

Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

A. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 Segregation of Duties

Finding Summary

The City of Saint Peter, Minnesota (the City) has limited segregation of duties in a number of areas, due to the limited size of the City's Finance Department staff.

Corrective Action Plan

Actions Planned – The City reviews and makes improvements to its internal control structure on an ongoing basis to maximize the segregation of duties in all areas within the limits of the staff available. However, the City does not consider it cost-beneficial at this time to increase the size of its Finance Department staff in order to further segregate accounting functions.

Official Responsible – Sally Vogel, Finance Director.

Planned Completion Date – December 31, 2021.

Disagreement With or Explanation of Finding – The City agrees with this finding.

Plan to Monitor – Sally Vogel, Finance Director, will continue to work with staff and the City Council to develop controls to mitigate risks in areas where limited segregation of duties exists.

CITY OF SAINT PETER

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended December 31, 2020

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF THE TREASURY, PASSED THROUGH MINNESOTA DEPARTMENT OF MANAGEMENT AND BUDGET, CORONAVIRUS RELIEF FUND – CFDA No. 21.019

2020-002 Internal Control Over Compliance With Federal Allowable Activities and Period of Performance Requirements

Finding Summary

42 U.S. Code § 601(d) requires the City to use the funds provided under this section to cover only those costs that are necessary expenditures incurred due to the public health emergency, with respect to the coronavirus pandemic, and incurring during the period from March 1, 2020 through December 30, 2020. The City charged costs to the federal Coronavirus Relief Fund (CRF) program that did not meet the standard for an allowable cost as defined by 86 FR 4182 and 42 U.S. Code § 601(d) because they were incurred after the period of performance. The City contracted with a third party to facilitate a program to provide funds to individuals delinquent on utility bills facing economic hardship. Of the original \$50,000 subsidy, \$39,036 went unspent as of December 30, 2020. The City had more than enough eligible costs that were not claimed for federal reimbursement to offset the questioned costs in this finding.

Corrective Action Plan

Actions Planned – In the future, the City will ensure that all costs claimed for federal program expenditures meet federal allowable cost requirements, and are incurring during the covered period.

Official Responsible – Sally Vogel, Finance Director.

Planned Completion Date – June 30, 2021.

Disagreement With or Explanation of Finding – The City agrees with this finding.

Plan to Monitor – Sally Vogel, Finance Director, will continue to work with city personnel responsible for federal program oversight to ensure all expenditures meet federal allowable cost requirements, and are incurring during the covered period.

CITY OF SAINT PETER

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended December 31, 2020

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF THE TREASURY, PASSED THROUGH MINNESOTA DEPARTMENT OF MANAGEMENT AND BUDGET, CORONAVIRUS RELIEF FUND – CFDA No. 21.019 (CONTINUED)

2020-003 Internal Control Over Compliance With Federal Reporting Requirements

Finding Summary

42 U.S. Code § 601(d) requires that each prime recipient of the CRF shall provide financial progress reports that contain COVID-19-related costs incurred during the covered period beginning on March 1, 2020 and ending on December 30, 2020 to the U.S. Department of the Treasury's Office of Inspector General. Consequently, the Minnesota Department of Management and Budget required each subrecipient of the CRF to submit monthly expenditure reports containing COVID-19-related costs incurred during the same covered period. While all monthly expenditure reports were filed with the Minnesota Department of Management and Budget, three of five required monthly expenditure reports were not filed by the required due date.

Corrective Action Plan

Actions Planned – In the future, the City will ensure that all required federal reporting is completed and filed in a timely manner.

Official Responsible – Sally Vogel, Finance Director.

Planned Completion Date – June 30, 2021.

Disagreement With or Explanation of Finding – The City agrees with this finding.

Plan to Monitor – Sally Vogel, Finance Director, will continue to work with city personnel responsible for federal program oversight to ensure all required federal reporting is completed and filed timely.

CITY OF SAINT PETER

Corrective Action Plans and
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C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2020-004 Collateral

Finding Summary

Minnesota Statutes § 118A.03 require that if a city's deposits exceed federal deposit insurance coverage (FDIC), excess deposits must be covered by corporate surety bonds or collateral that has a market value of at least 110 percent of such excess. This requirement was not met for the City's accounts at December 31, 2020.

Corrective Action Plan

Actions Planned – The City will review its policies to verify compliance in the future.

Official Responsible – Sally Vogel, Finance Director.

Planned Completion Date – December 31, 2021.

Disagreement With or Explanation of Finding – The City agrees with this finding.

Plan to Monitor – Sally Vogel, Finance Director, will review its internal control procedures to endure future compliance with this state statute.

2020-005 Report of Outstanding Indebtedness

Finding Summary

Minnesota Statutes § 471.70 require on or before February 1 each year, the principal accounting officer of each city must report to the auditor of each county in which such city is situated, the total amount of outstanding obligations and the purpose for which each obligation is issued as of December 31 of the preceding year. The City filed its report of outstanding indebtedness on February 16.

Corrective Action Plan

Actions Planned – The City will review its policies to verify compliance in the future.

Official Responsible – Sally Vogel, Finance Director.

Planned Completion Date – December 31, 2021.

Disagreement With or Explanation of Finding – The City agrees with this finding.

Plan to Monitor – Sally Vogel, Finance Director, will review its internal control procedures to endure future compliance with this state statute.

CITY OF SAINT PETER

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D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDING – SIGNIFICANT DEFICIENCY

2019-001 Segregation of Duties

Repeat Finding – The City has limited segregation of duties in a number of areas, due to the limited size of the City’s Finance Department staff.

Actions Planned – The City reviews and makes improvements to its internal control structure on an ongoing basis to maximize the segregation of duties in all areas within the limits of the staff available. However, the City does not consider it cost-beneficial at this time to increase the size of its Finance Department staff in order to further segregate accounting functions.

Current Status – The City continues its efforts to segregate duties as best it can within the limits of what the City considers to be cost-beneficial. See finding 2020-001 for the current status of this condition.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No audit findings were reported for the year ended December 31, 2019. The City did not require an audit of federal awards expenditures for the year ended December 31, 2019.