

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Clay County Moorhead, Minnesota

Management and Compliance Report

Year Ended December 31, 2024

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 the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 18, 2025.

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 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 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 2024-001, 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 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 the response.

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

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

September 18, 2025

**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
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, 2024. 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 Medicaid Cluster

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 Medicaid Cluster for the year ended December 31, 2024.

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, 2024.

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 Medicaid Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, Clay County did not comply with requirements regarding Assistance Listing No. 93.778 Medical Assistance Program as described in finding number 2024-003 for Eligibility.

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 the 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 the 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 the 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 another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Clay County's response to the noncompliance 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.

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 2024-003 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 2024-002 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.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

September 18, 2025

Clay County Moorhead, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

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 the major federal programs:

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

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified, except for Medicaid Cluster, which is qualified.**

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

Identification of the major federal programs:

Assistance Listing	
Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.563	Child Support Services
93.778	Medicaid Cluster

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

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

Section II – Financial Statement Findings

2024-001 Segregation of Duties

Prior Year Finding Number: 2023-001

Year of Finding Origination: 1996

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

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,

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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: Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Context: Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal control is not possible. 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 accounting 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 the County Board of Commissioners and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that staff implement the internal control policies and procedures to the extent possible.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

2024-002 Eligibility - METS

Prior Year Finding Number: 2023-002

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 Health and Human Services

Program: 93.778 Medical Assistance Program

Award Number and Year: 2405MN5ADM; 2024

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.

Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the

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Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' citizenship verification and income limits. Minnesota Statutes, section 256B.05 requires county agencies to administer Medical Assistance.

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

- One case file lacked citizenship documentation.
- One case file did not document the participant's income correctly.

Questioned Costs: Not applicable. Clay County administers the program, but the State of Minnesota pays benefits to participants in this program.

Context: The State of Minnesota and Clay County split the eligibility determination process. Generally, Clay County resolves eligibility issues when prompted by the system, while the State performs the initial review of the case files, including determining the information in METS is verified. Participants receive benefits from the State.

The population consisted of 17,456 active METS case files in the Medical Assistance Program in 2024; the sample size was 40 case files. The sample size was based on the guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The improper input or updating of information in METS and lack of verification of key eligibility-determining factors increase the risk that program participants will receive benefits when they are not eligible.

Cause: Program personnel responsible for resolving eligibility issues in METS did not ensure all required information was input or updated correctly or verified.

Recommendation: We recommend Clay County implement additional procedures to provide reasonable assurance that all documentation needed to resolve eligibility issues exists and program personnel properly input, update, or verify the documentation in METS. In addition, Clay County should consider providing further training to program personnel.

View of Responsible Official: Concur

2024-003 Eligibility - MAXIS

Prior Year Finding Number: 2023-002

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.778 Medical Assistance Program

Award Number and Year: 2405MN5ADM; 2024

Clay County

Moorhead, Minnesota

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.

Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. The manual includes specific eligibility requirements for participants' citizenship verification, income limits, and asset verification, as well as requirements of agencies to process applications within 45 days for most applicants, and up to 60 days for certain applicants. Minnesota Statutes § 256B.05 requires county agencies to administer Medical Assistance.

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

- One applicant's application was processed 107 days after receipt.
- Six participants' citizenship verification method did not match the documentation in the file.
- One case file did not document the participant's income correctly.
- Three case files did not document the participants' assets correctly.

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

Context: The State of Minnesota and the County split the eligibility determination process. Pursuant to Minnesota statutes, Clay County performs the "intake function" needed for this program, while the state maintains the MAXIS systems, which supports the eligibility determination process. Participants receive benefit payments from the State.

The population consisted of 3,484 active MAXIS cases enrolled in the Medical Assistance Program in 2024; the sample size was 40 case files. The sample size was based on the guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

Cause: Program personnel entering case data into MAXIS did not obtain and update the information in the system.

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Recommendation: We recommend Clay County implement additional procedures to provide reasonable assurance that all documentation needed to support eligibility determinations exists, the program personnel properly input or update the documentation in MAXIS, and the program personnel follow up on issues in a timely manner. In addition, Clay County should consider providing further training to program personnel.

View of Responsible Official: Concur

COUNTY AUDITOR

LORI J. JOHNSON

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**Representation of Clay County
Moorhead, Minnesota**

**Corrective Action Plan
For the Year Ended December 31, 2024**

Finding Number: 2024-001

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 2025

Finding Number: 2024-002

Finding Title: Eligibility - METS

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Quinn Jaeger, Social Services Director

Mikala Wodarek, Social Services Supervisor

Corrective Action Planned:

Clay County Social Services acknowledges the audit finding that in 2 of the 40 METS Medical Assistance eligibility case files reviewed, required documentation was either missing or not properly recorded. To address this, all eligibility workers will receive refresher training on documentation standards, with a focus on citizenship and income verification requirements. The lead worker for this program will conduct random case reviews monthly, in addition to 3 case reviews for each worker around their annual performance evaluation. These case reviews will be reviewed with the worker thoroughly, coaching provided if necessary, and any errors found will be corrected. The supervisor will retain these case reviews and analyze them for patterns and provide team training and guidance as appropriate. For staff with repeated errors, performance management will be enacted in the form of verbal coaching,

performance improvement plans, etc. In addition, annual training on eligibility documentation, specifically around citizenship status, will be added to the Division's training plan. Progress will be tracked through internal audits and summarized for leadership review. These actions are intended to ensure all required documentation is properly obtained, verified, and recorded in METS, thereby strengthening internal controls, reducing the risk of ineligible individuals receiving benefits, and improving future audit compliance.

Anticipated Completion Date:

Refresher training for eligibility workers and thorough review of 2024 audit findings both individually and as a group: completed on August 7, 2025

Case reviews by lead worker: Already implemented at the time of this writing and ongoing

Review and reporting to leadership: Beginning January 1, 2026 and ongoing

Annual training incorporated into department plan: Effective December 1, 2025

Finding Number: 2024-003

Finding Title: Eligibility - MAXIS

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Quinn Jaeger, Social Services Director

Mikala Wodarek, Social Services Supervisor

Corrective Action Planned:

As part of the recent audit of MAXIS Medical Assistance eligibility determinations, Clay County Social Services recognizes that errors were found in several case files. In response, eligibility workers will receive targeted training on timely and accurate case entry in MAXIS, with particular emphasis on the verification and documentation of citizenship, income, and assets in accordance with DHS policy. The lead worker for this program will conduct random case reviews monthly, in addition to 3 case reviews for each worker around their annual performance evaluation. These case reviews will be reviewed with the worker thoroughly, coaching provided if necessary, and any errors found will be corrected. The supervisor will retain these case reviews and analyze them for patterns and provide team training and guidance as appropriate. For staff with repeated errors, performance management will be enacted in the form of verbal coaching, performance improvement plans, etc. The Health Care Team supervisor will strengthen internal procedures to reinforce documentation and timeliness standards, review results from case reviews on a regular basis, and initiate corrective performance measures when patterns of errors are observed. In addition, annual training on eligibility documentation will also be incorporated into the department's training plan.

Anticipated Completion Date:

Refresher training for eligibility workers and thorough review of 2024 audit findings both individually and as a group: completed on August 7, 2025

Case reviews by lead worker: Already implemented at the time of this writing and ongoing

January 2026 and ongoing: Health Care supervisor begins quarterly reviews of audit findings and reports results to department leadership.

January 2026 and ongoing: Annual eligibility documentation training incorporated into the department training calendar.

COUNTY AUDITOR

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**Representation of Clay County
Moorhead, Minnesota**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024**

Finding Number: 2023-001

Year of Finding Origination: 1996

Finding Title: Segregation of Duties

Program: N/A

Summary of Condition: Several of the County's departments that collect fees lack proper segregation of duties. These departments 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 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.

Finding Number: 2023-002

Year of Finding Origination: 2023

Finding Title: Eligibility

Program: Medical Assistance Program

Summary of Condition: The Minnesota Department of Human Services 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 to support participant eligibility was available or input into MAXIS. The following exceptions were noted in the sample of 40 case files tested:

- Two case files had no application on file with the County, and one case file was missing the signature page of the application.
- In four case files, the documented method used to verify citizenship in MAXIS was different than documented in the case file.
- Four case files had an asset listed in MAXIS that did not match the documentation in the case file.

Summary of Corrective Action Previously Reported: To address the findings from the recent audit, Clay County Social Services will take both immediate and long-term corrective actions. First, the case files identified with discrepancies will be reviewed in detail, and necessary corrections will be made to ensure that the documentation in both the case files and the MAXIS system align with the program requirements. Requests for case file numbers have already been submitted to the MA team lead, to identify the cases needing correction. This will include re-verification of asset amounts, we will match MAXIS's citizenship status with the appropriate documentation within the case file. In addition, one-on-one reviews will be conducted with the staff responsible for administering the affected cases. During these reviews, case-specific feedback will be provided, detailing the nature of the errors and explaining corrective actions to prevent recurrence.

For long-term preventative measures, Clay County will implement a more comprehensive and mandatory training program for all staff involved in eligibility determination. This training will focus on key areas such as proper documentation for citizenship, asset verification, and data entry protocols to reduce human errors in MAXIS. We will continue conducting periodic case file audits with increased frequency to detect errors early and provide timely feedback to staff. Audit results will be shared with the entire team to promote learning from errors and reinforce best practices in documentation and data entry.

Status: Not Corrected. Despite the corrective actions outlined in the previous year, similar issues occurred again in the following audit. This indicates that the changes made, while thoughtful and structured, did not fully address root causes such as inconsistent follow-through, staff turnover, or deeper gaps in training and oversight. New issues again arose related to citizenship verification and asset documentation, which align closely with last year's concerns. Clay County acknowledges that the review and training mechanisms in place need to be strengthened with tighter documentation standards and more direct involvement in ongoing file reviews.

To address the recurrence of eligibility documentation errors, Clay County Social Services will expand our real-time case auditing process and introduce random spot-checks of case files. These reviews will help identify and correct discrepancies earlier in the process and promote a culture of ongoing quality assurance.

In addition, we will enhance our internal audit tracking systems to better monitor the types of errors being made, allowing us to identify commonly seen trends. This will help focus our training and support where it is most needed. Case-specific learning modules may be developed to address larger common error themes, allowing staff to receive targeted refreshers tied directly to real audit findings. Topics learned from these reviews will be shared with the entire team.

Finding Number: 2022-002

Year of Finding Origination: 2022

Finding Title: Eligibility

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

Summary of Condition: The Minnesota Department of Human Services 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 15 MAXIS case files tested:

- One case file was missing the documentation to support a guardianship relationship.
- Three case files had differences between what was noted in MAXIS and the actual documentation used to support the information input into MAXIS.

Summary of Corrective Action Previously Reported: Differences between physical documentation and what is input into MAXIS indicate ongoing challenges in ensuring data accuracy during manual entry. Case-specific feedback will be provided, detailing the nature of the error and why it occurred, as well as corrective actions required to prevent recurrence. Our case review processes may not be fully capturing or addressing all issues, indicating the need for enhanced review protocols.

Status: Fully Corrected.