Technology, using a Steering Committee made of up of County Administration, Finance, Human Resources, and Information Technology (IT) Leaders to drive the access policies.

Anticipated Completion Date:

July 1, 2024 for adjusting system access to individuals.

2025-2026: Implement fully the transition of Workday security oversight to IT and overall management to the Steering Committee being formed.

**Finding Number: 2023-003**

**Finding Title: Access to Computer Systems – Network**

Name of Contact Person Responsible for Corrective Action:

Nan Martin, Supervisor, Administrative Services, Information Technology

Corrective Action Planned:

Effective July 26, 2024, when an employee is terminated, the department will submit an Account De-Activation request in a self-service portal managed by IT. On the last working day indicated in the request, the employee’s account will be de-activated by end of day or first thing the following business day. The employee’s Anoka County supported access will be removed, and the password will be reset.

Anticipated Completion Date:

July 26, 2024

**Finding Number: 2023-004**

**Finding Title: Special Tests and Provisions – Review of Prevailing Wage Reports**

**Program: 20.205 Highway Planning and Construction**

Name of Contact Person Responsible for Corrective Action:

Joe MacPherson – Chief Officer, Transportation & County Engineer, Highway

Corrective Action Planned:

On projects, such as the Ramsey Gateway Improvement Project (Project # SP 002-596-026) where the County contracts with the State related to the provision of construction project management services, the County Engineer and their team will request a prevailing wage report from the construction administration/engineering team at the Minnesota Department of Transportation (MnDOT) prior to certifying all contract payments.

The report will include a summary of the prevailing wage reports that have been submitted/reviewed and describe any issues or concerns that were found and addressed.

Anticipated Completion Date:

This procedure will be implemented immediately (as of July 3, 2024).

**Finding Number: 2023-005**

**Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)**

**Program: 14.218 Community Development Block Grants/Entitlement Grants**

Name of Contact Person Responsible for Corrective Action:

Renee Sande – Manager, Community Development

Corrective Action Planned:

Anoka County Community Development staff is implementing procedures to ensure the completion of reports required by Federal Funding Accountability and Transparency Act (FFATA). As part of the procedures, staff will establish and maintain effective internal controls over the federal award to ensure compliance with federal statutes and regulations, along with the terms and conditions of the federal award. Community Development will consult with the U.S. Department of Housing and Urban Development (HUD) on how best to correct reporting.

Moving forward, Federal Funding Accountability and Transparency Act (FFATA) reporting will be completed promptly within the required 30 days for applicable subawards of \$30,000 or more. This task has been added to the annual contracting process and to assist with tracking, this item has been added to the Community Development Block Grant (CDBG) sub-recipient check list.

Anticipated Completion Date:

By July 31, 2024, Community Development staff will add required PY 2023 and PY 2022 CDBG recipients of grants or cooperative agreements to the Federal Subaward Reporting System (FSRS) as required for subawards of \$30,000 or more per the Federal Funding Accountability and Transparency Act (FFATA).

**Finding Number: 2023-006**

**Finding Title: Withholding Affidavit of Contractors (Form IC-134)**

Name of Contact Person Responsible for Corrective Action:

Andrew Dykstra – Department Director, Facilities Management and Construction

Corrective Action Planned:

Facilities Management & Construction plans to standardize the process around the management of its contracts, including a strategy for final payment processing to ensure the Withholding Affidavit of Contractors (Form IC134) has been sent and certified to the State by the contractors and sub-contractors prior to the issuance of the final payment.

Anticipated Completion Date:

September 1, 2024



**Representation of Anoka County  
Anoka, Minnesota**

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2023

**Finding Number: 2022-001**

**Year of Finding Origination: 2022**

**Finding Title: System Access – Social Services Information System (SSIS)**

**Summary of Condition:** During review of access to the Social Services Information System (SSIS), it was noted that 29 County staff had access to the Administer System function. Access to this function within SSIS allows the user to create, delete, or edit users, roles, departments, units, locations, and can set up general county preferences.

**Summary of Corrective Action Previously Reported:** Remove access for those that did not require “Administer System” as part of their essential job duties.

**Status:** Fully Corrected. Corrective action was taken.

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

**Finding Number: 2022-002**

**Year of Finding Origination: 2022**

**Finding Title: Segregation of Duties – Payroll**

**Summary of Condition:** The Anoka County Human Resources Department has access to and is responsible for processing payroll and makes changes to the payroll master files, which includes processing new hires and terminations, editing pay rates, reviewing, and approving timesheets, adding new employees, and making changes to the PERA portal.

**Summary of Corrective Action Previously Reported:** Human Resources and Finance and Central Services will be working with our process change consultant, Plante Moran, to develop appropriate procedures for monitoring payroll. This will ensure that a proper segregation of duties exists and are followed. The Security roles within Workday separate duties between Human Resources, employees, Payroll, Department Managers and Supervisors. Based on the outcome of the review, we will make the appropriate adjustments to our process.

**Status:** Partially Corrected. The PERA function has been split and HR completes the demographic information, but deductions, remittance and credit memos are all handled by payroll. There was a finding in 2023 regarding the PERA demographic file. HR is working with the ERP vendor to make changes to the integration file to capture all data.

**Finding Number: 2022-003**  
**Year of Finding Origination: 2022**  
**Finding Title: Internal Controls over Payroll**

**Summary of Condition:** During testing of internal controls over payroll processing, the County was unable to provide evidence of assigned supervisory review or approval of timesheets for payroll processed during fourth quarter. For each major federal program audit, the fourth quarter payroll expenditures selected for testing contained no evidence of supervisory review or approval.

**Summary of Corrective Action Previously Reported:** The Mass Approval Process does not overwrite the individual time sheet approval. The reports showing this were not available at the time of the audit and are being developed to resolve this issue. Discontinuing the Mass Approval may result in the need to process additional supplemental payrolls for those individuals that were not paid on the regular payday. We continue to develop additional training and tools for supervisors to help them with their responsibilities for approving time. Also, we are looking at developing procedures around supplemental payrolls with the plan to minimize the need for them.

**Status:** Fully Corrected. Corrective action was taken.

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

**Finding Number: 2022-004**  
**Year of Finding Origination: 2022**  
**Finding Title: Material Audit Adjustment**

**Summary of Condition:** A material audit adjustment was identified that resulted in significant changes to the County's financial statements.

**Summary of Corrective Action Previously Reported:** The corrective action plan is to increase the knowledge around receivables for the highway allotment, along with performing an in-depth review. We have started by meeting with the auditors and reviewing the 2022 information in detail. The County will meet internally and review the 2022 reporting prior to the start in preparing the 2023 data. In addition, for the 2023 year-end, we will do year-end comparisons with the 2022 corrected information. This information will be analyzed to ensure it is reported consistently and accurately.

**Status:** Fully Corrected. Corrective action was taken.

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

**Finding Number: 2022-003**  
**Year of Finding Origination: 2022**  
**Finding Title: Internal Controls over Payroll**  
**Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds; 93.563 Child Support Enforcement; 93.778 Medical Assistance Program**

**Summary of Condition:** During testing of internal controls over payroll processing, the County was unable to provide evidence of assigned supervisory review or approval of timesheets for payroll processed during fourth quarter. For each major federal program audit, the fourth quarter payroll expenditures selected for testing contained no evidence of supervisory review or approval.

**Summary of Corrective Action Previously Reported:** The Mass Approval Process does not overwrite the individual time sheet approval. The reports showing this were not available at the time of the audit and are being developed to resolve this issue. Discontinuing the Mass Approval may result in the need to process additional supplemental payrolls for those individuals that were not paid on the regular payday. We continue to develop additional training and tools for supervisors to help them with their responsibilities for approving

time. Also, we are looking at developing procedures around supplemental payrolls with the plan to minimize the need for them.

**Status:** Fully Corrected. Corrective action was taken.

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

**Finding Number:** 2022-005

**Year of Finding Origination:** 2022

**Finding Title:** Allowable Costs/Cost Principles and Reporting  
**Program:** 93.778 Medical Assistance Program

**Summary of Condition:** Federal revenue offsets from the State and Local Fiscal Recovery Funds (ALN 21.027) were omitted from all quarterly DHS-2550 and DHS-2556 reports submitted to DHS during 2022. This resulted in an understatement of federal revenue offsets of \$197,934 on the DHS-2550 and \$752,717 on the DHS-2556 reports for the year.

**Summary of Corrective Action Previously Reported:** In order to appropriately report the revenue offset that may impact federal programs, we have updated our quarterly process ensuring that any federal revenue offsets are included in the appropriate fund and report. In some instances, this may still require the County to file amendments to federal reports; however, they will be completed no later than eight weeks following the end of the quarter.

**Status:** Fully Corrected. Corrective action was taken.

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