

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, 2016

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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.auditor.state.mn.us

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**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

Year Ended December 31, 2016



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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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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, 2016, 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 29, 2017.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and an item that we consider to be a significant deficiency.

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 the 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness and item 2014-001 to be a significant deficiency.

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*. 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 responses to the internal control findings identified in our audit are described in the Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 29, 2017

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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, 2016. 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 Medical Assistance Program (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, Medical Assistance Program, 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 Medical Assistance Program (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 Medical Assistance Program for the year ended December 31, 2016.

Unmodified Opinion on the Other Major Federal Program

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 program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2016.

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

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 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 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003 to be material weaknesses.

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, 2016, 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 29, 2017, 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

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 29, 2017

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **No**

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

Foster Care - Title IV-E	CFDA No. 93.658
Medical Assistance Program	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$2,507,412.

Ramsey County qualified as a low-risk auditee? **Yes**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number 2014-001

Financial Statement Preparation

Criteria: Management is responsible for preparing the County's Comprehensive Annual Financial Report (CAFR) in accordance with accounting principles generally accepted in the United States of America (GAAP). The CAFR preparation in accordance with GAAP requires internal control over preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

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

Context: The County's Project Management Office assisted in coordinating the timing and preparation of the CAFR. Also, County staff are now using the same trial balance package for all fund types to aid in producing financial statements more timely.

Effect: Because the financial statements, related notes, and supporting documentation were not prepared in a timely manner, additional audit hours were necessary to ensure amounts reported were fairly stated and to meet the Government Finance Officers Association (GFOA) deadline for submission of the County's CAFR for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Cause: While more staff was added to assist in the preparation of the CAFR, they lacked the proper experience. Therefore, the CAFR was not completed in a timely manner.

Recommendation: We recommend County management continue to train and provide additional staff time necessary to prepare the CAFR.

View of Responsible Official: Acknowledged

ITEM ARISING THIS YEAR

Finding Number 2016-001

Prior Period Adjustment

Criteria: A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards identify one indication of a material weakness in internal control as the restatement of previously issued financial statements to reflect the correction of a material misstatement due to error.

Condition: During our audit, we identified a prior period adjustment 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.

Context: The need for prior period adjustments can raise doubts as to the reliability of the County's financial information being presented.

Effect: The January 1, 2016, fund balance of the Capital Projects Fund was restated (increased) by \$11,450,802.

Cause: The County assumed the property held for resale was to be treated like other capital assets, which are only recorded at the government-wide level.

Recommendation: We recommend County staff record the property held for resale in the year the expenditures occur and in the fund that incurred the expenditures.

View of Responsible Official: Concur

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEMS ARISING THIS YEAR

Finding Number 2016-002

Eligibility

Program: U. S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award No. 05-1605MN5ADM, 2016

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 our sample of 40 cases tested:

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

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.

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.

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.

Recommendation: We recommend the Community Human Services 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

Finding Number 2016-003

Identification of Federal Awards

Program: U. S. Department of Health and Human Services' Foster Care - Title IV-E (CFDA No. 93.658), Award No. 1601MNFOST, 2016; and Medical Assistance Program (CFDA No. 93.778), Award No. 05-1605MN5ADM, 2016

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.510(b) states that the auditee must prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with § 200.502, *Basis for determining federal awards expended*.

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

Questioned Costs: None.

Context: Ramsey County provided a SEFA for the year ended December 31, 2016, which reported total federal expenditures for Foster Care - Title IV-E and the Medical Assistance Program of \$4,435,119 and \$17,691,315, respectively. The SEFA, after audit adjustments, reports total federal expenditures for Foster Care - Title IV-E and the Medical Assistance Program of \$4,924,932 and \$18,755,240, respectively, resulting in differences of \$489,813 and \$1,063,925, respectively.

Effect: The inability to properly identify and track federal expenditures or to detect misstatements in the SEFA increases the likelihood that federal expenditures would not be fairly reported, and that noncompliance with direct and material compliance requirements may occur.

Cause: The County recorded the receipt and disbursement of funds for the Foster Care - Title IV-E and the Medical Assistance Program related to the Local Collaborative Time Study reimbursement payments from the State of Minnesota in a County agency fund, which is a method that has been approved by the Minnesota DHS. The County did not make an entry to the SEFA to recognize these federal expenditures.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over identifying the expenditure populations of federal awards for its SEFA reporting.

View of Responsible Official: Concur

IV. PREVIOUSLY REPORTED ITEMS RESOLVED

2015-001 Eligibility Testing (CFDA No. 93.558)

2015-002 Reporting and Cash Management (CFDA Nos. 10.561 and 93.558)

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

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

Finding Number: 2014-001

Finding Title: Financial Statement Preparation

Name of Contact Person Responsible for Corrective Action:

Mike Webster. Financial Reporting and Accounting Manager
651-266-8044
mike.webster@co.ramsey.mn.us

Corrective Action Planned:

The newly hired employee began work last fall made significant contributions to this year's financial report. We have not had a truly stable staff in the preparation of the financial statements in over six years due to employee turnover in key financial positions within the County. The key to be more timely is to be fully staffed and the time to develop knowledge of the Aspen financial system. Time is needed to develop into a fully functioning team and specific job knowledge. We will review the areas we have identified as needing improvement and we will re-engineer them. We have already begun to develop procedures, tools and training for those departments we have experienced issues with during this cycle of financial statement preparation. Since central Finance is dependent upon outside departments we will continue to work with those departments that were unable to independently complete their own financial statements or to complete assigned tasks that contributed to our delays. We anticipate with our support that they will be able to better meet our deadlines in completing their work. Those areas we have identified where we can improve along with proposed strategies will increase our overall timeliness.

Anticipated Completion Date:

We are planning that with the adoption of some of our proposals we are anticipating improved timeliness of the completion of the financial statements December 15, 2017.

Finding Number: 2016-001
Finding Title: Prior Period Adjustment

Name of Contact Person Responsible for Corrective Action:

Mike Webster. Financial Reporting and Accounting Manager
651-266-8044
mike.webster@co.ramsey.mn.us

Corrective Action Planned:

A journal entry was made prior to the audit exit conference to recognize the Land Held for Resale in the Capital Projects Fund.

Anticipated Completion Date:

June 29, 2017.

Finding Number: 2016-002
Finding Title: Eligibility
Program: Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Tina Curry, MSW - Director, Financial Assistance Services Department

Corrective Action Planned:

- 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.

Anticipated Completion Date:

Developing and implementing corrective action continues throughout 2017 with an anticipated date of 12/31/2017.

Finding Number: 2016-003

Finding Title: Identification of Federal Awards

Programs: Foster Care - Title IV-E (CFDA No. 93.658) and Medical Assistance Program (CFDA No. 93.778)

Name of Contact Person Responsible for Corrective Action:

Janelle White, Controller, Health and Wellness Administrative Division

Corrective Action Planned:

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 be updated to include these two awards when preparing the SEFA for the General Fund.

Anticipated Completion Date:

The preparation of the 12/31/2017 SEFA will include this information as workpapers have updated as of June 2017.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 for the year ended December 31, 2015.

Summary of Corrective Action Previously Reported: The County's Finance Department planned to fill two vacant positions with individuals that have governmental accounting and financial reporting experience. The County also planned to provide training to a department that was unable to complete two of the financial statements for the year ended December 31, 2015.

Status: Corrective action plan implemented.

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

Yes _____ No X

Finding Number: 2015-001

Finding Title: Eligibility Testing

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

Summary of Condition: Out of the 40 case files tested for eligibility requirements, 4 had missing or incomplete applications, 2 had missing or expired documentation to verify citizenship or current immigration status, and in 1 instance, the income in MAXIS did not agree with the pay check documentation in the case file.

Summary of Corrective Action Previously Reported: Review the training needs of new and experienced staff and revamp current training processes. Develop a quality assurance team responsible for performing internal audits reviewing case files for payment accuracy, eligibility, and documentation. The Department adopted the use of Blue Zone scripts which alerts the worker to ask and enter pertinent eligibility data.

Status: Fully Corrected. Corrective action was taken.

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

Yes _____ No X

Finding Number: 2015-002

Finding Title: Reporting and Cash Management

Programs: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561) and Temporary Assistance for Needy Families (CFDA No. 93.558)

Summary of Condition: The County over-reported expenditures by \$154,749 on the 2015 third quarter DHS-2550 Cost Report, which resulted in an overpayment of \$106,216 by the Minnesota Department of Human Services (DHS) to the County. Also supervisor approval of the DHS-2550 reports occurs after the reports have been submitted to DHS.

Summary of Corrective Action Previously Reported: The 2015 third quarter DHS-2550 Cost Report was resubmitted with the corrected numbers. In order to prevent the potential overstating of expenditures on the DHS-2550 Cost Report, the preparer of the report will have it reviewed by either the Assistant Controller or the Controller of the Community Human Services Administrative Division, prior to the report being submitted to DHS.

Status: Fully Corrected. Corrective action was taken.

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

Yes _____ No X

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	02F705	\$ 29,964	\$ -
National School Lunch Program	10.555	02F701	48,002	-
National School Lunch Program	10.555	02F702	8,976	-
(Total National School Lunch Program 10.555 \$56,978)				
(Total Child Nutrition Cluster \$86,942)				
Passed through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children				
	10.557	12-700-00093	3,336,137	-
Passed through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	16162MN-101S2514	5,685,262	-
Passed through Minnesota Department of Agriculture				
WIC Farmers' Market Nutrition Program (FMNP)				
	10.572	Not Provided	6,086	-
Direct				
Wildlife Habitat Incentive Program				
	10.914		<u>2,298</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>\$ 9,116,725</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Direct				
Community Development Block Grants/Entitlement Grants				
	14.218		\$ 747,807	\$ 520,956
Supportive Housing Program				
	14.235		386,740	386,740
Continuum of Care Program				
	14.267		85,000	-
Passed through Dakota County Community Development Agency				
Home Investment Partnerships Program				
	14.239	M16-DC-27-0203	162,684	-
Passed through Hennepin County, Minnesota				
Lead-Based Paint Hazard Control in Privately-Owned Housing				
	14.900	Not Provided	<u>394,785</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 1,777,016</u>	<u>\$ 907,696</u>

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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				
Direct				
State Criminal Alien Assistance Program	16.606		\$ 110,084	\$ -
Equitable Sharing Program	16.922		60,570	-
Passed through Minnesota Department of Public Safety				
Juvenile Accountability Block Grants	16.523	AO-6104	1,376	-
Crime Victim Assistance	16.575	SOS-0389	29,745	-
Crime Victim Assistance	16.575	AO-0408	14,688	-
Crime Victim Assistance	16.575	SOS-0640	29,938	-
Crime Victim Assistance	16.575	AO-0661	18,672	-
Crime Victim Assistance	16.575	SOS-0957	50,811	-
Crime Victim Assistance	16.575	AO-0945	9,758	-
Crime Victim Assistance	16.575	AD-1218	16,128	-
(Total Crime Victim Assistance 16.575 \$169,740)				
Violence Against Women Formula Grants	16.588	AO-5539	12,625	-
Violence Against Women Formula Grants	16.588	AO-5928	11,625	-
Violence Against Women Formula Grants	16.588	AO-6421	12,625	-
Violence Against Women Formula Grants	16.588	AO-6872	11,625	-
Violence Against Women Formula Grants	16.588	SOS-6044	2,309	-
Violence Against Women Formula Grants	16.588	SOS-6245	2,160	-
Violence Against Women Formula Grants	16.588	SOS-6928	1,930	-
Violence Against Women Formula Grants	16.588	SOS-7164	3,602	-
(Total Violence Against Women Formula Grants 16.588 \$58,501)				
Passed through City of Saint Paul, Minnesota				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0912	47,805	-
Passed through Minnesota Trial Courts				
Drug Court Discretionary Grant Program	16.585	Not Provided	362,934	-
Total U.S. Department of Justice			\$ 811,010	\$ -
U.S. Department of Labor				
Passed through Minnesota Department of Employment and Economic Development				
WIA/WIOA Cluster				
WIA/WIOA Adult Program	17.258	5153100	\$ 394,423	\$ 115,510
WIA/WIOA Adult Program	17.258	6153100	77,670	22,746
(Total WIA/WIOA Adult Program 17.258 \$472,093)				
WIA/WIOA Youth Activities	17.259	5153600	217,492	76,740
WIA/WIOA Youth Activities	17.259	6153600	435,462	153,650
(Total WIA/WIOA Youth Activities 17.259 \$652,954)				
(Total WIA/WIOA Cluster \$1,610,009)				
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	5157200	76,924	-

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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 Labor				
Passed through Minnesota Department of Employment and Economic Development (Continued)				
WIA/WIOA Cluster				
WIA/WIOA Dislocated Worker Formula Grants	17.278	5158000	269,545	157,660
WIA/WIOA Dislocated Worker Formula Grants	17.278	615800	215,417	126,000
(Total WIA/WIOA Dislocated Worker Formula Grants 17.278 \$484,962)				
(Total WIA/WIOA Cluster \$1,610,009)				
Total U.S. Department of Labor			\$ 1,686,933	\$ 652,306
U.S. Department of Transportation				
Passed through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	6210244	\$ 103,183	\$ -
Highway Planning and Construction	20.205	6213070	29,656	-
Highway Planning and Construction	20.205	6214108	55,622	-
Highway Planning and Construction	20.205	6214063	748,000	-
Highway Planning and Construction	20.205	6213024	20,666	-
Highway Planning and Construction	20.205	6216136	1,972,305	-
Highway Planning and Construction	20.205	1001458	630,000	-
Highway Planning and Construction	20.205	Not Provided	1,117,862	-
(Total Highway Planning and Construction 20.205 \$4,677,294)				
Passed through Metropolitan Council				
Alternatives Analysis	20.522	SG-2009-050	589,411	-
Passed through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	SD-1555	4,522	-
State and Community Highway Safety	20.600	SD-1631	3,422	-
State and Community Highway Safety	20.600	SD-1831	25,849	-
State and Community Highway Safety	20.600	SD-2033	46,510	-
State and Community Highway Safety	20.600	SD-2239	21,682	-
(Total State and Community Highway Safety 20.600 \$101,985)				
(Total Highway Safety Cluster \$599,825)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Intoxicated	20.608	SD-2239	97,291	-
Highway Safety Cluster				
National Priority Safety Programs	20.616	SD-1555	167,425	-
National Priority Safety Programs	20.616	SD-1631	94,638	-
National Priority Safety Programs	20.616	SD-1831	101,305	-
National Priority Safety Programs	20.616	SD-2033	106,588	-
National Priority Safety Programs	20.616	SD-2239	27,884	-
(Total National Priority Safety Programs 20.616 \$497,840)				
(Total Highway Safety Cluster \$599,825)				
Total U.S. Department of Transportation			\$ 5,963,821	\$ -

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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				
Direct				
Family Planning - Services	93.217		\$ 496,270	\$ -
Passed through Minnesota Department of Human Services				
Guardianship Assistance	93.090	1601MNGARD	124,846	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	SM016024-15	454,265	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	UR3DD000842	1,050	-
Promoting Safe and Stable Families	93.556	G-1601MNFPS	245,426	157,440
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$16,594,989)	93.558	1601MNTANF	15,823,956	7,550,005
Child Support Enforcement	93.563	1604MNCEST	11,395,359	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1601MNRMA	8,274	-
Child Care and Development Block Grant	93.575	G1601MNCCDF	1,077,217	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	126,450	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	56,873	-
Foster Care - Title IV-E	93.658	1601MNFOST	4,924,932	-
Adoption Assistance	93.659	1601MNADPT	530,471	-
Social Services Block Grant	93.667	16-01MNSOSR	3,500,118	-
Child Abuse and Neglect State Grants	93.669	G-1601MNCA01	305	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	32,988	-
Medical Assistance Program	93.778	05-1605MNSADM	18,755,240	-
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Not Provided	53,794	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI010027-15	801,634	-
Passed through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	6NU90TP000529-05-03	487,304	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	Not Provided	11,334	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Not Provided	11,000	-
Affordable Care Act (ACA) Abstinence Education Program	93.235	1501MNAEGP	250,224	-
Universal Newborn Hearing Screening	93.251	Not Provided	10,700	-
Immunization Cooperative Agreements	93.268	Not Provided	197,304	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Not Provided	1,716,388	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$16,594,989)	93.558	Not Provided	771,033	-
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	5UE1EH001268-03	15,000	-

**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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 Health (Continued)				
Cooperative Agreements for State-Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	Not Provided	1,462	-
HIV Prevention Activities - Health Department Based	93.940	U62PS003701	81,208	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	1,605,210	-
Total U.S. Department of Health and Human Services			\$ 63,567,635	\$ 7,707,445
U.S. Department of Homeland Security				
Passed through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2016-RAMSEYCO-1655	\$ 110,444	\$ -
Emergency Management Performance Grants	97.042	F-EMPG-2016-RAMSEYCO-1774	38,484	-
Emergency Management Performance Grants	97.042	F-EMPG-2016-RAMSEYCO-1765	50,382	-
Emergency Management Performance Grants	97.042	F-EMPG-2016-RAMSEYCO-1909	38,871	-
(Total Emergency Management Performance Grants 97.042 \$238,181)				
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0578	34,779	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0586	42,406	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0575	36,788	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0673	2,250	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0676	12,800	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0679	6,309	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0674	3,642	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0677	29,370	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0675	30,906	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0742	37,485	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0691	39,849	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0741	13,613	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0727	4,555	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0748	15,171	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0768	44,233	-
Homeland Security Grant Program	97.067	A-UASI-2014-RAMSEYCO-0765	49,784	-
(Total Homeland Security Grant Program 97.067 \$403,940)				
Passed through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	FBG-092816	15,125	-
Total U.S. Department of Homeland Security			\$ 657,246	\$ -
Total Federal Awards			\$ 83,580,386	\$ 9,267,447

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**RAMSEY COUNTY
SAINT PAUL, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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	\$	83,631,140
Grants received more than 60 days after year-end, deferred in 2016		
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 Supplemental Nutrition Assistance Program		23,718
Temporary Assistance for Needy Families		292,378
Grants deferred in 2015, recognized as revenue in 2016		
Federal Railroad Administration - HS1PR		(680,940)
Alternatives Analysis		(77,531)
		<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	\$	<u>83,580,386</u>