

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Ramsey County Saint Paul, Minnesota

Management and Compliance Report

Year Ended December 31, 2024

Ramsey County
Saint Paul, 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
Ramsey County
Saint Paul, 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 Ramsey 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 February 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ramsey 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. 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 material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ramsey 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 Ramsey 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.

Ramsey County’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Ramsey 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

February 26, 2026

/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
Ramsey County
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Ramsey 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 Ramsey County's major federal programs for the year ended December 31, 2024. Ramsey 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, Ramsey 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, Ramsey 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 Ramsey 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 Ramsey 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, Ramsey County did not comply with requirements regarding Assistance Listing No. 93.778 Medicaid Cluster as described in finding number 2024-004 for Eligibility.

Compliance with such requirements is necessary, in our opinion, for Ramsey 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 Ramsey 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 Ramsey 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 Ramsey 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 other 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 2024-002 and 2024-003. 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 Ramsey County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Ramsey 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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-004 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-002 and 2024-003 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 Ramsey 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. Ramsey 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

February 26, 2026

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Ramsey County
Saint Paul, 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? **Yes**
- Significant deficiencies identified? **None reported**

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
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.558	Temporary Assistance for Needy Families
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.

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

Ramsey County

Saint Paul, Minnesota

Section II – Financial Statement Findings

2024-001 Material Audit Adjustments

Prior Year Finding Number: 2023-001

Year of Finding Origination: 2020

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control 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.

Condition: Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

Context: The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. These adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustments were reviewed and approved by management and are reflected in the financial statements:

- Debt Service Fund cash and pooled investments and revenues were decreased by \$3,237,622 to instead record interest earnings in the Capital Projects Fund.
- Debt Service Fund notes receivable and deferred inflows of resources – unavailable revenue were decreased by \$2,693,394 to remove the receivable and the offsetting deferred inflows of resources that were also recorded as a lease receivable and deferred inflows of resources – leases at year-end.
- Capital Projects Fund revenues were decreased and deferred inflows of resources – unavailable revenue were increased by \$5,583,730 to reverse a journal entry applicable to the prior year.
- Lake Owasso Residence Enterprise Fund deferred inflows of resources and related expenses were decreased by \$1,331,593 to correctly reflect year-end OPEB-related balances.

Cause: The adjustments were a result of errors made during financial reporting.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

View of Responsible Official: Concur

Ramsey County

Saint Paul, Minnesota

Section III – Federal Award Findings and Questioned Costs

2024-002 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

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

Award Number and Year: Direct, Not Provided

Pass-Through Agency: Direct and City of Saint Paul

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 2 U.S. *Code of Federal Regulations* §§ 200.403(a) and 200.403(g) require costs to be necessary and reasonable, and be adequately documented.

Condition: The County did not obtain itemized documentation for five out of 44 disbursements tested.

Questioned Costs: \$181,377; known questioned costs were determined based on individual expenditures with exceptions identified.

Context: The County treated one vendor as a subrecipient and approved a budget for this vendor by type of expenditure. The County monitored the vendor's actual expenditures against approved budgeted expenditures. Total expenditures reported on the Schedule of Expenditures of Federal Awards is \$50,901,938 for this program. The sample tested included approximately \$2,570,500.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*. Additionally, four individually important items were selected for testing.

Effect: The County has insufficient documentation to demonstrate expenditures were for allowable activities and met the requirements of allowable costs.

Cause: The County felt its procedures over monitoring actual expenditures to budgeted expenditures were sufficient in lieu of reviewing itemized supporting documentation.

Recommendation: We recommend the County obtain supporting documentation related to expenditures, including payroll reports and supporting receipts for purchases, sufficient to determine expenditures were for allowable activities.

View of Responsible Official: Concur.

Ramsey County

Saint Paul, Minnesota

2024-003 Eligibility and Child Support Non-Cooperation

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

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: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 2401MNTANF; 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 United States Code § 602(a)(1)(B)(iii) requires each state to create a written document that shall set forth the objective criteria for the delivery of benefits and the determination of eligibility. The Minnesota Department of Human Services' State Plan for Temporary Assistance for Needy Families (TANF) and Minn. Stat. § 256J.10 [see now Minn. Stat. § 142G.10, subd. 1] establish the general eligibility requirements for TANF benefits.

Title 45 U.S. *Code of Federal Regulations* § 264.30 states:

"What procedures exist to ensure cooperation with the child support enforcement requirements?

(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified, or enforced, to the child support enforcement agency (i.e., the IV-D agency).

(2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child.

(b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly.

(c) The IV-A agency must then take appropriate action by:

(1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or

(2) Denying the family any assistance under the program."

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Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Ramsey 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 where the relationship between the minor child and the parent or other caretaker relative was not documented,
- one case file where the social security number of one member of the assistance unit was not documented, and
- one case file where the income in MAXIS did not agree with the supporting documentation on file.

In a sample of 11 cases with non-cooperation in establishing paternity tested, an exception was noted in one case file where sanctions were not imposed for four months when they should have been based on supporting documentation on file.

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 Ramsey County split the eligibility determination process. Pursuant to Minnesota statutes, Ramsey County performs the “intake function” needed for this program, while the State maintains the MAXIS system, which supports the eligibility determination process. Participants receive benefit payments from the State. The total population of eligible participants was 4,025.

Child support non-cooperation is determined by the County, and the Providing Resources to Improve Support in Minnesota (PRISM) system maintains the information and recipient status. When a Child Support Officer at the County updates PRISM to show non-cooperation, it interfaces with MAXIS. From this interface, MAXIS receives a Worker’s Daily Report message which notifies the entity of child support non-cooperation. The County is responsible for updating the recipient’s record in MAXIS, including entering child support sanctions, or closing a case on the seventh occurrence of noncompliance. The total population of cases of non-cooperation at the County was 370.

Sample sizes were 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 documenting verification of key eligibility-determining factors increases the risk that program participants will receive benefits when they are not eligible. In addition, benefit overpayments could be paid when child support non-cooperation is not properly processed for a benefit month.

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

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists, information is properly input or updated in MAXIS, and child support non-cooperation case files benefits are being reduced as necessary in MAXIS. In addition, the County should consider providing further training to program personnel.

Ramsey County

Saint Paul, Minnesota

View of Responsible Official: Concur.

2024-004 **Eligibility**

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

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

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. Specific eligibility requirements are included for participants' citizenship verification, income limits, applications, and asset verification. Minnesota Statutes, Section 256B.05, requires county agencies to administer Medical Assistance.

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Ramsey 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:

- two case files where the verification of citizenship was not documented,
- one case file where the application was not documented,
- two case files where the verification of income was not documented or documentation did not agree with MAXIS, and
- nine case files where the verification of assets was not documented or documentation did not agree with MAXIS.

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 Ramsey County split the eligibility determination process. Pursuant to Minnesota statutes, Ramsey County performs the "intake function" needed for this program, while the State

Ramsey County Saint Paul, Minnesota

maintains the MAXIS system, which supports the eligibility determination process. Participants receive benefit payments from the State.

The total population of eligible participants was 32,937. 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 documenting verification of key eligibility-determining factors increases the risk that program participants 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, supported, and obtained or retained.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists and information is properly input or updated in MAXIS. In addition, the County should consider providing further training to program personnel.

View of Responsible Official: Concur.

Representation of Ramsey County
Saint Paul, Minnesota
Corrective Action Plan

For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Material Audit Adjustments

Name of Contact Person Responsible for Corrective Action:

Daniel Rahkola, Division Director Finance

Corrective Action Planned:

Finance will restrict the preparation of financial statements to authorized staff within the Finance Department. Standardized financial statement templates with version control will be implemented to ensure all staff work from the most current and approved files.

A two-stage review process will be established to reduce the risk of errors. The preparer will submit the completed file for initial review by another accountant within Finance. The reviewer will assess the work for accuracy, reasonableness, compliance with quality standards, and clarity. If the work does not meet required standards, it will be returned to the preparer for revision.

Once the file passes the initial review, the reviewing accountant will record the related journal entry in the accounting system. An independent journal-approving accountant will then review and approve the journal entry and supporting documentation to provide an additional level of assurance.

Anticipated Completion Date:

December 31, 2025

Finding Number: 2024-002

Finding Title: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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

Name of Contact Person Responsible for Corrective Action:

Daniel Rahkola, Division Director Finance

Corrective Action Planned:

The County will review program-related costs to ensure compliance with applicable grant requirements and to confirm that all costs are allowable, allocable, and properly supported. Supporting documentation must sufficiently demonstrate the allowability of each cost. This review will include the following:

- Submitted payroll reports that detail individual hours worked, descriptions of work performed, and a clear link between the work performed and allowable grant program activities.
- General ledger reports that support each cost and clearly document the relationship between the expenditure and allowable grant program expenses.

Anticipated Completion Date:

June 30, 2026

Finding Number: 2024-003

Finding Title: Eligibility and Child Support Non-Cooperation

Program: 93.558 Temporary Assistance for Needy Families

Name of Contact Person Responsible for Corrective Action:

Janelle White – Controller Health and Wellness Service Team

Melody Santana-Marty – Controller Community Services and Supports

Corrective Action Planned:

Internal quality control review checklists, specific to each program area, will be reviewed and updated, and additional controls will be developed to ensure that required documentation is obtained and maintained.

Department-wide communication to staff regarding the importance of complete and adequate supporting documentation in the case file prior to case approval has been implemented and will continue on an ongoing basis. This communication will include guidance on how to determine whether supporting documentation is sufficient, along with examples of acceptable documentation. At a minimum, required documentation will include:

- Documentation verifying client eligibility for the key eligibility-determining factors.
- Evidence of the verification process recorded in MAXIS.
- Documentation confirming that child support files have been reviewed and updated for non-cooperation, as applicable.

Supervisors will conduct periodic reviews of case files to ensure that all required documentation is on file.

Anticipated Completion Date:

June 30, 2026

Finding Number: 2024-004

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Janelle White – Controller Health and Wellness Service Team

Melody Santana-Marty – Controller Community Services and Supports

Corrective Action Planned:

Internal quality controls specific to the Medicaid program, will be reviewed and updated.

Department-wide communication to staff regarding the importance of complete and adequate supporting documentation in the case file prior to case approval has been implemented and will continue on an ongoing basis. This communication will include guidance on how to determine whether documentation is sufficient, along with examples of acceptable support. At a minimum, required documentation will include:

- Documentation verifying citizenship.
- Examples of properly completed applications.
- Reconciliation of the income verification in MAXIS and the documentation in the case file.
- Reconciliation of the asset verification in MAXIS and the documentation in the case file.

The Quality Assurance review process and Corrective Action Plan have been documented and communicated to provide guidance for new staff, serve as refresher training for existing staff, and ensure that appropriate actions are consistently followed. This documentation will be reviewed and revised as necessary to maintain compliance and consistency across the department.

Supervisory review has been implemented for new hires. When issues are identified with current staff, enhanced review strategies and procedures will be applied to ensure required documentation is properly reviewed prior to case approval.

Supervisors will conduct periodic reviews of case files to ensure that all required documentation is on file.

If errors are identified and overpayments occur, the Department will follow established protocols of the Minnesota Department of Human Services regarding the identification, reporting, and recovery of overpayments.

Anticipated Completion Date:

06/10/2026

Representation of Ramsey County
Saint Paul, Minnesota
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

Finding Number: 2023-001

Year of Finding Origination: 2020

Finding Title: Audit Adjustment/Preparation of Financial Statements

Summary of Condition: Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

Summary of Corrective Action Previously Reported: Finance will restrict the preparation of the financial statements to staff within the Finance Department. We will also build financial statement templates with versioning control to ensure that all staff are working off the same files. Finally, we will implement a two-stage review process to reduce the potential for errors. The person preparing the file will submit the file for initial review to another accountant in Finance. That accountant will review the file to ensure the work meets quality standards, makes sense, and is clearly understandable. If the work is not up to specifications, it will be sent back to the preparing accountant for review. Once the file passes review, the reviewing accountant will enter the related journal into the accounting system. The journal and related work will be reviewed by an independent journal approving accountant to further ensure that the work is up to standard.

Status: Partially Corrected. Due to delays in the issuance of the 2023 final audit, the Finance Department was unable to fully implement all components of the corrective action plan by the end of 2024. Staff training related to the preparation of the financial statements had begun; however, given the timing of the audit and staff experience levels, the corrective actions were not fully realized during the 2024 reporting period.

The Finance Department is confident that the corrective measures now in place will ensure that the 2025 financial statements are prepared accurately and in accordance with applicable standards, without the need for audit adjustments.

Finding Number: 2023-002

Year of Finding Origination: 2020

Finding Title: Bank Reconciliation

Summary of Condition: Audit procedures identified approximately \$30 million in needed adjustments in the County's December 2023 bank reconciliations to correct receipts and disbursements which were not recorded in the general ledger as of December 31, 2023. In addition, the bank reconciliation included an unreconciled difference of \$264,483.

Summary of Corrective Action Previously Reported: The county has hired two staff to reconcile cash monthly. Those staff have been working with the technical staff to understand our receipting and general accounting systems. The county has developed standardized templates to use in reconciling the cash balances. The county will begin to close the books on a quarterly basis to ensure that past cash balances can no longer change.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-003

Year of Finding Origination: 2023

Finding Title: Sheriff Department Internal Controls

Summary of Condition: During review of internal controls at the Sheriff Department, the following were noted:

- One staff person is responsible for counting, reconciling, and preparing the deposit of inmate funds for the Jail;
- The County did not record activity in the Sheriff Department's escrow, inmate, and buy accounts in the County's general ledger or a subsidiary ledger available for monitoring and accumulating information for financial reporting; and
- Of the Sheriff Department's four bank accounts, two were reconciled annually; otherwise, no other bank reconciliations were completed in 2023.

Summary of Corrective Action Previously Reported: Sheriff's Office staff met with Finance staff to review inmate fund counting, reconciling, and preparing of deposits. The duties have been changed since this finding and are now separated. Correctional staff at booking count funds with a machine and then a Sergeant performs reconciling and preparing deposits. Individuals booked into jail can see their account balances. An Accountant reviews and signs deposit slips before depositing into the bank account.

The Sheriff's Office and Finance staff worked together to enter the four checking accounts into the general ledger. This was completed in April 2024. Checking account information will be entered on a regular basis going forward.

Staff shortages resulted in delays in reconciliation of some checking accounts. It is anticipated that the affected checking accounts will be reconciled no later than June 2025. Checking accounts will be reconciled on a regular basis going forward as staffing shortages are resolved.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-004

Year of Finding Origination: 2022

Finding Title: Eligibility

Program: 21.023 COVID-19 – Emergency Rental Assistance Program

Summary of Condition: In a sample of 16 participant's eligibility documentation tested, the following exceptions were detected:

- For one participant, the address indicated on the ERA Request Form did not agree to the address included in the lease agreement.
- Three participants did not have documentation to support that they were at risk of experiencing homelessness.
- Three participants did not have documentation to support a reasonable basis for determining income.
- Two participants did not have documentation to support a redetermination of income.
- Three participants had instances where one-time payments, such as security deposits and application fees, were duplicated.
- Thirteen participants did not have documentation originating from the hotel or shelter supporting payment amount and that incidental expenses were not included.
- Eight participants had inconsistencies in the payment data provided between the participant name noted as the payee and the participant name noted as being applicable to in the transaction description.

Summary of Corrective Action Previously Reported: Staff will be retrained on the procedures to ensure compliance with the needed standards.

Status: Fully Corrected. Corrective action was taken. Corrective action taken was significantly different than the action previously reported. Ramsey County did not provide funds directly to participants that required eligibility to be determined by the County.

Finding Number: 2023-005

Year of Finding Origination: 2023

Finding Title: Reporting – PR29 – CDBG Cash on Hand Quarterly and Federal Funding and Accountability and Transparency Act

Program: 14.218 Community Development Block Grants/Entitlement Grants

Summary of Condition: In the sample of two quarterly PR29 – CDBG Cash on Hand Quarterly reports tested, errors were noted in both reports resulting from the County improperly including accruals in the reporting and not including all accounts, including those relating to program income. In addition, Ramsey County has not submitted subaward information in the FSRS as required by the FFATA for the Community Development Block Grant.

Summary of Corrective Action Previously Reported:

- 1) Ramsey County will implement internal procedures to complete PR29 quarterly reports as required by HUD and ensure the correct accounting basis and accounts are being utilized.
- 2) Ramsey County will implement procedures to complete reports on FSRS required by FFATA.
- 3) Ramsey County will develop/update our agency's written grants administration policies and procedures to align with current practices and applicable rules.
- 4) Ramsey County will conduct regular trainings of policies and procedures for staff involved with CDBG grants administration.

Status: Not Corrected. Staff responsible for the administration of CDBG have submitted all current subaward information in the FSRS as required by FFATA. Grants Manager in Finance has developed and updated an internal procedures document regarding submittal requirements in FSRS and has shared it with all relevant departments and is now available on Ramsey County's intranet for continued training. Staff in the Office of the EGCI Administration now complete PR29. Staff reached out to other jurisdictions to learn more about how they complete PR29s.

Finding Number: 2023-006

Year of Finding Origination: 2023

Finding Title: Reporting – DHS Social Service Fund (DHS-2556)

Program: 93.658 Foster Care – Title IV-E

Summary of Condition: The DHS-2556 second quarter report overstated payroll expense for individuals required to participate in the social services time study by \$552,225 and understated payroll expense for individuals who do not participate in the social services time study.

Summary of Corrective Action Previously Reported: Starting in the third quarter of 2024, Ramsey County instituted an additional verification step in the review process to support the determination of accurate cost pool categorization of reimbursable costs for the Random Moment Time Study Reports cost reports.

The additional step will be to confirm that on the Summary Tab of the Quarterly Payroll file, the cost codes lines are in sequential order and that the corresponding expense totals match the cost code. The Senior Accountant will do the first review of this step, and the Fiscal Manager will complete the second review.

The error on the 2nd quarter 2023 report was remedied and resubmitted in the 2nd quarter of 2024.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2022-004

Year of Finding Origination: 2022

Finding Title: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Program: 14.231 Emergency Solutions Grant Program

Summary of Condition: The County did not obtain itemized documentation from its subrecipients for six out of 40 disbursements tested. The amount of disbursements that did not have supporting documentation totaled \$507,553. Itemized documentation would include reports derived from payroll systems or subrecipient general ledgers and original receipts.

Summary of Corrective Action Previously Reported: Ramsey County had exceptions for 6 of 40 transactions tested. The exceptions noted were for a lack of receipt copies and not having the proper payroll reports attached.

We agree with the lack of receipt copies. For payroll, we felt the payroll reports provided were adequate to determine the appropriate labor cost. The receipt issue came to about 2.5% of the \$5.5M that was expended under this award in 2022 while the payroll documentation was about 7% of this amount.

Nonetheless, we will create and use a check list to ensure we have the proper receipt copies and payroll reports for each subrecipient invoice we approve. We will also work on clarifying the required payroll reports with our grantors.

Status: Not Corrected. Oversight of grant administration is currently being developed within the Finance Department. With this procedural change, staff across the county will receive consistent training and standardized guidance. A checklist will be created to ensure all required documentation is obtained to support grant expenditure. Prior to issuing any payments to outside contractors, supporting documentation will be reviewed, and approval will be granted only after confirming that all materials accurately reflect and substantiate the grant requirements.