

Ramsey County Saint Paul, Minnesota

Management and Compliance Report

Year Ended December 31, 2025

Audit Practice Division



STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

State Auditor Julie Blaha

Ramsey County
Saint Paul, Minnesota

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**Independent Auditor's 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***

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 17, 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. 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 were not identified.

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, we noted that Ramsey County failed to comply with the provisions of the depositories of public funds and public investments section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, as described in the Schedule of Findings and Questioned Costs as items 2025-005 and 2025-006. Also, 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, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County’s noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

September 17, 2026

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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, 2025. 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 Public Safety Partnership and Community Policing Grants

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 Public Safety Partnership and Community Policing Grants for the year ended December 31, 2025.

Qualified Opinion on Temporary Assistance for Needy Families

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 Temporary Assistance for Needy Families for the year ended December 31, 2025.

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, 2025.

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, 2025.

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 Public Safety Partnership and Community Policing Grants

As described in the accompanying Schedule of Findings and Questioned Costs, Ramsey County did not comply with requirements regarding Assistance Listing Number 16.710 Public Safety Partnership and Community Policing Grants as described in finding number 2025-004 for Procurement and Suspension and Debarment.

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

Matters Giving Rise to Qualified Opinion on Temporary Assistance for Needy Families

As described in the accompanying Schedule of Findings and Questioned Costs, Ramsey County did not comply with requirements regarding Assistance Listing Number 93.558 Temporary Assistance for Needy Families as described in finding numbers 2025-001 for Eligibility and 2025-002 for Special Tests and Provisions.

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

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 Number 93.778 Medicaid Cluster as described in finding number 2025-003 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.

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 material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 through 2025-004 to be material weaknesses.

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

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

September 17, 2026

**Ramsey County
Saint Paul, Minnesota**

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **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? **None reported**

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified, except for Public Safety Partnership and Community Policing Grants, Temporary Assistance for Needy Families, and Medicaid Cluster, which are 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
10.561	SNAP Cluster
16.710	Public Safety Partnership and Community Policing Grants
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant
93.778	Medicaid Cluster
93.870	Maternal, Infant and Early Childhood Home Visiting Grant

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

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

Section II – Financial Statement Findings

No matters were reported.

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Section III – Federal Award Findings and Questioned Costs

2025-001 Eligibility-MAXIS

Prior Year Finding Number: 2024-003

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: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 2501MNTANF; 2025

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, document, 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. § 142G.10, subd. 1 establish the general eligibility requirements for TANF benefits.

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 recipient files reviewed for eligibility, not all documentation was available, updated, or input correctly to support recipient eligibility. The following exceptions were noted in the sample of 40 MAXIS recipient files tested:

- One recipient file in which the relationship between the minor child and the parent or other caretaker relative was not documented;
- Six recipients' files in which the applicant did not complete required questions on the application;
- One recipient file in which the income in MAXIS did not agree with the supporting documentation on file;
- One recipient file in which the amount of rent for a housing subsidy did not match supporting documentation on file;
- One recipient file in which the housing subsidy in MAXIS did not have supporting documentation on file; and
- One recipient file in which the number of months on TANF exceeded 60 months with no exceptions to extend past the 60-month limit.

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

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Context: The State of Minnesota and the 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. Recipients receive benefit payments from the State.

The population of eligible recipients was 3,982 for Temporary Assistance for Needy Families in 2025; the sample size was 40 recipients. The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

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

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

View of Responsible Official: Concur

2025-002 Special Tests and Provisions – Child Support Non-Cooperation

Prior Year Finding Number: 2024-003

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: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 2501MNTANF; 2025

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, document, 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 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).

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- (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.”

Condition: Eligibility requirements include cooperating with child support. When a recipient is determined to be in non-cooperation status by the child support agency, counties are required to reduce benefits accordingly. The following exceptions were noted in the sample of six recipient files with non-cooperation in establishing paternity tested:

- One recipient file did not have a child support non-cooperation letter included in supporting documentation;
- One recipient file had sanctions that should have begun in July; however, the non-cooperation letter was not issued until September 17, 2025. Sanctions were applied in September but are supposed to be applied in the month subsequent to the non-cooperation letter; and
- One recipient file had sanctions imposed on October 1, 2025. The client came into compliance on October 3, 2025, and had sanctions lifted in October; however, sanctions should have instead been lifted in November.

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

Context: Child support non-cooperation is determined by Ramsey 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 recipient file on the seventh occurrence of noncompliance.

The total population of recipients subject to child support non-cooperation for this program was 54; the sample size was 6 recipients. The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Benefit overpayments or underpayments could be paid when child support non-cooperation is not properly processed for a benefit month.

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

Recommendation: We recommend Ramsey County implement additional procedures to provide reasonable assurance that child support non-cooperation benefits are being reduced as necessary in MAXIS. In addition, Ramsey County should consider providing further training to program personnel.

View of Responsible Official: Concur

2025-003 Eligibility - MAXIS

Prior Year Finding Number: 2024-004

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 Grants to States for Medicaid

Award Number and Year: 2205MN5ADM; 2025

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, document, 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 Grants to States for Medicaid. Specific eligibility requirements are included for recipients' citizenship verification, income limits, applications, and asset verification. Minnesota Statutes, Section 256B.05, requires county agencies to administer Grants to States for Medicaid.

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 recipient files reviewed for eligibility, not all documentation to support recipient eligibility was available, updated, or input correctly. The following exceptions were noted in the sample of 40 MAXIS recipient files tested:

- Two recipients' files in which the application was not documented;
- One recipient file in which the verification of citizenship was not documented;
- Three recipients' files in which the verification of income was not documented, or documentation did not agree with MAXIS;
- Six recipients' files in which the verification of assets was not documented, or documentation did not agree with MAXIS; and

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- One recipient was incorrectly enrolled in a specific program type in MAXIS.

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

Context: The State of Minnesota and the 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. Recipients receive benefit payments from the State.

The population consisted of 30,409 active MAXIS recipients enrolled in Grants to States for Medicaid in 2025; the sample size was 40 recipients. The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

Cause: Program personnel entering recipient file information into MAXIS did not ensure all required information was input correctly, supported, and retained.

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

View of Responsible Official: Concur

2025-004 Procurement

Prior Year Finding Number: N/A

Year of Finding Origination: 2025

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

Federal Agency: U.S. Department of Justice

Program: 16.710 Public Safety Partnership and Community Policing Grants

Award Number and Year: 15JCOPS-24-GG-02198-TECP; 2025

Pass-Through Agency: N/A - Direct

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish, document, 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* § 200.318(i) states that the County 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. Additionally, the County must follow further federal guidance over full and open

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competition as provided in Title 2 U.S. *Code of Federal Regulations* § 200.319 and perform a cost or price analysis as provided in Title 2 U.S. *Code of Federal Regulations* § 200.324.

Condition: For one contract over the simplified acquisition threshold tested, no documentation was maintained detailing the history of the procurement demonstrating full and open competition, or that a cost or price analysis was performed.

Questioned Costs: \$273,011; known questioned costs were calculated as the amount of the contract.

Context: The threshold used for the procurement testing was based on the County's policy for simplified acquisition threshold which is over \$175,000. The population consisted of two contracts over the simplified acquisition threshold; both contracts were tested.

Effect: Documentation detailing the procurement was not maintained and therefore it cannot be determined whether the County provided full and open competition or performed a cost or price analysis.

Cause: The County relied on a sole source contract established within the County between a vendor and the Ramsey/Washington Recycling & Energy Board. Ramsey County staff who purchased the generators believed that the contract used was competitively bid.

Recommendation: We recommend the County maintain documentation on the history of a procurement, provide for full and open competition, and perform a cost or price analysis to support compliance with Title 2 U.S. *Code of Federal Regulations* §§ 200.318, 200.319, and 200.324.

View of Responsible Official: Concur

Section IV – Other Findings and Recommendations

2025-005 Custodial Credit Risk - Deposits

Prior Year Finding Number: N/A

Year of Finding Origination: 2025

Type of Finding: Minnesota Legal Compliance

Criteria: Government entities are required by Minn. Stat. § 118A.03, subd. 3, to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day.

Condition: On May 12, 2025, the County's total account balances at one financial institution exceeded the letter of credit amount by \$2,641,897.

Context: The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit, unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

Effect: The County is not in compliance with Minn. Stat. § 118A.03 and exposed the County deposits to custodial credit risk.

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Cause: The County relied on a single letter of credit from the Federal Home Loan Bank of Cincinnati as collateral. Account balances at one financial institution exceeded this amount, and additional collateral was not obtained.

Recommendation: We recommend the County establish procedures to monitor all County deposits to determine adequate collateral pledged to secure deposits is in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur

2025-006 Equity Investments

Prior Year Finding Number: N/A

Year of Finding Origination: 2025

Type of Finding: Minnesota Legal Compliance

Criteria: Minn. Stat. § 118A.09, subd. 4, states that, prior to investing in equities, the County Board must adopt a resolution that includes the following statements: The County Board understands that the equity investments have a risk of loss, the County Board understands the types of funds being invested and the specific investments themselves, and the County Board certifies that all funds designated for investment by the State Board of Investment meet the requirements of Minn. Stat. § 118A.09 and the policies and procedures established by the State Board of Investment.

Condition: The County was unable to provide support that a resolution had been passed prior to investing in equities in accordance with Minn. Stat. § 118A.09 and the policies and procedures established by the State Board of Investment.

Context: The County as of December 31, 2025, had \$147,468,117 invested through the State Board of Investment related to a non-retirement equity fund for the Ramsey County Irrevocable Trust related to other postemployment benefits. The County's investments in equities encompass approximately 12 percent of the County's total investments.

Effect: The County is not in compliance with Minn. Stat. § 118A.09, subd. 4.

Cause: The County was not aware of this statute.

Recommendation: We recommend the County pass a resolution containing the required elements and include it in its investment policy in accordance with applicable Minnesota statute.

View of Responsible Official: Concur

**Representation of Ramsey County
Saint Paul, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2025

Finding Number: 2025-001

Finding Title: Eligibility-MAXIS

Program: 93.558 Temporary Assistance for Needy Families

Name of Contact Person Responsible for Corrective Action:

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.

Supervisors will continue to conduct periodic reviews of case files to ensure that all required documentation is on file. In addition, supervisors will review the audited cases to look for any trends in errors with specific staff.

Anticipated Completion Date:

December 31, 2026

Finding Number: 2025-002

**Finding Title: Special Tests and Provisions – Child Support Non-Cooperation
Program: 93.558 Temporary Assistance for Needy Families**

Name of Contact Person Responsible for Corrective Action:

Melody Santana-Marty – Controller Community Services and Supports

Corrective Action Planned:

Internal quality controls specific to the Child Support 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 supporting non-cooperation.
- Verification of sanction implementation and removal timelines.
- Reviewing files for completeness.

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. In addition, supervisors will review the audited cases to look for any trends in errors with specific staff.

Anticipated Completion Date:

December 31, 2026

Finding Number: 2025-003

Finding Title: Eligibility - MAXIS

Program: 93.778 Grants to States for Medicaid

Name of Contact Person Responsible for Corrective Action:

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. In addition, supervisors will review the audited cases to look for any trends in errors with specific staff.

Anticipated Completion Date:

December 31, 2026

Finding Number: 2025-004

Finding Title: Procurement

Program: 16.710 Public Safety Partnership and Community Policing Grants

Name of Contact Person Responsible for Corrective Action:

Daniel Palmer, Deputy Director, Emergency Communications

Corrective Action Planned:

Upon review, we determined that program staff did not confirm with Purchasing and Contracting at the county that the contract was acceptable under our procurement policies which would have caught the error.

Three generators were purchased under this contract, and the total cost was significantly below the expected and budgeted amount. To prevent this issue from occurring in the future, Ramsey County is implementing the following corrective action:

- If the COPS Office determines that the \$273,011 purchase of generators needs to be refunded, Ramsey County is prepared to submit a Grant Award Modification (GAM) requesting to use those funds to purchase additional needed radios for Emergency Communications and Corrections.
- Enhanced training: We will provide regular training for departments to cover procurement policies and internal review processes at the department level.

Anticipated Completion Date:

December 31, 2026

Finding Number: 2025-005

Finding Title: Custodial Credit Risk – Deposits

Name of Contact Person Responsible for Corrective Action:

Jeanette Boit-Kania, Division Director, Treasurer

Corrective Action Planned:

Pursuant to Minnesota Statutes Chapter 118A, which mandates that all public deposits be adequately secured by deposit insurance, surety bonds, or pledged collateral, the existing collateral limit of \$50,000,000 (Letter of Credit No. 5-78293 dated January 2, 2025) shall be increased for the current fiscal year to ensure ongoing statutory compliance.

Anticipated Completion Date:

To completely mitigate custodial credit risk for all County deposits in accordance with Minn. Stat. Ch. 118A, an additional collateral limit of \$150,000,000 has been secured under Letter of Credit No. 5-85478, dated February 24, 2026.

Finding Number: 2025-006

Finding Title: Equity Investments

Name of Contact Person Responsible for Corrective Action:

Jeanette Boit-Kania, Division Director, Treasurer

Corrective Action Planned:

Pursuant to Minnesota Statutes Chapter 118A.90 Subd 4 relating to adoption of resolution that includes the following statements:

- (1) the governing body understands that investments under subdivision 2 have a risk of loss;
- (2) the governing body understands the type of funds that are being invested and the specific investment itself; and
- (3) the governing body certifies that all funds designated for investment through the State Board of Investment meet the requirements of this section and the policies and procedures established by the State Board of Investment.

Anticipated Completion Date:

To obtain the Board of Commissioners' approval in the upcoming meeting dated October 13, 2026.

**Representation of Ramsey County
Saint Paul, Minnesota**

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2025

Finding Number: 2024-001

Year of Finding Origination: 2020

Finding Title: Material Audit Adjustments

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 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.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2024-002

Year of Finding Origination: 2024

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

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

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

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2024-003

Year of Finding Origination: 2024

Finding Title: Eligibility and Child Support Non-Cooperation

Program: 93.558 Temporary Assistance for Needy Families

Summary of 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.

Summary of Corrective Action Previously Reported: 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.

Status: Not Corrected. Staffing changes affected the corrective plan. A controller was added to the department to focus on areas of work improvement. We will continue to focus on this plan and in addition will review audited cases to look for any trends in errors. Also, the timing for when the 2024 audit was complete did not allow time to correct for 2025.

Finding Number: 2024-004

Year of Finding Origination: 2024

Finding Title: Eligibility

Program: 93.778 Grants to States for Medicaid

Summary of 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.

Summary of Corrective Action Previously Reported: 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.

Status: Not Corrected. Staffing changes affected the corrective plan. A controller was added to the department to focus on areas of work improvement. We will continue to focus on this plan and in addition will review audited cases to look for any trends in errors. Also, the timing for when the 2024 audit was complete did not allow time to correct for 2025.

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. In 2025, Ramsey County's Grants Manager developed procedures for departments to comply with FFATA requirements. Work began to enter in subawards. Ramsey County staff entered in awards later than 30 days after the date the agreement was executed. Staff will update the procedures document and add the 30-day requirement to its workflow.

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: Fully Corrected. Corrective action was taken.