

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 December 16, 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 September 12, 2022
5. Business
 - A. Office of the State Auditor to Present
 - B. 2022 Limited Audit of Cash Handling - Summary Report (approval required)
 - C. 2022 Limited Review of Elections - Summary Report (approval required)
 - D. Draft 2023 Audit Plan (document to be handed out at meeting)
 - E. Verbal Report on Current Audits
 - F. Other – Approve Internal Auditor to Facilitate Course in Chicago for the Institute of Internal Auditors (IIA) in May 2023. All travel costs to be paid by the IIA.
 - G. 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 SEPTEMBER 27, 2022, COUNTY BOARD MEETING

The Internal Audit Committee meeting was held on Monday, September 12, 2022, in Room #772, Anoka County Government Center, Anoka, Minnesota.

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

Others Present – Pam LeBlanc, Division Manager, Property Records and Taxation; Cory Kampf, Division Manager, Finance and Central Services,; Brenda Pavelich-Beck, Accounting Director, Finance and Central Services; Chuck Denninger, Internal Auditor; Tom Hunt, Elections Manager; Amy Kirk, 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 June 27, 2022, committee meeting was approved as written.

Information Items

1. The committee approved the Summary Report - Limited Audit of Donations. A limited review was performed of donations to the county. State statute 465.03 requires that monetary and non-monetary gifts are to be reported to and accepted by the county board. Prior to the audit, procedures had been developed and in use to report donated gifts to the county board. Opportunities to strengthen internal controls surrounding these procedures were identified during the course of the audit. Management agreed to implement a county-wide policy donation policy.
2. The Internal Auditor provided the committee with an interim recap of key internal controls identified to-date during his review of procedures followed by Elections department staff during the August 2022 primary elections. There were no concerns raised.
3. The Internal Auditor provided a verbal report on other areas of audit work; there were no major concerns raised.
4. The next meeting of the Internal Audit Committee will be in December 2022.
5. The meeting was adjourned at 9:30 a.m.

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Date: Friday, December 16, 2022

Time: 8:30 a.m.

Location: Anoka County Government Center, Room 772

Attendees: Internal Audit Committee:
Matt Look – Committee Chair; and member, Board of Commissioners
Scott Schulte – Chair, Board of Commissioners; and member, Internal Audit Committee
Rhonda Sivarajah – County Administrator
Brian Page – citizen member
Ryan Hardin – citizen member
Chuck Denninger – Internal Auditor
Cory Kampf – Division Manager, Finance & Central Services (F&CS)
Brenda Pavelich-Beck – Accounting Director, F&CS
Amy Kirk – Accounting Manager, F&CS
Brenda Vetter – Administrative Assistant
Juli Mader – Audit Director, Office of the State Auditor (OSA)
Felicia Tri – LGA Senior, OSA

Purpose: To provide a two-ways means of communication with management and those charged with governance for matters related to the financial statement audit.

1. Staffing/Administration

OSA Staff: Heather Anderson is scheduled to be back on the 2022 audit. New on the audit is Felicia Tri.

Staff timing: Audit planning, internal control observations and testing, and legal compliance testing will begin in February/March. Audit work will be based on the schedules of completion dates which will be provided by management.

2. Statement on Auditing Standards (SAS) AU-C Section 260 – The Auditor’s Communication with Those Charged with Governance

Auditing standards define “those charged with governance” and establishes communication requirements between auditors and those charged with governance. At Anoka County we have identified those charged with governance over the financial reporting process as the Board of County Commissioners and the Internal Audit Committee. Our audit engagement letter covers the specific matters to be communicated to those charged with governance, including:

A. Audit objectives and Auditor’s responsibilities under generally accepted auditing standards:

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- 1) Forming and expressing opinions about whether the financial statements prepared by management are presented fairly in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and to report on the fairness of the supplementary information. We issue two opinions—one on the financial statements, and one on Anoka County’s compliance with federal program requirements.
- 2) Reporting on the County’s internal control over both:
 - a. financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, and
 - b. compliance related to major federal programs.

However, we will not express an opinion on the effectiveness of the internal controls as this audit is not designed to do so.

- 3) Performing the audit in accordance with:
 - a. generally accepted auditing standards (issued by the American Institute of Certified Public Accountants);
 - b. standards for financial audits contained in *Government Auditing Standards* (issued by the Comptroller General of the United States);
 - c. the Single Audit Act Amendments of 1996;
 - d. the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (also known as the Uniform Guidance); and
 - e. legal provisions of the *Minnesota Legal Compliance Audit Guide for Counties*.
- 4) Communicating significant matters related to the audit that, in the auditor’s judgment, are relevant to the responsibilities of those charged with governance.

B. Responsibilities of Management:

- 1) Designing, implementing, establishing, and maintaining effective internal controls, including controls over federal programs, and for evaluating and monitoring the ongoing activities; the selection and application of accounting principles; the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information; and compliance with applicable laws, regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements).

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- 2) Identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.
- 3) Making all financial records and related information available to us and for the accuracy and completeness of that information.
- 4) Providing us with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of financial statements, (b) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (c) additional information that we may request for the purpose of the audit, and (d) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- 5) Adjusting the financial statements to correct material misstatements.
- 6) Designing and implementing programs and controls to prevent and detect fraud, and informing us about all known or suspected fraud affecting the County involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
- 7) Identifying and ensuring that the County complies with applicable laws, regulations, contracts, agreements, and grants. Also, for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report.
- 8) Evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.
- 9) Providing us with other documents that use or make reference to the auditor's report or the audited financial statements prior to their issuance and providing written representations for this responsibility.
- 10) Identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the Schedule of Expenditures of Federal Awards in conformity with Uniform Guidance.
- 11) Preparing the required supplementary information (RSI) and any other supplementary information reported in the financial statement report in accordance with U.S. GAAP.

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- 12) Establishing and maintaining a process for tracking the status of audit findings and recommendations.
 - 13) Identifying and providing us with report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of our audit as discussed in the engagement letter and relaying to us corrective actions taken to address significant findings and recommendations identified as a result of those audits or engagements.
 - 14) Providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.
 - 15) Providing us a written client management representation letter confirming certain representations made to us during the audit.
- D. Overview of the planned scope and timing of the audit:
- 1) We will audit the basic financial statements of Anoka County for the year ended December 31, 2022. The level of federal funding received by the County once again requires the audit to be a federal single audit (in accordance with the Single Audit Act Amendments of 1996).
 - 2) The County again will be seeking the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. This means that the County needs to have the final annual comprehensive financial report (ACFR) submitted to the GFOA by June 30, 2023.
 - 3) To the extent possible, auditing procedures are planned to be conducted remotely.
- Our preliminary audit plan has us completing field work by the end of May 2023, but that is dependent on the schedule of completion. If all goes as planned, we will issue our opinion on the financial statements and our Management and Compliance Report by June 30, 2023, in time for the County to be in compliance with the GFOA's certificate program.
- E. Audit findings will be communicated to management as the audit progresses. We will also communicate any significant audit findings at the management exit meeting.
- F. Communications about significant accounting policies, sensitive accounting estimates, significant audit adjustments, disagreements with management, difficulties encountered in performing the audit, and other significant issues arising from the audit will be communicated to those charged with governance in a separate letter at the conclusion of the audit.

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3. Engagement Letter:

The engagement letter will be sent to you soon. Once it is, please sign and return to us.

4. Federal Single Audit

For the 2022 audit, Anoka County meets all the qualifications needed to be considered a low-risk auditee for federal single audit purposes. This means we will only be required to test 20 percent (vs. 40 percent) of the County's total federal dollars spent in 2022.

Type A federal programs are those with federal expenditures in excess of three percent of total federal expenditures or \$750,000, whichever is more; this totaled \$1,427,599 for Anoka County for 2021. Due to the COVID-19 pandemic, in 2022, the County spent approximately \$5,000,000 in State and Local Fiscal Recovery funding (Assistance Listing # 21.027), which is somewhat consistent with 2021. Assuming that other federal grants will also be funded at similar levels in 2022 as they were for 2021, the 2022 Type A threshold will remain consistent with 2021.

All Type A federal programs are required to be tested at least once every three years. As a result, we will be required to test the following federal programs for the 2022 audit because they are Type A programs that were not tested as major programs in either 2021 or 2020:

- Medical Assistance Program, AL # 93.778
- Child Support Enforcement Program, AL # 93.563

The following Type A program has been designated as higher risk in the 2022 Compliance Supplement and is required to be tested:

- State and Local Fiscal Recovery, AL # 21.027

We anticipate that these programs will be more than adequate to meet the 20 percent testing threshold. However, this is subject to change based on information obtained during the audit and final amounts reported on the SEFA.

5. Status of Prior Year Findings

Finding Related to Federal Award Programs

Finding Number: 2021-001
Procurement, Suspension, and Debarment

For three covered transactions tested, the verification for suspended or debarred vendors was not performed before entering into the covered transaction. For two procurements tested that exceeded the simplified threshold, documentation of a cost or price analysis was not available.

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We recommended the County maintain documentation to demonstrate that vendors were not debarred, suspended, or otherwise excluded from conducting business with the County; this documentation should be completed prior to entering into a covered transaction. We further recommend the County maintain documentation to support compliance with the cost or price analysis provisions contained in Title 2 U.S. *Code of Federal Regulations* § 200.323.

2022 follow-up: audit procedures will be performed for 2022 to determine if corrective action was taken.

6. New Accounting and Auditing Pronouncements

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. The following are new statements issued by the GASB that are effective for the year ended December 31, 2022:

- **GASB Statement No. 87, *Leases***

GASB Statement No. 87 will require recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize inflows/outflows of resources based on the payment provisions of the contract.

- **GASB Statement No. 91, *Conduit Debt Obligations***

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

- **GASB Statement No. 92, *Omnibus 2020***

GASB Statement No. 92 enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***

GASB Statement No. 93 removes LIBOR as an appropriate benchmark interest rate and addresses accounting and financial reporting implications as a result of the removal.

- **GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employees benefit plans, while

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mitigating the costs associated with reporting those plans. Some requirements of this statement may already be implemented; however, the remaining requirements are effective for FYE December 31, 2022.

- **GASB Statement No. 99, *Omnibus 2022***

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) issues identified during implementation of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees. The requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges for future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective for FYE December 31, 2022. The requirements related to leases, PPPs, and SBITAs are effective for FYE December 31, 2023; the requirements related to financial guarantees are effective for FYE December 31, 2024.

Additionally, Implementation Guides 2019-3, *Leases*, some portions of 2020-1, *Implementation Guide Update – 2020*, and 2021-1, *Comprehensive Implementation Guide Update – 2021* are effective.

The following are new statements issued by the GASB that are effective for the year ended December 31, 2023:

- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

GASB Statement No. 94 provides guidance on the accounting and financial reporting for public-private and public-public partnerships and availability payment arrangements by establishing the definitions of PPPs and APAs and providing uniform guidance for transactions that meet those definitions. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation.

- **GASB Statement No. 96, *Subscription-Based Information Technology Arrangements***

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in an asset and corresponding liability; (3) provides capitalization criteria; and (4) requires note disclosures. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, as amended. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation.

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- **GASB Statement No. 99, *Omnibus 2022***

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) issues identified during implementation of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees. Some portions of this statement were effective upon issuance (April 2022). The requirements related to leases, PPPs, and SBITAs are effective for FYE December 31, 2023; the requirements related to financial guarantees are effective for FYE December 31, 2024.

Additionally, some portions of 2020-1, *Implementation Guide Update – 2020*, and some portions of Implementation Guide 2021-1, *Implementation Guide Update - 2021* are effective. The following are new statements issued by the GASB that are effective for the year ended December 31, 2024:

- **GASB Statement No. 100, *Accounting Changes and Error Corrections***
- **GASB Statement No. 101, *Compensated Absences***

We will discuss with Anoka County staff the potential impact the other new accounting pronouncements may have on the County's financial statements.

7. Other Items

- A. Auditing standards require us to meet and communicate certain items to those charged with governance. Would you like us to meet with the full Board to go over what we discussed here today? If not, the notes on this meeting will be distributed to the Board.
- B. Each year we perform an audit of a County department that collects fees for services. Are there any fee offices/areas that you would like us to look at this year?
- C. Fraud items
 - a. What are your views about the risks of fraud?
 - b. Do you have knowledge of any actual, suspected, or alleged fraud affecting the entity or its federal award programs?
 - c. Do you have knowledge of any possible or actual noncompliance or abuses of programs and controls occurring the period being audited or the subsequent period?
 - d. What is the Board's role in the oversight of management's processes for identifying and responding to fraud risks? Does the Board take an active role in establishing policies and procedures to mitigate fraud risks? How does the Board oversee that established policies and procedures are in place?

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- e. Is the entity in compliance with laws, regulations, contracts, and grant agreements?
 - f. Is there anything else that you would like to add, or anyone else we should talk to regarding fraud?
- D. Other items:
- a. Any changes in the fund structure, including new funds, new major funds, or closed funds?
 - b. Any changes to accounting methods or application of accounting principles? (new or revised)
 - c. Any changes to accounting policies or procedures? (new or revised)
 - d. Any new estimates (or basis of estimates) to be included in financial statements?
 - e. Any significant accounting issues or unusual transactions for 2022?
 - f. Any entities that may become discrete or blended component units?
 - g. Any other joint ventures, joint powers, jointly-governed organizations other than those which we are currently aware of?
 - h. Any significant or unusual capital expenditures?
 - i. Any new long-term debt issued or was any existing long-term debt refunded?
 - j. Any related party transactions that need to be disclosed in the notes to the financial statements?
 - k. Litigation? Any significant legal matters and/or contingencies that were not settled by December 31, 2022?
 - l. Was there an assessment by management of fraud risk, and was any fraud reported during 2022?
 - m. Did the fraud risk assessment include federal programs?
 - n. Any known or suspected fraud relating to the financial statements or federal programs reported to management or governance? .
 - o. Any known or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, including federal grants?

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- p. Any known 609 reports (Minn. Stat §609.456) filed with OSA for 2022?
 - q. Were there any audit reports from state or federal regulatory agencies received during 2022?
 - r. Federal expenditures estimate.
 - s. Any new grant programs or significant reductions of current programs?
 - t. Any specific requests from federal agencies to audit one or more specific programs as major?
 - u. Has a Summary Schedule of Prior Audit Findings been prepared?
 - v. Any changes to computer applications during 2022?
 - w. Any new contracts with service organizations?
 - x. Any new legislation having an impact on the financial statements?
 - y. Any staffing changes that may have an audit significance?
 - z. Any other items of significance we should be aware of?
 - aa. Is there any additional information you would like presented at the management exit meeting?
- E. Any other questions, comments, or concerns?

Audit Name: Property Records and Taxation Division
Limited Audit of Cash Handling
Report Phase: Summary Report
Issued: December 16, 2022

Summary: Key financial internal controls surrounding the receipt, handling, and processing of cash and checks were well-designed and functioning as intended by division management. Opportunities were identified to streamline the processing and recording of taxpayer payments made via check.

Introduction: A review was conducted of two distinct areas within Property Records and Taxation. In one area, clients can walk up to a counter in the Government Center to make property tax payments by check, cash, or credit card. In another area, checks are received in the mail for payment and are processed within the “phone/mail group.”

Background: Since the date of the previous audit (2015), Property Records and Taxation migrated from the Ascend system to the Tyler cashiering system. The new system streamlined a number of the steps, including auto-filling the payment amount once the specialist typed in the parcel identification number (PIN).

Audit Results: Key financial internal control effectiveness was tested throughout the audit without exception. The Internal Auditor observed and tested the close-out and balancing of the cash drawers after the cash counters were closed. This included the final roll-up to the grand totals, balancing within the Tyler cashiering system, and final tally to the preparation of the bank deposit. In all cases reviewed, the cash, credit card, and check totals balanced.

Opportunities were identified to streamline the check payment processing in the “phone/mail” group.

Bar code technology: As of the date of the audit fieldwork, the Internal Auditor noted that bar code technology was not used in the walk-up counter area or in the phone/mail group. This division experiences large volumes of mailed-in payments particularly in the first half of May and October each year. The use of current bar code and scanner technology would reduce the need to key in 12-digit PIN numbers for each payment.

Recommendation: Adapt the Tyler tax payment system to enable printing of bar code information on tax payment notices. Implement the bar code scanner technology at walk up counters and in specialist work areas in the phone/mail group.

Management Comment: Agreed. Bar code technology was used in the prior application. Efforts will be made to adapt the current Tyler system. We have already contracted with our print vendor for taxes payable in 2023. Because of lead time with our print vendor and our property tax system vendor, we are aiming for taxes payable in 2024.

Adding machine tapes: After a batch of checks is initially entered in the Tyler system, the specialist processes the batch of checks in the check scanner. This is a U.S. Bank scanner system run on a separate machine. The checks are scanned, edited for any scan errors, and the U.S. Bank system then provides two control totals: a dollar total and the total quantity of checks scanned. The specialist compares these control totals to the Tyler cashiering system and researches any errors.

Adding machine tape totals are prepared outside of the two systems to facilitate batch balancing the Tyler system to the U.S. Bank check scanning system.

Recommendation: Utilize the information provided by the Tyler cashiering system for balancing to the U.S. Bank scanning system; cease using adding machine tapes and Excel spreadsheets for accumulating batch totals.

Management Comment: Agreed. Staff ceased using adding machine totals during the course of the audit; balancing information provided by the Tyler cashiering system is used to reconcile to the U.S. Bank check scanning system.

Hand-written reference numbers: When a batch of checks is entered to record the payments made within the phone/mail group, the Tyler system automatically generates a sequential five-digit batch reference number. As each payment is recorded, the Tyler system also generates a two-digit transaction reference number.

The specialist records the full five-digit batch number and the two-digit transaction number on both the face of the client check as well as on the client tax payment stub the client had mailed back to the county.

Recommendation: Stop the practice of writing the five-digit batch number on every check.

Management Comment: Agreed. Due to the batch list already providing the batch number, staff have ceased writing the batch number on the checks as of November 29.

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APPENDIX

Audit Objectives, Scope, and Methods

The purpose of the audit was to help assure the following control objectives are met:

- 1) Compliance with established policies and procedures.
- 2) Accuracy and reliability of financial and operating information.
- 3) Safeguarding of assets and information.
- 4) Economical and efficient use of resources.

Internal Audit reviewed records from 2022 on a sample basis.

To conduct the work, Internal Audit:

- 1) Reviewed relevant financial records.
- 2) Interviewed responsible managers and staff.
- 3) Reviewed past relevant audit reports.

Audit Name: Property Records and Taxation Division
Limited Review of Election Processes
Report Phase: Summary Report
Issued: December 16, 2022

Summary: The audit focused on the handling and counting of absentee ballots at the Anoka County government center for both the primary and general elections. Key internal controls surrounding selected election processes were identified and evaluated. These key controls were observed to be operating as management had designed and implemented.

Introduction: As part of the 2022 mid-term elections, the elections department had several pairs of election judges on site to open the absentee ballot return envelopes, validate their authenticity, and file the unopened absentee ballots for counting on election day. Elections staff also performed two public accuracy tests on the absentee ballot counting machine, one prior to the primary election and one prior to the general election. Absentee ballots were counted using a ballot counting machine located in a secure room in the government center.

Background: Processes surrounding the handling, sorting, validating, tracking, and counting of mailed absentee ballots for both elections were observed by the Internal Auditor.

Audit Results: Public accuracy tests of the absentee ballot counting machine resulted in no errors. The automated edit and validation routines within the machine functioned without exception.

The Internal Auditor determined the absentee ballot handling processes followed by the elections department staff and election judges were consistent and methodical. As part of the post-election review, a manual count was performed by the election judges of the regular and absentee ballots from six precincts. Results indicated 100% accuracy when the manual counts were compared to the machine counts. The election storage room was well-secured including limited badge access and video surveillance.

During the risk assessment phase of this review, one of the recurring themes raised in the media was the risk of hacking the voting machines. None of the voting machines located in the precincts or the absentee ballot counting machines located at the county government center were connected to the internet or to any computer during voting hours.

Conclusion: Key internal controls that were identified during the course of the audit were deemed to be well-designed and functioning as management intended. Internal Audit is not making any recommendations.

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APPENDIX

Audit Objectives, Scope, and Methods

The purpose of the audit was to help assure the following control objectives are met:

- 1) Compliance with established policies and procedures.
- 2) Accuracy and reliability of financial and operating information.
- 3) Safeguarding of assets and information.
- 4) Economical and efficient use of resources.

Internal Audit observed elections processes between July 2022 and November 2022.

To conduct the work, Internal Audit:

- 1) Reviewed relevant financial records.
- 2) Interviewed responsible managers and staff.
- 3) Reviewed past relevant audit reports.