

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

RAMSEY COUNTY
SAINT PAUL, MINNESOTA

YEAR ENDED DECEMBER 31, 2017

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 650 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

Year Ended December 31, 2017



Management and Compliance Report

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

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**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 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 18, 2018.

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

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the cities administer the tax increment financing districts in Ramsey County.

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 *Minnesota Legal Compliance Audit Guide for Counties*, except as described in the Schedule of Findings and Questioned Costs as item 2017-003. 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.

Ramsey County's Response to Findings

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

Purpose of This Report

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 18, 2018

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

Independent Auditor's Report

Board of County Commissioners
Ramsey County
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Ramsey County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ramsey County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ramsey County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Medicaid Cluster (CFDA No. 93.778)

As described in the accompanying Schedule of Findings and Questioned Costs, Ramsey County did not comply with requirements regarding CFDA No. 93.778, Medicaid Cluster, as described in finding number 2016-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid Cluster (CFDA No. 93.778)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Medicaid Cluster for the year ended December 31, 2017.

Unmodified Opinion on 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 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, 2017.

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 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Ramsey County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each

major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified 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 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 2016-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002 to be significant deficiencies.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ramsey County, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued

our report thereon dated June 18, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ramsey County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of This Report

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/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

June 18, 2018

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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? **None reported**

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

Federal Awards

Internal control over major programs:

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

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

The major federal programs are:

Child Support Enforcement	CFDA No. 93.563
Foster Care - Title IV-E	CFDA No. 93.658
Social Services Block Grant	CFDA No. 93.667
Medicaid Cluster	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$2,527,249.

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

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2016-002

Eligibility

Program: U. S. Department of Health and Human Services' Medicaid Cluster (CFDA No. 93.778), Award No. 05-1705MN5ADM, 2017

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.

Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. The following exceptions were detected in the sample of 40 cases tested:

- Ten case files had asset information in the MAXIS system that did not match the supporting documentation provided by the client.
- Two case files had participant's asset values that were over the asset limit.
- One case file did not have an application on file.
- One case file had an application that was not date and time stamped when received.

We also noted that reviews of the Medical Assistance Program case files are not performed on a consistent basis.

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

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

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

The Health and Wellness Administration Division has implemented supervisory reviews for other federal programs, and is working on implementing this on a consistent basis across all applicable federal programs.

Effect: Missing information, or the improper input of information into the MAXIS system, increases the risk that participants will receive benefits when they are not eligible. Supervisory reviews not performed on a consistent basis increases the probability that staff errors will go undetected.

Cause: County program personnel entering case information into the MAXIS system did not ensure all required information was obtained, verified, maintained in the case files, or updated in the MAXIS system. Due to increased caseload demands, staff have not been able to perform supervisory reviews on a consistent basis.

Recommendation: We recommend the Health and Wellness Administration Division implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is obtained and properly updated in MAXIS. In addition, consideration should be given to providing additional training to program personnel.

View of Responsible Official: Concur

ITEMS ARISING THIS YEAR

Finding Number 2017-001

LCTS Reporting

Programs: U.S. Department of Health and Human Services' Foster Care - Title-IV-E (CFDA No. 93.658), Award No. 1701MNFOST, 2017; and Medicaid Cluster (CFDA No. 93.778), Award No. 05-1705MN5ADM, 2017

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.

Requirements for the Local Collaborative Time Study (LCTS) Cost Schedules (DHS-3220 reports) are described in DHS Bulletin #16-32-04 - *Local Collaborative Time Study (LCTS) Fiscal Operations*. The bulletin states that LCTS Fiscal site contacts are required to verify that the information on the LCTS Fiscal and Cost Schedule is accurate and that it complies with all guidelines set forth in the LCTS Cost Schedule Instructions.

Condition: In the sample of two quarterly DHS-3220 reports tested that were completed by the County's Community Corrections Department, \$178,781 in overstated expenditures were noted.

Questioned Costs: The Minnesota DHS determines federal reimbursement based on a time study, the rate of which is not readily determinable. Therefore, questioned costs could not be determined.

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

The DHS-3220 reports are submitted on a quarterly basis by the County's Community Corrections Department to the Minnesota DHS for reimbursement of LCTS money, which is reimbursed to the County with federal Foster Care and Medical Assistance funds. The Ramsey County Health and Wellness Administration Division acts as the LCTS Fiscal Reporting and Payment Agent. The DHS-3220 reports tested had indications that they were reviewed by another individual.

Effect: The County received reimbursement for expenditures it did not incur.

Cause: The staff person completing the reports is inexperienced. There was turnover in staff completing and reviewing reports, as well as in the LCTS Fiscal Reporting and Payment Agent position.

Recommendation: We recommend the County establish procedures to ensure that the DHS-3220 quarterly reports required to be submitted are reviewed for accuracy and completeness by an individual independent of the preparer. In addition, consideration should be given to providing additional training to program personnel.

View of Responsible Official: Concur

Finding Number 2017-002

Procurement, Suspension, and Debarment

Program: U. S. Department of Health and Human Services' Medicaid Cluster (CFDA No. 93.778), Award No. 05-1705MN5ADM, 2017

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Federal regulations provided in Title 2 U.S. *Code of Federal Regulations* § 200.318(i) states that the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection, or rejection, and the basis for the contract price. Non-federal entities must follow further federal guidance over full and open competition as provided in Title 2 U.S. *Code of Federal Regulations* § 200.319; cost or price analysis provided in Title 2 U.S. *Code of Federal Regulations* § 200.323; and verifying debarment, suspension, and exclusions as provided in Title 2 U.S. *Code of Federal Regulations* §§ 180.300, 200.213, and 200.318(h).

Condition: The following exceptions were detected in the sample of 16 procurement transactions over \$3,500 tested:

- In four instances, the history of procurement was not properly documented.
- In four instances, the procurement documentation to show full and open competition was not available.
- In two instances, the County did not document a rationale to limit competition.
- In two instances, the County did not document if a cost and price analysis was performed for purchases over the simplified acquisition threshold.

Additionally, in the sample of eight purchases over \$25,000 tested, four purchases did not have verification performed by the County to determine whether vendors were suspended or debarred or whether other exclusions existed.

Questioned Costs: None.

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

Sixteen of 156 procurement transactions over \$3,500 were tested for compliance with federal regulations, including eight purchases over \$25,000 and eight purchases over \$150,000.

Effect: The County is not in compliance with federal regulations.

Cause: The County was not aware that federal procurement requirements are applicable to contracts and procurement transactions that are partially funded with federal grants, including social services grants.

Recommendation: We recommend the County provide training and resources to all staff to ensure all federally-funded grants and resulting procurements are known and could be subject to federal procurement requirements.

View of Responsible Official: Concur

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

ITEM ARISING THIS YEAR

Finding Number 2017-003

Prompt Payment of Invoices

Criteria: As stated in Minn. Stat. § 471.425, the County is required to make payment on vendor invoices according to the terms of the contract, or within 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later.

Condition: Three of the 25 invoices tested for compliance with this statute were not paid within 35 days.

Context: The processing of payments originates with County departments.

Effect: Making payment on invoices after 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later, is in noncompliance with Minnesota law.

Cause: The County informed us that there has been recent turnover with Health and Wellness Administration Division staff.

Recommendation: We recommend the County implement procedures to ensure payments are made in accordance with Minn. Stat. § 471.425.

View of Responsible Official: Concur

V. PREVIOUSLY REPORTED ITEMS RESOLVED

2014-001 Financial Statement Preparation

2016-001 Prior Period Adjustment

2016-003 Identification of Federal Awards

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**REPRESENTATION OF RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding Number: 2016-002

Finding Title: Eligibility

Program: Medicaid Cluster (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Tina Curry, MSW - Director, Financial Assistance Services Department

Corrective Action Planned:

- Department wide communication to staff regarding importance of supporting documentation in the case file prior to approval of the case.
- Supervisors to review with staff documentation needed prior to approval of a case.
- Quality Assurance Team has been implemented and is currently reviewing SNAP cases; reviews will be expanded to include other programs.
- Targeted training to be developed based on findings from internal Quality Assurance Team.
- If errors are found and overpayments occur the Department will follow the protocol of the Minnesota Department of Human Services regarding the collection of any overpayments.

Anticipated Completion Date:

Developing and implementing corrective action continues throughout 2018 with an anticipated date of 12/31/2018.

Finding Number: 2017-001

Finding Title: LCTS Reporting

Programs: Foster Care - Title IV-E (CFDA No. 93.658) and Medicaid Cluster (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Francis Odhiambo - Administration and Accounting Manager, Ramsey County Community Corrections Department

Enrique Rivera - Accountant 4, Ramsey County Health & Wellness Administrative Division

Corrective Action Planned:

- Review the training needs of the program personnel within the Community Corrections Department tasked with compiling data used to complete the report and revamping the current training processes.
- Change the existing workflow by doing the following:
 - Conducting Quality Assurance independently within the Community Corrections Department of the DHS-3220 report for accuracy before submission of information to Health and Wellness Administrative Division (HWAD) team.
 - Submitting backup information (data pulls, spreadsheets, etc.) with the DHS-3220 report so that the HWAD accountants can review information before compiling data for final submission.
- The Health & Wellness accountant will conduct an independent review of the backup information (data pulls, spreadsheets, etc.) submitted with the DHS-3220 report from the different agencies to confirm the data listed on the final report
- The assigned FRAPA accountant will review the quarterly LCTS report with the HWAD Accountant 4 prior to submission to DHS.
- Any issues arising from the review of prior LCTS reports in 2018 will be resolved with Minnesota Department of Human Service.

Anticipated Completion Date:

Implementing corrective action will commence as soon as possible in Q3 2018 with an anticipated completion date of the 09/30/2018 DHS-3220 reporting. Previous reports for 2018 will be reviewed and corrected if necessary.

Finding Number: 2017-002

Finding Title: Procurement, Suspension and Debarment

Program: Medicaid Cluster (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Joseph Freesmeier - Contract Administrator, Health and Wellness Administrative Division

Corrective Action Planned:

- Revise and develop procedures to align with County policy
- Implementation of workflow changes and possible system changes based upon the revised procedures above
- Train staff regarding procedures, workflow changes to comply with County policy
- Part of the development of the procedures will include a plan for ongoing monitoring
- To ensure the procedures developed are following both County policy and the Code of Federal Regulations communication will occur with the County Procurement Office and the Finance Department for both to approve the developed procedures

The above plan will include issues such as method of procurement, open competition, selection of vendor and verification of suspension, debarment or if other exclusions are applicable.

Anticipated Completion Date:

Corrective Action Plan will begin in 2018 with ongoing review and revisions through 12/31/2018 and beyond.

Finding Number: 2017-003

Finding Title: Prompt Payment of Invoices

Name of Contact Person Responsible for Corrective Action:

Enrique Rivera - Accountant 4, Ramsey County Health & Wellness Administrative Division

Corrective Action Planned:

- Cross train multiple accounts payable staff on various payment types
- Review and revise if necessary the workflow monitoring invoices waiting payment
- If an invoice is close to or beyond the 35-day payment threshold; it will be communicated to the Accountant 4 by the Accounts Payable Supervisor
- If there is an instance communicated to the Accountant 4, an analysis will be done to determine how to revise the workflow (including verification and authorization of invoice) to continue to improve the process

Anticipated Completion Date:

Cross training of four accounts payable staff will be done by 7/31/2018; additional corrective action will be completed by 12/31/2018.

**REPRESENTATION OF RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding Number: 2014-001

Finding Title: Financial Statement Preparation

Summary of Condition: The financial statements, related notes, and supporting documentation were not prepared in a timely manner.

Summary of Corrective Action Previously Reported: A new Accountant 3 was hired that provides more lead work perspective and is becoming instrumental replacing a position that had been vacant for a while. Areas have been reviewed, additional work and processes developed to facilitate financial statement productions and analysis of workflow has been worked on. Three other key non-Finance Accountant positions were new into their positions and required a lot of support from the Finance Department to complete their contributions to the preparation of the Comprehensive Annual Financial Report. In the meanwhile, two of these three positions have gone vacant and in one case the Sheriff's Department has acquired temporary assistance from a former Finance Department Accountant to prepare two of the required financial statements. It is anticipated that with the changes and reconciliation work that we are anticipating less need for accounting support from the Auditors.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2016-001

Finding Title: Prior Period Adjustment

Summary of Condition: During the audit, a prior period adjustment was identified that resulted in a significant change to the County's Capital Projects Fund as recorded in the financial statements. Property held for resale was previously recognized in the government-wide Statement of Net Position; however, this asset should also be recognized in the Capital Projects Fund balance sheet. This adjustment to restate the County's financial statements was reviewed and approved by the appropriate County staff and is reflected in the financial statements.

Summary of Corrective Action Previously Reported: Journal entry #1437756 was made to Capital Projects to recognize the amount that had only previously been recognized in the government-wide financial presentation.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2016-002

Finding Title: Eligibility

Program: Medicaid Cluster (CFDA No. 93.778)

Summary of Condition:

The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. The following exceptions were detected in a sample of 40 cases tested:

1. Thirteen case files had asset information in the MAXIS system that did not match the supporting documentation provided.
2. Four case files had participant's asset information entered in the MAXIS system that was not verified with supporting documentation.
3. Two case files had participant's income information that was not verified to an outside source.
4. Two case files had participant's income entered in the MAXIS system that did not match the supporting documentation provided.

Summary of Corrective Action Previously Reported:

- Review the training needs of the new and experienced staff and revamp the current training processes.
- Development of a Quality Assurance Team. This Team will be responsible for internal audits which would review cases for accuracy, eligibility and documentation.
- The Department has implemented Blue Zone scripts which alerts the worker to ask and enter pertinent eligibility data, this will also provide guidelines for documentation.

Status: Not Corrected. Please see Corrective Action Plan for explanation.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2016-003

Finding Title: Identification of Federal Awards

Programs: Foster Care - Title IV-E (CFDA No. 93.658) and Medicaid Cluster (CFDA No. 93.778)

Summary of Condition: Ramsey County did not properly identify the amount expended for Foster Care - Title IV-E and the Medical Assistance Program on its SEFA.

Summary of Corrective Action Previously Reported: The revenue for the U.S. Department of Health and Human Services' Foster Care - Title IV-E (CFDA No. 93.658) and the Medical Assistance Program (CFDA No. 93.778) is receipted in an Agency Fund as approved by Minnesota Department of Human Services. The Division workpapers have been updated to include these two awards when preparing the SEFA for the General Fund.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

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**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	ED-02381-01E	\$ 30,452	\$ -
National School Lunch Program	10.555	ED-02381-01E	57,929	-
Passed through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	3,053,904	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-000093	69,693	-
(Total Special Supplemental Nutrition Program for Women, Infants, and Children 10.557 \$3,123,597)				
Passed through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2520	15,849	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2514	5,885,310	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN127Q7503	243,827	-
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$6,144,986)				
Passed through Minnesota Department of Agriculture				
WIC Farmers' Market Nutrition Program (FMNP)	10.572	B0417F172615	5,771	-
Total U.S. Department of Agriculture			\$ 9,362,735	\$ -
U.S. Department of Housing and Urban Development				
Direct				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 812,097	\$ 477,569
Continuum of Care Program	14.267		104,919	-
Passed through Dakota County Community Development Agency				
Home Investment Partnerships Program	14.239	M17DC270203	849,414	-
Passed through Hennepin County, Minnesota				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MNLHD0279-15	340,512	-
Total U.S. Department of Housing and Urban Development			\$ 2,106,942	\$ 477,569

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

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Passed through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	A-CVSP-2017-RAMSEYAO-00024	\$ 93,021	\$ -
Crime Victim Assistance	16.575	A-CVS-2017-RAMS-SOS-00058	328,006	-
(Total Crime Victim Assistance 16.575 \$421,027)				
Violence Against Women Formula Grants	16.588	A-SMART-2017-RAMS-SOS-00009	39,082	-
State Criminal Alien Assistance Program	16.606	H0488-MN-AP	112,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAG-2017-RAMSEYCC-00046	59,919	-
Passed through City of Saint Paul, Minnesota				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BJA-2016-9020	12,448	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJBX-0560	32,325	-
(Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$104,692)				
Total U.S. Department of Justice			\$ 676,801	\$ -
U.S. Department of Labor				
Passed through Minnesota Department of Employment and Economic Development				
WIA Cluster				
WIA - Adult Programs	17.258	5153100	\$ 5,043	\$ -
WIA - Adult Programs	17.258	6153100	435,790	-
WIA - Adult Programs	17.258	7153100	45,688	-
(Total WIA - Adult Programs 17.258 \$486,521)				
WIA - Youth Activities	17.259	5153600	63,052	12,434
WIA - Youth Activities	17.259	6153600	399,730	78,826
WIA - Youth Activities	17.259	7153600	89,252	17,600
(Total WIA - Youth Activities 17.259 \$552,034)				
WIA - Dislocated Worker Formula Grants	17.278	5158000	11,039	-
WIA - Dislocated Worker Formula Grants	17.278	6158000	107,398	-
WIA - Dislocated Worker Formula Grants	17.278	7158000	10,494	-
(Total WIA - Dislocated Worker Formula Grants 17.278 \$128,931)				
Workforce Investment Act (WIA) National Emergency Grants	17.277	5157200	234,967	-
Total U.S. Department of Labor			\$ 1,402,453	\$ 108,860
U.S. Department of Transportation				
Passed through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	SP 31-595-023	\$ 1,661,359	\$ -
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	9871	239,295	-

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)				
Passed through Metropolitan Council Alternatives Analysis	20.522	MN-39-0002	103,090	-
Passed through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	SD-0016	97,393	-
State and Community Highway Safety (Total State and Community Highway Safety 20.600 \$100,402)	20.600	A-ENFRC17-2017-RAMSEYSD-016	3,009	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SD-016	251,956	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$372,085)	20.608	A-ENFRC17-2017-RAMSEYSD-016	120,129	-
Highway Safety Cluster National Priority Safety Programs	20.616	SD-016	32,639	-
Total U.S. Department of Transportation			\$ 2,508,870	\$ -
U.S. Department of Health and Human Services				
Passed through Minnesota Department of Human Services Guardianship Assistance	93.090	1701MNGARD	\$ 107,788	\$ -
Family Planning Services	93.217	FPHPA056252-02-00	498,702	-
Promoting Safe and Stable Families TANF Cluster	93.556	G-1601MNFPS	315,019	175,801
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$17,754,514)	93.558	1601MNTANF	16,464,100	8,693,372
Child Support Enforcement	93.563	1704MNCSES	11,512,635	-
Refugee and Entrant Assistance - State-Administered Programs	93.566	1701MNRCA	15,923	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	G1701MNCCDF	1,130,759	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	153,984	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	103,105	-
Foster Care - Title IV-E	93.658	1701MNFOST	5,291,417	-
Adoption Assistance	93.659	1701MNADPT	510,369	-
Social Services Block Grant	93.667	G-1701MNSOSR	3,551,684	-
Child Abuse and Neglect State Grants	93.669	G-1701MNCA01	2,529	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	31,651	-
Children's Health Insurance Program	93.767	05-1705MN0301	2,568	-

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through Minnesota Department of Human Services				
(Continued)				
Medicaid Cluster				
Medical Assistance Program	93.778	05-1705MN5ADM	22,450,688	-
Medical Assistance Program	93.778	05-1705MN5MAP	81,762	-
(Total Medical Assistance Program 93.778 \$22,532,450)				
Section 223 Demonstration Programs to Improve Community				
Mental Health Services	93.829	SM-16-001	33,971	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI010027-16	698,927	-
Passed through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	CFC-RFA-TP12-12010302SUPP15	30,264	-
Public Health Emergency Preparedness	93.069	NU90TP921911-01-00	323,153	-
(Total Public Health Emergency Preparedness 93.069 \$353,417)				
Affordable Care Act (ACA) Abstinence Education Program	93.235	12-700-00093	224,310	-
Universal Newborn Hearing Screening	93.251	H61MC00035-16-02	6,697	-
Immunization Cooperative Agreements	93.268	67543	93,757	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	119062	982	-
Maternal, Infant, and Early Childhood Home Visiting Cluster				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC28228	142,451	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	12-700-000093	200,000	-
(Total Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program 93.505 \$342,451)				
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds				
	93.539	68583	8,550	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	1601MNTANF	1,243,414	-
(Total Temporary Assistance for Needy Families 93.558 \$17,754,514)				
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program				
	93.753	39278	15,000	-
Maternal, Infant, and Early Childhood Home Visiting Cluster				
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	118110	1,179,100	-
Cooperative Agreements for State-Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	SAGE	2,199	-
HIV Prevention Activities Health Department Based	93.940	38884	87,346	-
Maternal and Child Health Services Block Grant to the States	93.994	86857	860,374	-

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed through Minnesota Department of Employment and Economic Development				
TANF Cluster				
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$17,754,514)	93.558	8157400	47,000	-
Total U.S. Department of Health and Human Services			\$ 67,422,178	\$ 8,869,173
Executive Office of the President				
Direct				
High Intensity Drug Trafficking Areas Program	95.001		\$ 36,762	\$ -
U.S. Department of Homeland Security				
Passed through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036	Not Provided	\$ 1,612	\$ -
Emergency Management Performance Grants	97.042	F-EMPG-2017-RAMSEYCO-064	197,315	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-00010	14,132	2,810
Homeland Security Grant Program	97.067	A-UASI-2015-RAMSEYCO-0009	321,328	63,901
Homeland Security Grant Program (Total Homeland Security Grant Program 97.067 \$502,854)	97.067	A-UASI-2016-RAMSEYCO-0009	167,394	33,289
Passed through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G40CGFFY16	23,112	-
Total U.S. Department of Homeland Security			\$ 724,893	\$ 100,000
Total Federal Awards			\$ 84,241,634	\$ 9,555,602
Totals by Cluster				
Total expenditures for Child Nutrition Cluster			\$ 88,381	
Total expenditures for SNAP Cluster			6,144,986	
Total expenditures for CDBG - Entitlement Grants Cluster			812,097	
Total expenditures for WIA Cluster			1,167,486	
Total expenditures for Highway Planning and Construction Cluster			1,661,359	
Total expenditures for Highway Safety Cluster			133,041	
Total expenditures for TANF Cluster			17,754,514	
Total expenditures for CCDF Cluster			1,130,759	
Total expenditures for Medicaid Cluster			22,532,450	
Total expenditures for Maternal, Infant, and Early Childhood Home Visiting Cluster			1,521,551	

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**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ramsey County under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Ramsey County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Ramsey County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 79,819,628
Grants received more than 60 days after year-end, deferred in 2017	
State Criminal Alien Assistance Program	112,000
Promoting Safe and Stable Families	32,005
Temporary Assistance for Needy Families	4,887,608
Stephanie Tubbs Jones Child Welfare Services Program	28,722
Community-Based Child Abuse Prevention Grants	65,171
Chafee Foster Care Independence Program	4,217
Grants deferred in 2016, recognized as revenue in 2017	
Chafee Foster Care Independence Program	(8,922)
Community-Based Child Abuse Prevention Grants	(21,061)
Projects for Assistance in Transition from Homelessness (PATH)	(19,556)
Promoting Safe and Stable Families	(44,680)
Stephanie Tubbs Jones Child Welfare Services Program	(6,274)
Federal Railroad Administration - HS1PR	(291,128)
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(23,718)
Temporary Assistance for Needy Families	(292,378)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 84,241,634</u>