

ANOKA COUNTY

**INTERNAL AUDIT COMMITTEE AGENDA
and Meeting of the Anoka County Board of Commissioners****

Commissioners Look (Chair) and Schulte;
Brian Page; Ryan Hardin; Rhonda Sivarajah

FOR THE JUNE 27, 2022 MEETING

8:30 a.m.

Room #772 – Government Center

1. Public Comment: Public comments are welcome at this time. In consideration of others wishing to speak, please limit comments to 2 minutes. Questions directed to the committee will not be answered immediately; however, whenever possible, all appropriate questions will be responded to in a timely and effective manner by county staff.
2. Approval of Agenda
3. Chairman's Remarks
4. Approval of Internal Audit Committee Meeting Minutes of December 16, 2021
5. Business
 - A. Office of the State Auditor to Present
 - B. Approve 2022 Audit Plan
 - C. Verbal Report on Current Audits
 - D. Other
 - E. Options for Next Meeting – TBD

*** Actions taken by this Committee do not bind the County Board. In addition to the County Commissioners appointed to this committee, additional County Commissioners may attend. Non-committee Commissioners may choose to participate in the discussions and/or ask questions, but they will not vote on any item, nor will they agree to take a specific action on business conducted by the committee. If their attendance and limited participation in the committee meeting is considered a meeting of the County Board, this shall serve as notice of a County Board meeting. This shall also serve as notice of a County Board Meeting for any committee comprised of four or more members of the board.*

**ANOKA COUNTY
INTERNAL AUDIT COMMITTEE REPORT**

FOR THE JANUARY 4, 2022 COUNTY BOARD MEETING

The Internal Audit Committee meeting was held on Thursday, December 16, 2021, in Room #772, Anoka County Government Center, Anoka, Minnesota.

Persons Present: **Committee Members** – Commissioner Matt Look, Chair; Commissioner Scott Schulte; Rhonda Sivarajah, County Administrator

Others Present – Randall Vogt, Director, Office of the State Auditor; Juli Mader, Office of the State Auditor; Brenda Pavelich-Beck, Accounting Director, Finance and Central Services; Chuck Denninger, Internal Auditor; Joshua Kent, Manager, Finance and Central Services

Not Present: **Committee Member** – Brian Page, Citizen Member

All items were approved by all committee members unless otherwise noted.

The report of the October 5, 2021 committee meeting was approved as written.

Information Items

1. Randy Vogt and Juli Mader from the Office of the State Auditor (OSA) conducted the entrance meeting for the County's annual audit for the year ended December 31, 2021. The audit report will be completed by June 2022.
2. A draft of the 2022 Audit Plan was presented by the Internal Auditor. Motion was made, seconded and approved to accept the draft of the 2022 Audit Plan. The Plan, as stipulated in the Internal Audit Charter Statement, will be submitted to the county commissioners for comment. Subsequent to the comment period, the committee will consider approval of the Plan at the next meeting.
3. The Internal Auditor provided a verbal report on other areas of audit work; there were no major concerns raised.
4. Commissioner Look stated that he has a potential candidate for the committee to replace Bob Thistle.
5. The next meeting of the Internal Audit Committee will be in March 2022. The meeting was adjourned at 9:25 a.m.

**Anoka County - Internal Audit Department
Internal Audit Committee
2022 Audit Plan**

DRAFT

<u>Project Name</u>	<u>Comments and Notes</u>
Accounts Payable - Office of the State Auditor	Perform detail testing of Accounts Payable within Finance & Central Services.
Contracts - Office of the State Auditor	Coordinate with the Office of the State Auditor (OSA).
Workday Payroll system	Identify, evaluate and validate key internal controls surrounding the new payroll system.
Joint Powers Agreements Review	Evaluate current processes and procedures surrounding expenditures.
Property Records and Taxation - Cash receipting.	Identify, evaluate and validate key internal controls surrounding cash receipting within the new Tyler system.
Information Technology - Limited review of fixed assets and background checks of IT personnel.	Physical inventory to ensure existence and accountability of major IT hardware purchases.
Statutory review of Sheriff's accounts	After the new Sheriff takes office (January 2023) perform a review of account balances.
Follow-up Selected Audits	Assess adequacy of financial internal controls designed into system to address prior reported audit concerns.
2022 Risk assessment and develop 2023 Audit Plan	Meet with key management throughout the county; evaluate impact of key changes in personnel, data systems, etc..
Management Requests	Provide management with insight and expertise relating to risk awareness and internal controls (includes American Rescue Plan).

**Anoka County - Internal Audit Department
Internal Audit Committee
2022 Audit Plan**

DRAFT

Audits

Accounts Payable: This audit examines calendar year 2022 payables processed by Finance & Central Services. It examines whether invoices and claims have been authorized, processed, and accounted for according to established policies and procedures.

Contracts - Office of the State Auditor: This project involves coordination as outlined in the Internal Audit Standards. This standard calls for the sharing of information and coordination of activities to ensure proper coverage and to minimize the duplication of efforts. Past work has involved such things as the audit of contract compliance.

Management Requests: This is a portion of audit time resources held in reserve. Smaller requests may be taken up directly with the internal auditor while larger time commitments require Internal Audit Committee approval. Larger requests give more attention, at project initiation, to the definition of scope, objectives and timing.

Follow-up on Selected Audits in 2022: Annually, the Office of the State Auditor, Internal Audit, or other auditors may make recommendations. This area relates to follow-ups and verifies agreed upon actions were taken.

MISSION STATEMENT: Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

REDUCE RISKS – STRENGTHEN CONTROLS



Anoka County

COUNTY ADMINISTRATION

Internal Audit

CHUCK
DENNINGER
Internal Auditor
763-324-4606

May 17, 2022

TO: The File

FROM: C. T. Denninger, Internal Auditor

SUBJECT: Memorandum on Review – Human Services
Social Services - Prior Reported Audit Issue – User Access

An Internal Audit report dated September 30, 2021 included results of a review of administration of user access to State computer applications. Access was not removed on a timely basis for terminated employees and contractors. Internal Audit conducted a follow-up in April 2022 of audit recommendations that had been made focusing on the Human Services Division – Social Services.

Social Services has an administrator who handles the addition, modification, and removal of employee access to the State's SSIS application. The processes for removing user access were reviewed and tested. Former Human Services employees and former contractors who were terminated between August 2021 and April 2022 were included in detail testing.

User access to the State's SSIS application was removed on a timely basis after county employees were terminated. However, two outside contractors who had user access to the SSIS computer application and left employment did not have their access disabled; the outside agency had not informed the county on a timely basis that the contractors had left employment. Management had identified and corrected these two matters prior to the follow-up review.

Recommendation: Continue emphasizing the need to remove user access at the agency upon the contractor's termination date.

Management Comment: Agreed. Corrective action was taken since the last audit to remove former agency contractor user access on a timely basis.

cc: Cindy Cesare
Cory Kampf
Jerry Pederson
Rhonda Sivarajah



Anoka County

COUNTY ADMINISTRATION

Internal Audit

**CHUCK
DENNINGER**
Internal Auditor
763-324-4606

March 1, 2022

TO: The File

FROM: C. T. Denninger, Internal Auditor

SUBJECT: Memorandum on Review – License Centers
Prior Reported Audit Issue - Restrictive Endorsements

An Internal Audit report dated June 23, 2021 included results of a review of scanned checks; all checks had not been restrictively endorsed. Each workstation is outfitted with a restrictive endorsement stamp. Applying the stamp at the end of each check-related transaction reduces the risk associated with checks being improperly handled. On the one hand, the checks are deposited to the County's bank when they are scanned at the end of the business day. On the other hand, there are opportunities for employees to subsequently access the checks that were not restrictively endorsed.

An audit recommendation was made in June, 2021 that personal checks received at License Centers should be restrictively endorsed immediately at the end of each transaction. On February 25, 2022, a limited follow-up review was conducted.

License Centers retain processed, canceled checks for 90 days. The Internal Auditor reviewed at least one day's batch of processed checks for each of the last three months at all four sites, totaling approximately 1,000 checks, to ensure each check was restrictively endorsed. Results indicated four checks were missing the restrictive endorsement stamp.

Each cash drawer at all four sites was also inspected for checks to ensure that each check was restrictively endorsed. Checks in each active counter drawer on Feb 25, 2022 were included in the review. One of eight checks in one drawer was not restrictively endorsed.

Given the quantity of exceptions noted, compared to the volume of transactions reviewed, the exception rate was deemed to be de-minimis. The reported internal control concern was considered remediated. No systematic errors were identified. No further review and no further reporting are deemed necessary.

cc: Dee Guthman
Cory Kampf
John Lenarz
Rhonda Sivarajah