



Office of the Secretary of State

Performance Audit

November 2023

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota



Financial Audit Division

The division has authority to audit organizations and programs in the state's executive and judicial branches, metropolitan agencies, several "semi-state" organizations, state-funded higher education institutions, and state-funded programs operated by private organizations.

Each year, the division selects several of these organizations and programs to audit. The audits examine the policies and procedures—called internal controls—of the organizations to ensure they are safeguarding public resources and complying with laws that govern their financial and program operations. In addition, the division annually audits the State of Minnesota's financial statements and the financial statements of three state public pension systems. The primary objective of these financial audits is to assess whether the statements fairly present the organization's financial position according to Generally Accepted Accounting Principles.

The Office of the Legislative Auditor (OLA) also has a Program Evaluation Division. The Program Evaluation Division's mission is to determine the degree to which state agencies and programs are accomplishing their goals and objectives and utilizing resources efficiently.

OLA also conducts special reviews in response to allegations and other concerns brought to the attention of the Legislative Auditor. The Legislative Auditor conducts a preliminary assessment in response to each request for a special review and decides what additional action will be taken by OLA.

For more information about OLA and to access its reports, go to: www.auditor.leg.state.mn.us.

November 28, 2023

Members
Legislative Audit Commission

The Honorable Steve Simon, Secretary of State
The Office of the Secretary of State

This report presents the results of our performance audit of the Office of the Secretary of State for the period January 2020 through December 2022. The objectives of this audit were to determine if the office had adequate internal controls, complied with significant finance-related legal requirements, and resolved prior audit findings.

This audit was conducted by Jordan Bjonfald, CPA (Audit Director); Gabrielle Johnson, CPA (Audit Team Lead); and auditors Nicholai Broekemeier and Andrea Hess.

We received the full cooperation of the office's staff while performing this audit.

Sincerely,



Judy Randall
Legislative Auditor



Lori Leysen, CPA
Deputy Legislative Auditor



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Introduction

The Office of the Secretary of State is responsible for administering elections, preserving documents filed with the state, providing certain business services to the public, maintaining the recording of financing statements under the Uniform Commercial Code, and administering a statewide address confidentiality service known as Safe at Home.

In this audit, we tested the internal controls and compliance of the Office of the Secretary of State. Internal controls are the policies and procedures management establishes to govern how an organization conducts its work and fulfills its responsibilities. A well-managed organization has strong controls across all of its internal operations. If effectively designed and implemented, controls help ensure, for example, that inventory is secured, computer systems are protected, laws and rules are complied with, and authorized personnel properly document and process financial transactions.

Minnesota Law Mandates Internal Controls in State Agencies

State agencies must have internal controls that:

- Safeguard public funds and assets and minimize incidences of fraud, waste, and abuse.
- Ensure that agencies administer programs in compliance with applicable laws and rules.

The law also requires the commissioner of Minnesota Management and Budget to review OLA audit reports and help agencies correct internal control problems noted in those reports.

— *Minnesota Statutes 2023, 16A.057*

Auditors focus on internal controls as a key indicator of whether an organization is well managed. In this audit, we focused on whether the office had controls to ensure that it safeguarded state resources, appropriately spent state funds, and accurately paid its vendors and employees in compliance with state and federal laws and state policies.



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Report Summary

Conclusion

The Office of the Secretary of State generally complied with the significant finance-related legal requirements we tested and generally had adequate internal controls. However, we identified instances of noncompliance and an internal control weakness related to grant expenditures.

Finding and Recommendations

Finding 1. The Office of the Secretary of State did not adequately monitor its grants and did not comply with monitoring requirements in state law. (p. 23)

Recommendations

- The Office of the Secretary of State should review invoices or receipts and financial reports for all grants, and document its review of those items.
 - The Office of the Secretary of State should establish internal policies and procedures for monitoring grants to ensure its compliance with state law, and grantees' compliance with grant contract requirements.
 - The Office of the Secretary of State should revise its grant contracts and financial report formats to clarify the requirements for invoices or receipts.
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Background

Office of the Secretary of State Overview and History

Article V of the *Minnesota Constitution* establishes the Office of the Secretary of State as part of the executive branch of state government. The office operates under the authority provided in the state's constitution; *Minnesota Statutes*, Chapter 5; and various other state statutes. The Secretary of State is elected to a four-year term that begins the first Monday in January following the state's general election. Steve Simon was first elected as Secretary of State in November 2014 and was reelected in November 2018 and November 2022.

Exhibit 1 explains the office's four core functions and activities.

Exhibit 1

Core Functions and Activities of the Office of the Secretary of State

Function	Activity
Election Administration	<ul style="list-style-type: none"> Partners with local election officials to conduct elections. Examines and certifies voting equipment. Administers and secures the state's key election systems. Administers grants to improve the state's election system, including improvement of security and accessibility of local elections systems, establishment of secure absentee and mail drop boxes, and replacement of outdated voting equipment. Provides information to Minnesotans about registration and voting.
Safe at Home	<ul style="list-style-type: none"> Administers the state's address confidentiality program, known as Safe at Home.
Business Services	<ul style="list-style-type: none"> Provides customer service and filing services to those conducting business in Minnesota. Records financing statements filed under the Uniform Commercial Code. Administers the Central Notification System for farm product liens.
Administration	<ul style="list-style-type: none"> Assists the Secretary of State with their constitutional duties, including administering the Open Appointments process; certifying Official Documents; maintaining Chapter Laws; and serving on the Executive Council, the State Board of Investment, and the Minnesota Historical Society Board. Creates and distributes the Minnesota Legislative Manual, known as the Blue Book. Safeguards, records, and retrieves government documents.

Source: Office of the Legislative Auditor.

The office receives General Fund appropriations to finance the majority of its operations. In addition, the office collects business filing fees, Uniform Commercial Code filing fees, notary fees, and other miscellaneous fees. Most of the fees are deposited into the General Fund and not used for operations; however, state statutes allow the office to deposit a portion of collected fees into a special revenue fund and use that money to offset the costs of providing services.¹ The office also receives grant funds from the federal government for enhancements to Minnesota's election systems and procedures.

¹ *Minnesota Statutes* 2023, 5.24, 336.1-110, and 336.9-525.

Audit Scope, Objectives, Methodology, and Criteria

The Office of the Legislative Auditor conducted this audit to determine whether the Office of the Secretary of State had adequate internal controls, complied with significant finance-related legal requirements, and resolved prior audit findings.² The audit scope included receipts, payroll and nonpayroll expenditures, and certain components of the Safe at Home program. The period under examination went from January 1, 2020, through December 31, 2022.

Exhibit 2 shows the office's appropriations, receipts, and expenditures during the scope of the audit.

Exhibit 2

Appropriations, Receipts, and Expenditures, January 1, 2020, through December 31, 2022

Appropriations	Amount
General Fund Appropriations	\$38,345,023
Presidential Nomination Primary Election Appropriations ^a	11,941,000
Carry Forward from Fiscal Year 2019 ^b	9,643,088
Cancelled Appropriations ^c	<u>(2,703,560)</u>
Total Appropriations	\$57,225,551
Receipts	Amount
Fees	
Nondedicated General Fund	\$63,078,514
Dedicated Special Revenue Fund	14,852,271
Other Receipts	<u>17,036,619</u>
Total Receipts	\$94,967,404
Expenditures	Amount
Payroll Expenditures	\$26,489,751
Nonpayroll Expenditures	<u>36,165,630</u>
Total Expenditures	\$62,655,381

^a *Minnesota Statutes* 2023, 207A.15, subd. 1, requires the office to certify the estimated state and local cost of administering the presidential nomination primary election, and Minnesota Management and Budget to transfer the certified amount from the General Fund to a special revenue fund.

^b Fiscal Year 2019 carry forward includes \$6,754,157 in federal grant receipts, \$2,844,339 in dedicated special revenue fund fee receipts, and \$44,592 from the election equipment grants appropriation.

^c The office did not spend \$2,252,828 from the presidential nomination primary election appropriation, \$243,075 from the fiscal year 2021 and 2022 appropriations, and \$207,656 from the election equipment grants appropriation. The entire amount cancelled back to the General Fund.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

² Office of the Legislative Auditor, Financial Audit Division, *Office of the Secretary of State: Internal Controls and Compliance Audit* (St. Paul, 2017).

Receipts

This part of the audit focused on the fees the office collected from customers and other receipts collected from various sources. We designed our work to address the following questions:

- Were the office's internal controls adequate to ensure that it accurately collected and accounted for receipts, and safeguarded and deposited receipts, in compliance with applicable legal provisions?
- Did the office accurately collect and account for receipts, and safeguard and deposit receipts, in compliance with applicable legal provisions?

To gain an understanding of the office's internal controls and compliance requirements related to receipts, we interviewed office staff. We also tested whether all gifts received from donors had appropriate authorization and whether the associated expenditures complied with the donors' intended uses. Additionally, we tested:

- A random sample of online payment reconciliations.
- A random sample of mail and counter receipt deposits.
- A random sample of reconciliations between the office's accounting system and the state's accounting system.
- All collected fees recorded in the office's accounting system.

Payroll Expenditures

This part of the audit focused on the accuracy of the compensation paid to employees. We designed our work to address the following questions:

- Were the office's internal controls adequate to ensure that it accurately compensated employees in compliance with applicable legal provisions?
- Did the office accurately compensate employees in compliance with applicable legal provisions?

To gain an understanding of the office's internal controls and compliance requirements related to payroll expenditures, we interviewed office staff. We also reviewed employee access rights to the state's payroll system, and reviewed the designated office staff assigned to review and approve employee timesheets. We analyzed payroll expenditures charged to dedicated or restricted funding sources to ensure the funding was used appropriately. We analyzed holiday pay, leave balance adjustments, and paid leave to determine compliance with state policy and the employment contracts. Additionally, we tested:

- The starting salaries for all employees hired during the scope of the audit, all pay rate changes, a random sample of retroactive pay rate adjustment payments, and the salary of the Secretary of State.

- A random sample of employee timesheets.
- A random sample of payroll report reviews.
- A random sample of paid COVID-19 leave.
- A random sample of overtime pay.
- All on-call pay.
- All leave conversions to deferred compensation.
- All compensatory time payoffs.
- All separation payments, including vacation payoffs and severance payments.

Nonpayroll Expenditures

This part of the audit focused on nonpayroll expenditures. We designed our work to address the following questions:

- Were the office's internal controls adequate to ensure it obtained and accurately paid for goods and services, and accurately reimbursed political subdivisions, in compliance with applicable legal provisions?
- Did the office obtain and accurately pay for goods and services, and accurately reimburse political subdivisions, in compliance with applicable legal provisions?
- Did the office resolve prior audit findings?³

To gain an understanding of the department's internal controls and compliance requirements related to nonpayroll expenditures, we interviewed office staff. We also analyzed purchases with state purchasing cards and inspected physical inventory documents to determine compliance with state policy. Additionally, we tested:

- A random sample of grant contracts.
- A random sample of professional/technical services contracts and expenditures.
- A random sample of reimbursements for presidential nomination primary election expenses.
- All rent expenditures.
- A random sample of expenditures for other goods and services.

³ Office of the Legislative Auditor, Financial Audit Division, *Office of the Secretary of State: Internal Controls and Compliance Audit* (St. Paul, 2017).

Safe at Home

This part of the audit focused on the office's Safe at Home program. We designed our work to address the following question:

- Did the office resolve prior audit findings?⁴

To determine whether the office resolved prior audit findings, we interviewed office staff and inspected certification forms.

We conducted this performance audit in accordance with generally accepted government auditing standards.⁵ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. When sampling was used, we used a sampling method that complies with generally accepted government auditing standards and that supports our findings and conclusions. That method does not, however, allow us to project the results we obtained to the populations from which the samples were selected.

We assessed internal controls against the most recent edition of the internal control standards, published by the U.S. Government Accountability Office.⁶ To identify legal compliance criteria for the activity we reviewed, we examined state and federal laws, state administrative rules, state contracts, and policies and procedures established by Minnesota Management and Budget and the Minnesota Department of Administration.

⁴ Office of the Legislative Auditor, Financial Audit Division, *Office of the Secretary of State: Internal Controls and Compliance Audit* (St. Paul, 2017).

⁵ Comptroller General of the United States, Government Accountability Office, *Government Auditing Standards* (Washington, DC, July 2018).

⁶ Comptroller General of the United States, Government Accountability Office, *Standards for Internal Control in the Federal Government* (Washington, DC, September 2014). In September 2014, the State of Minnesota adopted these standards as its internal control framework for the executive branch.



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Receipts

During the scope of the audit, the Office of the Secretary of State had \$94,967,404 in receipts. Exhibit 3 shows the receipts by type.

Exhibit 3
Receipts, January 1, 2020, through December 31, 2022

Type of Receipt	Amount
Fee Payments	
Online	\$67,441,601
Mail and Counter	11,484,496
Interagency	1,186,718
Wire Transfer	53,403
Federal Grants	14,376,905
Gifts	1,520,000
Repayments ^a	809,280
Interest Earnings	330,435
Fee Reductions ^b	<u>(2,235,434)</u>
Total Receipts	\$94,967,404

Note: We did not audit Interagency Fee Payments, Wire Transfer Fee Payments, Federal Grants, Interest Earnings, or Fee Reductions.

^a "Repayments" includes \$762,324 in receipts from vendors who were overpaid and political subdivisions who returned unspent grant funds, and \$46,956 in receipts from other state agencies to reimburse the costs of office staff who performed data practices work for those agencies.

^b "Fee Reductions" includes \$1,570,890 in credit card transaction fees for online payments, \$620,242 in refunds issued to customers, \$24,830 in merchant chargebacks, and \$19,472 in dishonored payments.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Online Payment Receipts

During the scope of the audit, the office collected \$67,441,601 in receipts by online payment; all of these receipts were fee payments. Customers use an online portal of the office's accounting system to complete their transactions and are redirected to the U.S. Bank website to pay the applicable fees. Daily, U.S. Bank deposits the fee payments into the office's bank account and sends a summary of the payments by revenue account to Minnesota Management and Budget, which are then recorded in the state's accounting system.

U.S. Bank sends individual payment details to the office on a daily basis. The office ensures all payments are completely and accurately recorded by performing a daily reconciliation comparing the payments in the U.S. Bank statements to the payments

recorded in the office's accounting system and in the state's accounting system. During the scope of the audit, the office performed a total of 725 daily reconciliations. We tested a random sample of 40 reconciliations to confirm the reconciliations were complete and found no issues.

Mail and Counter Receipts

During the scope of the audit, the office collected \$12,313,776 in receipts received by mail or by the office's customer service counter. This total includes \$11,484,496 in fee payments, \$809,280 in repayments, and \$20,000 in gifts. For the fee payments, customers can mail their documents and applicable fees to the office, or use the office's customer service counter to complete transactions in person. On a daily basis, various office staff process these transactions, enter fee payments into the office's accounting system, and send a summary of the payments by revenue account to Minnesota Management and Budget, which are then recorded in the state's accounting system.

Mail and counter receipts are deposited into the office's bank account daily. During the scope of the audit, the office made deposits on 726 days. We tested the accuracy of recorded deposits and verified that all cash and check receipts were deposited in the bank, for a random sample of 40 days. We found no issues.

The office follows state policy, which requires agencies to monthly reconcile receipts recorded in the office's accounting system to receipts recorded in the state's accounting system to ensure the receipts have been deposited and accurately recorded in both systems.⁷ During the scope of the audit, the office performed 36 monthly reconciliations of these two systems. We tested a random sample of eight monthly reconciliations to confirm they were complete and found no issues.

Fees

The Legislature establishes most of the office's fee amounts through various Minnesota statutes. The office does not retain most of the collected fee payments; rather, they are deposited as nondedicated receipts in the state's General Fund. Certain state statutes allow the office to charge fees for providing additional services. The office may deposit a portion of these fee payments into a special revenue fund and use that money to offset the costs of providing the services.

Exhibit 4 shows the transaction types for which the office collects fees, and the statutory authority and fund for each transaction type.

⁷ Minnesota Management and Budget, Statewide Operating Policy 0602-01, *Recording and Depositing Receipts*, issued April 2011, revised November 2022.

Exhibit 4
Statutory Authority for Collected Fees

Transaction Type	Minnesota Statute	General Fund	Special Revenue Fund
Certificates and Certifications	5.12, subd. 1	X	
Transactions Involving Expedited Service	5.14	X	
Correction of Documents	5.16, subd. 5	X	
Supplemental Filing and Information Services	5.24		X
Service of Process	5.25	X	
Global Filings	5.29; 336.1-110	X	X
Prefiling Document Reviews	5.39, subd. 1		X
International Student Exchange Organizations	5A.03, subd. 1	X	
Public Voter Information Lists	201.091, subd. 5	X	
Candidate Filings	204B.11	X	
Precinct and Election District Maps	204B.146, subd. 2	X	
Tax Liens	270C.63; 272.484; 336.9-525	X	X
Domestic Business Corporations	302A	X	
Foreign Business Corporations	303	X	
Public Benefit Corporations	304A.301	X	
Cooperatives	308A	X	
Cooperative Associations	308B	X	
Nonprofit Corporations	317A	X	
Limited Partnerships	321	X	
Limited Liability Companies	322C	X	
Limited Liability Partnerships	323A	X	
Legal Newspapers	331A.02, subd. 1(j)	X	
Assumed Names, Insignias, and Trademarks	333	X	
Uniform Commercial Code Transactions	336.9-525	X	X
Farm Product Liens and Financing Statements	336A	X	
Notary Commissions	359.01, subd. 3	X	
Structured Settlements	549.35, subd. 8	X	

Source: Office of the Legislative Auditor.

As previously discussed, fee payments are recorded in the office’s accounting system. The office designed this system to automatically populate the fee amount and corresponding fund depending on the selected transaction. During the scope of the audit, the office collected \$79,698,410 in fee payments, which were recorded in the office’s accounting system across 937 fee types. We tested all of the fee payments to determine whether the office’s accounting system accurately populated the fee amount and fund, and whether the fee amount and fund complied with the statutory authority for the fee. We found no significant issues.

Gifts

The office received gifts from two donors during the audit period. The Center for Election Innovation & Research provided \$1,500,000 to be used to support nonpartisan voter education efforts. The Minnesota Vikings provided \$20,000 to provide personal protective equipment for polling places throughout Minnesota.

State law requires authorization from the commissioner of Minnesota Management and Budget before a state agency may accept a gift.⁸ We confirmed that the commissioner authorized the acceptance of each gift, and we reviewed all expenditures for compliance with the donors' intended uses of the funds. We found no issues.

⁸ *Minnesota Statutes* 2023, 16A.013.

Payroll Expenditures

As of December 2022, the Office of the Secretary of State employed 90 staff. During the scope of the audit, the office had \$26,489,751 in payroll expenditures. Exhibit 5 shows the payroll expenditures by type.

Exhibit 5

Payroll Expenditures, January 1, 2020, through December 31, 2022

Type of Payroll Expenditure	Gross Pay	Employer Expenses ^a	Total
Hours Worked and Leave Taken	\$19,565,789	\$6,428,992	\$25,994,781
Retroactive Pay Rate Adjustments	133,348	32,268	165,616
Separation Pay	132,340	2,335	134,675
Overtime Pay	69,623	9,439	79,062
Leave Conversions to Deferred Compensation	26,139	7,059	33,197
On-Call Pay	2,001	271	2,272
Compensatory Time Payoffs	165	26	192
Other ^b	87	79,869	79,956
Total Payroll Expenditures	\$19,929,492	\$6,560,259	\$26,489,751

^a "Employer Expenses" includes the office's shares of FICA, insurance, and retirement contributions.

^b "Other" includes \$23,417 paid to the Department of Employment and Economic Development for unemployment compensation; \$22,921 paid to Minnesota Management and Budget for miscellaneous benefits; \$19,809 paid for the office's shares of FICA, insurance, and retirement contributions; \$14,651 paid to the Minnesota Department of Administration for workers' compensation; \$929 in expenditure reductions for COVID-19 tax credits; and \$87 in miscellaneous payments to employees. We did not audit these other payroll expenditures.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

State Payroll System Access

The office utilizes the state's payroll system to process human resources and payroll transactions. The payroll system contains several different access profiles that allow assigned users to perform various functions. The office follows state policy, which defines incompatible payroll system access profiles, and states, "Incompatible access profiles are not permitted."⁹ We reviewed employee access rights to the payroll system and found no issues.

⁹ Minnesota Management and Budget, Statewide Operating Policy HR045, *SEMA4 Security*, issued April 2007.

Employee Pay Rates

State employment agreements establish salary ranges for employee positions throughout state government. Additionally, the office has its own compensation plan that establishes salary ranges for some of its employees.¹⁰ Under Minnesota rules, individual departments have the authority to set the starting salaries for new employees within the range for a position up to certain limits.¹¹ To exceed those limits, departments must obtain approval from Minnesota Management and Budget. During the scope of the audit, the office hired or rehired 59 employees, including 21 with starting salaries that required the department's approval. We reviewed the approval for the starting salaries for those 21 employees and found no significant issues.

The Minnesota Constitution states that the salaries of executive officers, including the Governor, Lieutenant Governor, Attorney General, Secretary of State, and State Auditor "shall be prescribed by law."¹² The last salary increase authorized by the Legislature for these officers occurred on January 1, 2016.¹³ We confirmed the accuracy of the salary paid to the Secretary of State.

Pay Rate Increases

The office's employees fall under one of six different employment agreements: the Managerial Plan, the Commissioner's Plan, the Secretary of State Compensation Plan, the Minnesota Association of Professional Employees (MAPE) Agreement, the American Federation of State, County, and Municipal Employees (AFSCME) Agreement, and the Middle Management Association (MMA) Agreement.

Employees receive periodic pay rate increases based on provisions in applicable employment agreements. Under the Managerial Plan, the Commissioner's Plan, and the Secretary of State Compensation Plan, employees may receive both a general salary increase and a performance-based salary increase each year if they are not at the top of the salary range assigned to their job.¹⁴ Under the Managerial Plan and the Secretary of State Compensation Plan for managerial employees, the appointing authority must certify that the employee's job performance was satisfactory for both types of increases. Under the Commissioner's Plan and the Secretary of State Compensation Plan for nonmanagerial employees, the appointing authority must certify that the employee's job performance was satisfactory for only performance-based increases.

¹⁰ Office of the Secretary of State, *Secretary of State Compensation Plan*, for July 1, 2019 through June 30, 2021, and for July 1, 2021 through June 30, 2023.

¹¹ *Minnesota Rules*, 3900.2100, <https://www.revisor.mn.gov/rules/3900.2100/>, accessed January 2023.

¹² *Minnesota Constitution*, art. V, sec. 4.

¹³ *Laws of Minnesota 2013*, chapter 142, art. 6, sec. 12. During the scope of the audit, the Secretary of State's salary was \$95,722.

¹⁴ Minnesota Management and Budget, *Managerial Plan*, for July 1, 2019 through June 30, 2021, and for July 1, 2021 through June 30, 2023, Chapter 14; Minnesota Management and Budget, *Commissioner's Plan*, for July 1, 2019 through June 30, 2021, and for July 1, 2021 through June 30, 2023, Chapter 14; and Office of the Secretary of State, *Compensation Plan*, 2019-2021 and 2021-2023. The plans allowed for general salary increases of 2.5 percent effective July 1, 2020, July 1, 2021, and July 1, 2022; and for one performance-based salary increase each year up to 3.5 percent.

Under the employment agreements with MAPE, AFSCME, and MMA, eligible employees receive annual general salary increases, and semiannual or annual step progression salary increases.¹⁵ In odd years, employees are eligible for the general salary increases if they are not at the top of the salary range assigned to their job; in even years, all employees are eligible. Employees are eligible for the step progression increases if they are not at the top of the salary range assigned to their job; the increases may be withheld by the appointing authority because of unsatisfactory job performance.

During the scope of the audit, 20 employees covered by the Managerial Plan, Commissioner's Plan, or Secretary of State Compensation Plan received a total of 55 pay rate increases. We reviewed the certification of satisfactory job performance and compared the increase amounts to the plan limits for all pay rate increases. We found no issues. In addition, 99 employees covered by the MAPE, AFSCME, or MMA employment agreements received a total of 319 pay rate increases; 95 of the 99 received a total of 213 general salary increases, and 59 of the 99 received a total of 106 step progression salary increases. We confirmed each employee received no more than three general salary increases during the scope of the audit, and tested the accuracy of all step progression salary increases. We found no errors.

Pay rate increases are recorded in the state's payroll system with an effective date. If that effective date is within the current or a future pay period, the payroll system will calculate pay at the new rate starting on the effective date. If that effective date is in a prior pay period, a retroactive pay rate adjustment is paid to the employee. During the scope of the audit, the office paid 125 retroactive pay rate adjustments totaling \$133,348 to 91 employees. We tested the accuracy of a random sample of 21 retroactive pay rate adjustments and 1 additional adjustment selected based on our analysis and found no significant errors.

Payroll Processing

State employees are paid biweekly. Office employees complete timesheets in the state's payroll system, and designated staff assigned by office management review and approve each employee's timesheet. We reviewed the office's assignment of designated staff, and confirmed that supervisors were assigned to review and approve their direct reports' timesheets. During the scope of the audit, office employees completed 6,772 biweekly timesheets. We tested a random sample of 40 timesheets and found no issues.

The office follows state policy, which requires agencies to review the Payroll Register report each pay period to ensure time and amounts were accurately paid and necessary

¹⁵ Minnesota Association of Professional Employees, *Unit 14: General Professional Labor Agreement Between the State of Minnesota and the Minnesota Association of Professional Employees*, for July 1, 2019 - June 30, 2021, and for July 1, 2021 - June 30, 2023, art. 24, secs. 3-5; American Federation of State, County, and Municipal Employees, *Agreement between Minnesota State Employees Union AFSCME, Council No. 5, AFL-CIO and the State of Minnesota*, for July 1, 2019 through June 30, 2021, and for July 1, 2021 through June 30, 2023, art. 18, secs. 3-5; and Middle Management Association, *Agreement between the State of Minnesota and the Middle Management Association*, for July 1, 2019 through June 30, 2021, and for July 1, 2021 through June 30, 2023, art. 16, secs. 3-5. The agreements provided for general salary increases of 2.5 percent effective July 1, 2020, July 1, 2021, and July 1, 2022.

adjustments were processed.¹⁶ During the scope of the audit, 79 pay periods required this review. We confirmed the office completed the Payroll Register report review for a random sample of 13 pay periods and found no issues.

Holiday Pay

Applicable employment agreements provided employees with 10 annual paid holidays in fiscal years 2020 and 2021, 11 annual paid holidays in fiscal years 2022 and 2023, and 1 floating holiday each fiscal year. During the scope of the audit, the office paid employees \$764,018 for holidays and \$71,800 for floating holidays. We tested all holiday and floating holiday pay and found no issues.

Paid COVID-19 Leave

State policies provided paid leave between March 18, 2020, and July 1, 2021, for various reasons related to COVID-19, with different limits for each reason.¹⁷ These policies also required employees to complete a specific form for paid COVID-19 leave that included the reason for the leave and required office management approval for the leave.

During the scope of the audit, 13 employees received paid COVID-19 leave totaling \$27,693. We tested a random sample of three employees and three additional employees selected based on our analysis for approval, eligibility, and whether amounts paid complied with the policy limits. We found no issues.

Overtime Pay

The employment agreements for most office employees include provisions that allow the employees to earn overtime. Overtime can be compensated in the form of cash added to employee paychecks or compensatory time that can be used as paid time off in future pay periods. Under the employment contract with MAPE, exempt employees earn overtime at straight-time and nonexempt employees earn overtime at time and one-half.¹⁸ Exempt employees are generally not entitled to overtime pay under the Fair Labor Standards Act. However, the employment contract with MAPE provides for overtime to exempt employees when assigned to a special work assignment in addition to their normal job duties, with advanced supervisor approval. For the employment contract with MMA, employees earn overtime at straight-time. Under the employment contract with

¹⁶ Minnesota Management and Budget, Statewide Operating Policy and Procedure PAY0028, *Agency Verification of Payroll and Human Resources Transactions*, issued August 2011.

¹⁷ Minnesota Management and Budget, Human Resources/Labor Relations Policy #1440, *COVID-19 Leave*, issued March 18, 2020, revised April 1, 2020, April 7, 2020, and July 22, 2020; Human Resources/Labor Relations Policy #1441, *Expanded FMLA for COVID-19 Related School/Child Care*, issued July 22, 2020, revised September 18, 2020; and Human Resources/Labor Relations Policy #1443, *Expanded Leave for COVID-19 Related School/Child Care*, issued January 1, 2021, revised January 8, 2021. Since Policy #1440 did not include employees covered by a constitutional office's compensation plan, the office incorporated this policy by reference into its compensation plan.

¹⁸ Straight-time means an employee's regular hourly pay rate. Time and one-half means an employee's regular hourly pay rate times 1.5.

AFSCME, the Commissioner's Plan, and the Secretary of State Compensation Plan for nonmanagers, employees earn overtime at time and one-half. The office follows state policy, which requires approval in advance for all overtime compensation.¹⁹

During the scope of the audit, the office paid \$69,623 of overtime in cash and \$16,290 of overtime as compensatory time to 67 employees in 294 timesheets. We tested a random sample of 40 timesheets and 4 additional timesheets selected based on our analysis for approval, eligibility, and accuracy of the pay rate. We found no significant issues.

On-Call Pay

The employment agreements for some office employees include provisions that allow the employees to earn on-call pay. Employees earn on-call pay when required to remain available for work during off-duty periods. Under the employment contract with MAPE, employees receive 15 minutes of straight-time for each hour of on-call status, or 25 percent of the employee's regular hourly pay rate.²⁰ Under the employment contract with MMA, employees receive \$60 for each day, or portion of a day, of on-call duty.²¹

During the scope of the audit, the office paid \$2,001 of on-call pay in cash to eight employees. We tested all of the on-call pay for accuracy of the pay rate and found no errors.

Leave Conversions to Deferred Compensation

Under the employment contract with MMA and the Secretary of State Compensation Plan for nonmanagers, employees may convert up to 40 hours of vacation leave to a deferred compensation plan each fiscal year.²² Under the Managerial Plan and the Secretary of State Compensation Plan for managers, employees may convert up to 50 hours of vacation leave to a deferred compensation plan each fiscal year.²³

During the scope of the audit, eight employees converted a total of 542 vacation leave hours, valued at \$26,139, to a deferred compensation plan. We reviewed all leave conversions for compliance with plan limits and found no issues.

¹⁹ Minnesota Management and Budget, Statewide Operating Policy PAY0012, *Requesting and Reporting Overtime*, issued September 2009.

²⁰ Minnesota Association of Professional Employees, *Agreement*, 2021-2023, art. 25, sec. 3.

²¹ Middle Management Association, *Agreement*, 2019-2021 and 2021-2023, art. 11, sec. 5.

²² *Ibid.*, art. 8, sec. 9; Minnesota Management and Budget, *Commissioner's Plan*, 2019-2021, Chapter 4; and Office of the Secretary of State, *Compensation Plan*, 2019-2021.

²³ Minnesota Management and Budget, *Managerial Plan*, 2019-2021 and 2021-2023, Chapter 4; and Office of the Secretary of State, *Compensation Plan*, 2019-2021 and 2021-2023.

Compensatory Time Payoffs

During the scope of the audit, one employee was promoted from a position represented by AFSCME to a position represented by MMA. Under the employment contract with AFSCME, when an employee accepts a position not represented by AFSCME, the employee's unused compensatory time will be liquidated in cash.²⁴ At the time of the promotion, the employee had 6.51 hours of unused compensatory time and was paid \$165 in cash. We confirmed the accuracy of the compensatory time payoff.

Separation Pay

Upon separation from state service, employees may be eligible to receive various types of separation payments. All employees receive payments for unused vacation leave and compensatory time, up to limits established in the applicable employment agreements.²⁵ Employees that meet certain eligibility requirements related to age and years of service also receive severance payments for a percentage of unused sick leave.²⁶ Under the Managerial Plan, Commissioner's Plan, and Secretary of State Compensation Plan, eligible employees receive a \$250 post-retirement health care benefit.²⁷

During the scope of the audit, the office made \$132,340 in separation payments to 29 former employees. We tested the accuracy of and eligibility for a random sample of eight employees with separation payments and found no issues.

²⁴ American Federation of State, County, and Municipal Employees, *Agreement*, 2021-2023, art. 6, sec. 5.

²⁵ Minnesota Association of Professional Employees, *Agreement*, 2019-2021 and 2021-2023, art. 10, sec. 6; American Federation of State, County, and Municipal Employees, *Agreement*, 2019-2021 and 2021-2023, art. 6, sec. 5, and art. 8, sec. 6; Middle Management Association, *Agreement*, 2019-2021, art. 8, sec. 3; Minnesota Management and Budget, *Managerial Plan*, 2019-2021 and 2021-2023, Chapter 4; Minnesota Management and Budget, *Commissioner's Plan*, 2019-2021 and 2021-2023, Chapter 4; and Office of the Secretary of State, *Compensation Plan*, 2019-2021 and 2021-2023.

²⁶ Minnesota Association of Professional Employees, *Agreement*, 2019-2021 and 2021-2023, art. 13; American Federation of State, County, and Municipal Employees, *Agreement*, 2019-2021, art. 18, sec. 9; Middle Management Association, *Agreement*, 2019-2021, art. 16, sec. 10; Minnesota Management and Budget, *Managerial Plan*, 2019-2021 and 2021-2023, Chapter 14; Minnesota Management and Budget, *Commissioner's Plan*, 2019-2021 and 2021-2023, Chapter 14; and Office of the Secretary of State, *Compensation Plan*, 2019-2021 and 2021-2023.

²⁷ Minnesota Management and Budget, *Managerial Plan*, 2019-2021 and 2021-2023, chapter 13, sec. 6; Minnesota Management and Budget, *Commissioner's Plan*, 2019-2021 and 2021-2023, chapter 13, sec. 6; and Office of the Secretary of State, *Compensation Plan*, 2019-2021 and 2021-2023.

Nonpayroll Expenditures

During the scope of the audit, the Office of the Secretary of State had \$36,165,630 in nonpayroll expenditures. Exhibit 6 shows the nonpayroll expenditures by type.

Exhibit 6

Nonpayroll Expenditures, January 1, 2020, through December 31, 2022

Type of Nonpayroll Expenditure	Amount
Grant Contracts	\$11,357,346
Presidential Nomination Primary Election Reimbursements	9,644,528
Professional/Technical Services Contracts	2,132,398
Repayment of Unspent Funds ^a	1,478,211
Rent	1,362,050
COVID-19-Related Emergency Purchases ^b	459,539
Other Goods and Services	9,318,108
Other ^c	413,450
Total Nonpayroll Expenditures	\$36,165,630

^a "Repayment of Unspent Funds" includes \$1,194,507 in unspent federal grant funds that were returned to the Federal Election Assistance Commission and \$283,704 in unspent gift funds that were returned to the Center for Election Innovation and Research.

^b We audited these expenditures in a prior performance audit: Office of the Legislative Auditor, Financial Audit Division, *COVID-19-Related Emergency Purchases*, issued May 2023.

^c "Other" includes a total of \$144,848 in monthly banking fees, \$131,764 in miscellaneous expenditures, \$85,698 in indirect costs, \$30,705 in employee expense reimbursements, and \$20,435 in purchases with state purchasing cards. We did not audit these expenditures.

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Grant Contracts

During the scope of the audit, the office had \$11,357,346 in grant expenditures. Exhibit 7 shows the number of grants and total grant payments for each grant type.

Exhibit 7

Grant Contract Payments, January 1, 2020, through December 31, 2022

Grant Type	Number of Grants	Amount
Coronavirus Aid, Relief, and Economic Security Act Grants	66	\$ 4,612,213
Help America Vote Act Election Security Grants	117	2,871,392
Voting Equipment Grants	123	3,803,860
Ballot Drop Box Grants	7	69,881
Total	313	\$11,357,346

Source: Office of the Legislative Auditor, based on data in the state's accounting system.

Coronavirus Aid, Relief, and Economic Security Act Grants

Minnesota received federal grant funds from the Federal Election Assistance Commission under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which required these funds to be used “to prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 Federal election cycle.”²⁸ The Legislature appropriated these funds to the office and further restricted the funds to be used for specific activities, such as purchases of sanitation and disinfectant supplies for election officials and in-person voters, preparations for increased absentee voting, additional training of local election officials, and grants to political subdivisions to support those activities.²⁹ Political subdivisions were required to provide a match of 20 or 25 percent, depending on the type of activity.³⁰ For all grant contracts, the office made an advance payment to each grantee once their grant contract was signed.

Help America Vote Act Election Security Grants

Minnesota received federal grant funds from the Federal Election Assistance Commission under the Help America Vote Act (HAVA), which required these funds be used “for activities to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements.”³¹ The Legislature appropriated these funds to the office and further restricted the funds to be used for specific activities, such as implementing security improvements for elections systems, improving accessibility, and the activities authorized for the CARES Act grants.³² For all grant contracts, the office made an advance payment to each grantee once their grant contract was signed.

Voting Equipment Grants

The office received General Fund appropriations to provide grants to political subdivisions to purchase or lease authorized voting equipment.³³ Political subdivisions must provide a match of 25 or 50 percent of the total cost, depending on the type of voting equipment.³⁴ For all grant contracts, the office made an advance payment to each grantee once their grant contract was signed.

²⁸ Coronavirus Aid, Relief, and Economic Security Act of 2020, Public Law 116-136, March 27, 2020.

²⁹ *Laws of Minnesota* 2020, chapter 77, sec. 4.

³⁰ *Ibid.*, subd. 6(b).

³¹ Help America Vote Act of 2002, Public Law 107-252, October 29, 2002; Omnibus Appropriations Act of 2018, Public Law 115-141, March 23, 2018; and Consolidated Appropriations Act of 2020, Public Law 116-93, December 20, 2019.

³² *Laws of Minnesota* 2019, First Special Session, chapter 10, art. 1, sec. 40; and *Laws of Minnesota* 2020, chapter 77, sec. 3.

³³ *Minnesota Statutes* 2023, 206.95, subd. 1.

³⁴ *Ibid.*, subd. 4.

Ballot Drop Box Grants

The office received a General Fund appropriation to provide grants to political subdivisions to implement absentee ballot drop boxes.³⁵ State law defines what qualifies as a drop box and provides minimum security and integrity standards for the drop box.³⁶ For five grant contracts, the office made an advance payment to each grantee once their grant contract was signed. For the remaining two grant contracts, the office made a reimbursement payment to each grantee once the grantee provided invoices or receipts.

State law requires the office to put in place “a process for verifying the proper use of the grants after distribution” for the CARES Act, HAVA, and voting equipment grants.³⁷ The office does not follow the Minnesota Department of Administration’s Office of Grants Management (OGM) policies, although office staff told us that they consult with OGM staff as needed.³⁸

Through grant contracts, the office required grantees to use grant funds for only authorized purposes, to submit financial reports using the office’s report format, and to retain invoices or receipts for the reported expenses and provide them to the office upon request. The office also required grantees to certify that invoices or receipts were included when they submitted their financial reports. In addition to these requirements, the office required grantees under voting equipment grant contracts to include invoices or receipts with the financial reports.

During the scope of the audit, the office made payments totaling \$11,357,346 on 313 grant contracts to political subdivisions. We tested the payment accuracy and eligibility of expenses for a random sample of 40 grant contracts and an additional grant contract selected based on our analysis.

FINDING 1

The Office of the Secretary of State did not adequately monitor its grants and did not comply with monitoring requirements in state law.

For 15 of the 41 grant contracts tested, the grantees did not include invoices or receipts with their submitted financial report. Since these grantees did not include invoices or receipts, the office was unable to determine whether the grantees spent grant funds on eligible expenses or whether the financial reports were accurate.

One reason the office did not adequately monitor its grants or comply with the monitoring requirements in state law was that the office did not establish policies and procedures for monitoring how grantees spent the grant funds. The office did not have

³⁵ *Laws of Minnesota* 2021, First Special Session, chapter 12, art. 1, sec. 6.

³⁶ *Minnesota Statutes* 2023, 203B.082, subds. 1 and 2.

³⁷ *Laws of Minnesota* 2020, chapter 77, sec. 4, subd. 6(c); and *Minnesota Statutes* 2023, 206.95, subd. 3(b).

³⁸ Constitutional offices, such as the Office of the Secretary of State, are not required to follow statewide policies, but may elect to follow them.

processes in place to verify that grantees provided invoices or receipts with the financial reports, or to review those documents.

Another reason was that the office established inconsistent requirements for invoices or receipts. The grant contracts and requirements for submitting financial reports contradict each other: the grant contracts require grantees to provide invoices or receipts upon the office's request, and the financial reporting requirements require grantees to certify that invoices or receipts are included with their financial reports. In addition, the voting equipment grant contracts contain contradicting requirements: grantees must provide invoices or receipts upon request, and grantees must include invoices or receipts with their financial reports. These contradictory requirements make it unclear what grantees are required to do with their invoices or receipts.

During the scope of the audit, the office made advance payments for 311 of the grant contracts. For 42 of these 311 grant contracts with advance payments, the grantees reported that they did not spend all of the grant funds and returned the unspent portion to the office. Without reviewing grantees' invoices or receipts, the office may not know whether there are additional grantees who did not spend all of their grant funds and who should return a portion of the funds to the office.

Without having policies and procedures in place to review invoices or receipts and compare them to the financial report amounts, the office could not be certain that grantees met applicable matching requirements, accurately completed their financial reports, spent grant funds on eligible expenses, and returned all unspent grant funds to the office.

RECOMMENDATIONS

- **The Office of the Secretary of State should review invoices or receipts and financial reports for all grants, and document its review of those items.**
 - **The Office of the Secretary of State should establish internal policies and procedures for monitoring grants to ensure its compliance with state law, and grantees' compliance with grant contract requirements.**
 - **The Office of the Secretary of State should revise its grant contracts and financial report formats to clarify the requirements for invoices or receipts.**
-

Presidential Nomination Primary Election Reimbursements

In 2016, the Minnesota Legislature authorized a presidential nomination primary election to be held for all presidential election cycles beginning in 2020.³⁹ State law requires the office to reimburse counties and municipalities for eligible expenses incurred in administering the presidential nomination primary election.⁴⁰

During the scope of the audit, the office made 1,548 reimbursement payments totaling \$9,644,528. We tested the payment accuracy and eligibility of expenses for a random sample of 40 reimbursement payments and found no significant issues.

Professional/Technical Services Contracts

During the scope of the audit, the office made payments totaling \$2,132,398 on eight professional/technical services contracts. The office contracted with five vendors to develop public education campaigns related to statewide elections, which comprised a majority of the expenditures. We tested a random sample of two contracts and an additional contract selected based on our analysis, and we found no issues. In addition, we determined that the office resolved the prior audit finding related to professional/technical services contracts.⁴¹

Rent

During the scope of the audit, the office paid \$1,325,575 for leased space and \$36,475 for parking space. We analyzed all 269 payments and tested the accuracy of two of those payments based on our analysis and found no issues. We tested all leased space expenditures for compliance with the lease agreement terms and found no issues.

Other Goods and Services

During the scope of the audit, the office made 2,209 payments totaling \$9,318,108 for various other types of goods and services. These included purchases made on state contracts, such as software licensing fees and equipment, and other purchases made through a purchasing order, such as postage fees and professional memberships. We tested a random sample of 40 payments and found no significant issues.

³⁹ *Laws of Minnesota* 2016, chapter 162, sec. 9, codified as *Minnesota Statutes* 2023, 207A.11.

⁴⁰ *Minnesota Statutes* 2023, 207A.15, subd. 2.

⁴¹ Office of the Legislative Auditor, Financial Audit Division, *Office of the Secretary of State: Internal Controls and Compliance Audit* (St. Paul, 2017). We found that the office did not submit required evaluation reports for professional/technical services contracts to the Minnesota Department of Administration.

Inventory of Assets

The office maintains assets, including both capital assets and sensitive items, needed for its operational activities. A capital asset is an item with “a normal useful life expectancy exceeding two years...[that] maintains its identity while in use.”⁴² Sensitive items are items “that could be easily sold and are most often subject to pilferage or misuse.”⁴³ The office follows state policy, which requires a complete physical inventory of capital assets and sensitive items to be conducted at least biennially.⁴⁴

As of January 2023, the office had 682 assets with a total cost of \$4,678,007 recorded in the state’s accounting system. During the scope of the audit, the office conducted a complete physical inventory in 2021 and 2022. We reviewed the documentation of those physical inventories and confirmed that the office performed complete physical inventories in both years. In addition, we determined that the office resolved the prior audit finding related to inventory of assets.⁴⁵

⁴² Minnesota Department of Administration, *Property Management Reporting and Accountability Policy*, issued May 1, 2014. Capital assets include land, buildings, equipment with an acquisition cost of \$5,000 or more, infrastructure, art and historical treasures, and purchased software with an acquisition cost of \$30,000 or more.

⁴³ *Ibid.* Sensitive items include firearms and other weapons, computers, portable printers, scanners, projectors, cellular phones, software with an acquisition cost between \$5,000 and \$30,000, and video equipment with an acquisition cost between \$500 and \$5,000.

⁴⁴ *Ibid.*

⁴⁵ Office of the Legislative Auditor, Financial Audit Division, *Office of the Secretary of State: Internal Controls and Compliance Audit* (St. Paul, 2017). We found that the office did not properly report a lost asset and did not perform timely physical inventory of its fixed assets in compliance with state policy.

Safe at Home

The Minnesota Legislature enacted the Office of the Secretary of State's Safe at Home program in 2006 to help people who fear for their safety maintain a confidential address.⁴⁶ When a person enrolls in the program, the office assigns them a PO Box address to use as their legal address. State law requires all public and private entities in Minnesota to accept the participant's assigned address.⁴⁷ The office secures the participant's real address, provides a mail forwarding service, and is the participant's agent to receive service of process.

State law classifies participant data as private data on individuals.⁴⁸ The office limits the number of employees who have access to the private data. Additionally, the office annually requires staff with access to Safe at Home program data to certify they understand their requirement to immediately disclose their knowledge of any Safe at Home participants. We reviewed the office's disclosure forms and confirmed that staff completed the form annually. In addition, we determined that the office resolved the prior audit findings related to Safe at Home.⁴⁹

⁴⁶ *Laws of Minnesota* 2006, chapter 242, secs. 1-8, codified as *Minnesota Statutes* 2023, 5B.01-5B.08.

⁴⁷ *Minnesota Statutes* 2023, 5B.05.

⁴⁸ *Minnesota Statutes* 2023, 5B.07, subd. 1(a), classifies participant data as private data on individuals under *Minnesota Statutes* 2023, 13.02, subd. 12, which defines private data on individuals as not public.

⁴⁹ Office of the Legislative Auditor, Financial Audit Division, *Office of the Secretary of State: Internal Controls and Compliance Audit* (St. Paul, 2017). We found that the office inadvertently disclosed private data on two Safe at Home program participants. We also found that the office did not require state employees and other individuals to certify in writing their agreement to protect not public data related to the Safe at Home program.



OLA



STATE OF MINNESOTA
Office of the Minnesota Secretary of State
Steve Simon

November 21, 2023

Judy Randall
Legislative Auditor
140 Centennial Building
658 Cedar Street
Saint Paul, MN 55155

Dear Auditor Randall:

This letter is the formal response of the Office of the Minnesota Secretary of State (OSS) to the regularly scheduled Internal Controls and Compliance Audit that your office recently concluded. We want to thank you for the thoroughness and dedication of your team in reviewing our internal controls and processes. We always welcome the opportunity that the audit process brings for organizational assessment and improvement.

Our last audit of this kind was completed in November 2017 and yielded four findings. We are gratified by the OLA conclusion that we have satisfactorily addressed and remediated all findings from the previous audit.

Below is our response to the one finding from this year's audit.

Finding 1. The Office of the Secretary of State did not adequately monitor its grants and did not comply with monitoring requirements in state law.

Recommendations:

- The Office of the Secretary of State should review invoices or receipts and financial reports for all grants and document its review of those items.
- The Office of the Secretary of State should establish internal policies and procedures for monitoring grants to ensure its compliance with state law, and grantees' compliance with grant contract requirements.
- The Office of the Secretary of State should revise its grant contracts and financial report formats to clarify the requirements for invoices or receipts.

The OSS accepts the finding and agrees with the recommendation.

In May of 2023, the OSS purchased and is in the process of implementing a grants management system (Foundant) used by other state agencies. The system will provide for a more efficient process to receive all required documents from our local partners and for OSS staff to track, review, and maintain the documents. Grant reports will not be considered complete until expenditures are verified against invoices or receipts to

confirm that grant funds were spent on eligible expenses. The OSS will also update our template agreements to clarify the supporting documents need to be submitted so the language is consistent with the certification forms.

Persons Responsible for Implementation: David Maeda, Director of Elections

Date Projected for Completion: Foundant grant management system has been purchased and tested. Our first grant process that will utilize Foundant will be the reimbursement of expenses for the 2024 presidential nomination primary.

Thank you to you and your office for the opportunity to report on the actions we have taken to address the above finding. Please let us know if you have additional comments or questions.

Sincerely,

A handwritten signature in black ink that reads "Steve Simon". The signature is written in a cursive, flowing style.

Steve Simon
Secretary of State



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