

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Isanti County Cambridge, Minnesota

Management and Compliance Report

Year Ended December 31, 2020

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 100 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 Minnesota’s local public pension funds; and

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

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

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Isanti County Cambridge, Minnesota

Year Ended December 31, 2020



Office of the State Auditor

Management and Compliance Report

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of County Commissioners
Isanti County
Cambridge, 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, each major fund, and the aggregate remaining fund information of Isanti County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Isanti 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Isanti 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 Isanti County failed to comply with the provisions of the contract and bidding 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 item 2020-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that Isanti County failed to comply with the provisions of the deposits and investments, 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.

Isanti County's Response to Findings

Isanti County's responses to the internal control and legal compliance 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/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

July 14, 2021



**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
Isanti County
Cambridge, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Isanti 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, 2020. Isanti 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 Isanti 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 Isanti 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.

Opinion on Each Major Federal Program

In our opinion, Isanti 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 major federal programs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

Isanti County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The 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 Isanti 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.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002, that we consider to be a significant deficiency.

Isanti County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The 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.

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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Isanti County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated July 14, 2021, 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 Isanti County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by the 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.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

July 14, 2021

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

The major federal programs are:

Formula Grants for Rural Areas and Tribal Transit Program	CFDA No. 20.509
COVID-19 – Coronavirus Relief Fund	CFDA No. 21.019

The threshold for distinguishing between Types A and B programs was \$750,000.

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

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

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-002

Repeat Finding Since: 2007

Monitoring Internal Controls/Accounting Policies and Procedures Manual

Criteria: County management is responsible for developing and monitoring its internal controls. An essential element of monitoring controls would include documenting the County's accounting policies and procedures and performing a risk assessment of existing controls over significant functions of the accounting system used to produce financial information for members of the County Board, management, and for external financial reporting. Written policies and procedures should exist to ensure the County's practices are followed as intended by management. The risk assessment is intended to determine if the internal controls established by management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided. Significant internal controls would cover areas such as cash and investment activities; major funding sources (taxes, intergovernmental revenues, charges for services, and miscellaneous items); expenditure processing, including new vendor set-up; and payroll.

Condition: Significant internal controls of the County's accounting system have not been documented. The County lacks written policies and procedures, including risk assessment and monitoring procedures.

Context: Without formal policies and procedures, including risk assessment and monitoring procedures, the County increases its risk of fraud. Monitoring of internal controls is necessary to determine controls are in place and operating effectively.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Effect: As a result of this condition, the County's practices may not be followed as intended by management, and employees may not understand the purpose of internal controls. The lack of risk assessment and monitoring procedures increases the risk of fraud.

Cause: Several years ago, the County began the process of developing formal policies and procedures, including monitoring and risk assessment procedures. Due to limited time and resources, the County has been unable to complete this project.

Recommendation: We recommend County management continue its efforts to document the significant internal controls in its accounting system. We further recommend that a formal plan be developed that calls for assessing and monitoring the significant internal controls on a regular basis, no less than annually. The monitoring should be documented to show the results of the review, changes required, and who performed the work.

View of Responsible Official: Acknowledged

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2020-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Subrecipient Monitoring

Program: U.S. Department of the Treasury's Coronavirus Relief Fund (CFDA No. 21.019), Award No. SLT0016, 2020

Pass-Through Agency: Minnesota Management and Budget

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. Also, the

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

County must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient; evaluating the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; and monitoring the activities of the subrecipient.

Condition: The County did not document risk assessment procedures or monitoring activities (i.e., on-site visits or phone conversations) performed over its subrecipients. For one subrecipient selected for testing, the Catalog of Federal Domestic Assistance (CFDA) number was not included in the agreement. For another subrecipient selected for testing, there was no signed subrecipient agreement in place. Additionally, the County does not have documented policies and procedures for subrecipient monitoring.

Questioned Costs: None.

Context: Isanti County passed funds to local governments the County is familiar with and who have been operating for many years.

Effect: The County is not meeting federal regulations pertaining to subrecipient monitoring. Also, the County cannot be assured that their subrecipients are administering federal awards in compliance with all applicable federal requirements.

Cause: Isanti County does not generally provide federal awards to subrecipients and, therefore, did not have policies and procedures in place for subrecipient monitoring activities. Additionally, the County was not aware of the full extent of requirements for subrecipient monitoring.

Recommendation: We recommend the County establish procedures for completing risk assessments and monitoring procedures over federal programs passed through to subrecipients, as well as creating and maintaining proper documentation to meet the requirements of federal programs. This would include documenting the monitoring procedures performed (such as on-site visits and review of the subrecipients' audit findings) and any related follow-up on findings, and performing and documenting a risk assessment of subrecipients. Additionally, we recommend the County require subrecipients to sign agreements that include all federal required information, including the applicable CFDA numbers. We also recommend the County develop and document policies and procedures for monitoring all federal awards passed through to subrecipients.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

View of Responsible Official: Acknowledged.

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

Finding Number: 2020-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Contracting and Bidding

Criteria: Minnesota Statutes, Section 270C.66, states that, before making final settlement with any contractor under a contract requiring the employment of employees for wages by the contractor and by subcontractors, the County is required to obtain a certificate from the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minn. Stat. § 290.92.

Minnesota Statutes, Section 574.26, requires contractors doing public work to give both a performance bond and a payment bond in an amount not less than the contract price if the contract is more than \$175,000.

Minnesota Statutes, Section 471.425, subdivision 4a, requires that each contract of a municipality must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the municipality for undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of one and one-half percent per month, or any part of a month, to the subcontractor on any undisputed amount not paid on time to the subcontractor.

In addition, the County's purchasing policy states that if the County Board or an authorized County official has declared a state of emergency within the County and activated the County's emergency response plan, department heads are authorized to make emergency purchases in an amount not to exceed \$100,000 without County Board approval.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Condition: During testing of compliance with the State of Minnesota contracting and bid laws and the County's purchasing policy, noncompliance with the following was noted:

- For two of the five contracts tested that included the employment of individuals for wages by the contractor and where final payment had been made, the final payment was issued prior to receiving a Minnesota Department of Revenue approved Form IC-134, which requires the reporting of employee withholdings, from the contractor.
- For two of the five contracts tested over \$175,000, the County did not receive a performance bond or a payment bond. The contracts totaled \$763,288 and \$354,250. In addition, the County did not include notification to the contractor regarding prompt payment notice. Lastly, neither of the contracts received Board approval as required by County policy during a State of Emergency.

Context: Individual County departments are responsible for overseeing the contracting and bidding process for their own projects and purchases, and for obtaining the required certificate prior to submitting the final payment for processing.

Effect: Noncompliance with Minn. Stat. §§ 270C.66, 574.26, and 471.425 and the County's purchasing policy.

Cause: Staff from the County's individual departments were not aware of all of the contract requirements.

Recommendation: We recommend the County review the statutory requirements and purchasing policy with all departments to ensure compliance with applicable contracting and bidding statutes for all future contracts. In addition, adequate documentation of compliance should be maintained.

View of Responsible Official: Acknowledged

V. PREVIOUSLY REPORTED ITEM RESOLVED

2019-001 Segregation of Duties



ISANTI COUNTY AUDITOR-TREASURER

Chad Struss, Auditor-Treasurer

555 18th Avenue SW

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REPRESENTATION OF ISANTI COUNTY CAMBRIDGE, MINNESOTA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2020-001

Finding Title: Monitoring Internal Controls/Accounting Policies and Procedures Manual

Name of Contact Person Responsible for Corrective Action:

Chad Struss, County Auditor-Treasurer

Corrective Action Planned:

1. The County will adopt additional accounting policies and procedures as part of its ongoing long-term financial planning process.
2. The County will develop a formal plan to test and monitor internal controls on an annual basis.

Anticipated Completion Date:

The County plans to adopt the additional accounting policies and procedures by the end of the fourth quarter of 2021. The County will complete the plan to test and monitor internal controls by the end of the fourth quarter of 2021.

Finding Number: 2020-002

Finding Title: Subrecipient Monitoring

Program: Coronavirus Relief Fund (CFDA No. 21.019)

Name of Contact Person Responsible for Corrective Action:

Chad Struss, County Auditor-Treasurer

Corrective Action Planned:

The County will adopt a subrecipient monitoring policy as well as procedures for documenting the risk assessment and monitoring procedures. The policy will require both the County and the subrecipient to sign an agreement that identifies the applicable CFDA number and any required federal information.

Anticipated Completion Date:

The County plans to adopt the subrecipient monitoring policy, risk assessment procedures, and monitoring procedures by the end of third quarter 2021.

Finding Number: 2020-003

Finding Title: Contracting and Bidding

Name of Contact Person Responsible for Corrective Action:

Chad Struss, County Auditor-Treasurer

Corrective Action Planned:

The County will provide training on its purchasing policy and state statutes regarding contracting and bid laws with all department heads. As part of the training, the County will emphasize the need to retain documentation as evidence of compliance with statutory requirements.

Anticipated Completion Date:

The County plans to provide training on the County purchasing policy and state statutes regarding contracting and bid laws to all departments by the end of third quarter 2021.



ISANTI COUNTY AUDITOR-TREASURER

Chad Struss, Auditor-Treasurer

555 18th Avenue SW
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**REPRESENTATION OF ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2019-001
Repeat Finding Since: 2005
Finding Title: Segregation of Duties

Summary of Condition: The County Highway Department lacks proper segregation of duties. The Department generally has one staff person who is responsible for billing, collecting, recording, and depositing receipts and preparing reports.

Summary of Corrective Action Previously Reported: The County will review the internal control system within the Highway Department. Based on this review, the County Auditor-Treasurer Department will work with the Highway Department management to determine appropriate additional internal controls.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2019-002
Repeat Finding Since: 2007
Finding Title: Monitoring Internal Controls/Accounting Policies and Procedures Manual

Summary of Condition: Significant internal controls of the County's accounting system have not been documented. The County lacks written policies and procedures, including risk assessment and monitoring procedures.

Summary of Corrective Action Previously Reported: The County will adopt additional accounting policies and procedures as part of its ongoing long-term financial planning process, and will develop a formal plan to test and monitor internal controls on an annual basis.

Status: Not Corrected. The County has limited staff available to document and test its internal controls. However, the County continues to adopt additional policies and procedures as well as revise existing policies and procedures. The county plans to address monitoring of internal controls in future updates to its policies and procedures. Please see corrective action plan for further information.

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

Yes _____ No X

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	\$ 176,854	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202MN101S2520	234,321	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$261,692)	10.561	202MN101S2514	27,371	-
Total U.S. Department of Agriculture			\$ 438,546	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2020-ISANTIAO-023	\$ 54,001	\$ -
Violence Against Women Formula Grants	16.588	A-SMART-2020-ISANTIAO-00004	13,000	-
Total U.S. Department of Justice			\$ 67,001	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	3020202	\$ 77,868	\$ -
Highway Planning and Construction (Total Highway Planning and Construction 20.205 \$88,067)	20.205	3019238	10,199	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	1035591	387,098	-
COVID-19 – Formula Grants for Rural Areas and Tribal Transit Program (Total Formula Grants for Rural Areas and Tribal Transit Program 20.509 \$1,571,410)	20.509	1035591	1,184,312	-
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-SAFE20-2020-ISANTIPH-013	3,602	-
Passed Through City of Isanti, Minnesota Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	2,877	-
Total U.S. Department of Transportation			\$ 1,665,956	\$ -
U.S. Department of Treasury				
Passed Through Minnesota Management and Budget COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	\$ 4,893,480	\$ 700,000
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	B04MC32551	\$ 2,024	\$ -

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Election Assistance Commission				
Passed Through Minnesota Secretary of State COVID-19 – 2018 HAVA Election Security Grants	90.404	197329	\$ 24,566	\$ 9,793
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	127888	\$ 34,542	\$ -
Early Hearing Detection and Intervention	93.251	Not provided	450	-
Immunization Cooperative Agreements	93.268	Not provided	450	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not provided	225	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$280,589)	93.558	2001MNTANF	19,098	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC32551	43,758	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPS	6,072	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$280,589)	93.558	2001MNTANF	261,491	-
Child Support Enforcement	93.563	2001MNCEST	771,395	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$994,713)	93.563	2001MNCSES	223,318	-
Refugee and Entrant Assistance State Administered Programs CCDF Cluster	93.566	2001MNRDMA	310	-
Child Care and Development Block Grant	93.575	2001MNCCDF	22,984	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	4,490	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	4,046	-
Foster Care Title IV-E	93.658	2001MNFOST	236,490	-
Social Services Block Grant	93.667	2001MNSOSR	173,295	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	1,709	-
Children's Health Insurance Program	93.767	2005MN5021	559	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	1,158,149	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,187,925)	93.778	2005MN5MAP	29,776	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI010027	950	-
Total U.S. Department of Health and Human Services			\$ 2,993,557	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	173707	\$ 4,500	\$ -
Passed Through Minnesota Department of Public Safety				
Homeland Security Grant Program	97.067	A-UASI-2017-ISANTICO-0007	3,946	-
Homeland Security Grant Program	97.067	A-UASI-2018-ISANTICO-0008	18,209	-
Homeland Security Grant Program (Total Homeland Security Grant Program 97.067 \$37,009)	97.067	A-UASI-2019-ISANTICO-0009	14,854	-
Total U.S. Department of Homeland Security			\$ 41,509	\$ -
Total Federal Awards			\$ 10,126,639	\$ 709,793

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 261,692	
Total expenditures for Highway Planning and Construction Cluster			88,067	
Total expenditures for Highway Safety Cluster			3,602	
Total expenditures for CCDF Cluster			22,984	
Total expenditures for Medicaid Cluster			1,187,925	

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Isanti County. The County's reporting entity is defined in Note 1 to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Isanti County under programs of the federal government for the year ended December 31, 2020. 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 Isanti County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Isanti County.

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.

2. De Minimis Cost Rate

Isanti County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 10,321,315
Grants received in advance and not expended in 2020	
COVID-19 – Coronavirus Relief Fund	(44,560)
Grants received more than 60 days after year-end, unavailable in 2020	
Highway Planning and Construction	6,354
Temporary Assistance for Needy Families	67,657
Homeland Security Grant Program	27,175
Unavailable in 2019, recognized as revenue in 2020	
Highway Planning and Construction	(33,076)
Formula Grants for Rural Areas	(162,816)
Promoting Safe and Stable Families	(1,985)
Temporary Assistance for Needy Families	(3,661)
Community-Based Child Abuse Prevention Grants	(1,812)
Stephanie Tubbs Jones Child Welfare Services Program	(1,520)
Foster Care Title IV-E	(37,946)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	(481)
Maternal and Child Health Services Block Grant to the States	(3,232)
Homeland Security Grant Program	(4,773)
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Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 10,126,639</u>