

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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### **City of Saint Paul Saint Paul, Minnesota**

Management and Compliance Report

Year Ended December 31, 2022

## Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

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[www.osa.state.mn.us](http://www.osa.state.mn.us)

**City of Saint Paul  
Saint Paul, Minnesota**

Year Ended December 31, 2022



**Office of the State Auditor**

Management and Compliance Report

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

**City of Saint Paul**  
**Saint Paul, Minnesota**

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Independent Auditor's Report

The Honorable Melvin Carter, Mayor,  
and Members of the City Council  
City of Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority and the Port Authority of the City of Saint Paul component units, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Saint Paul RiverCentre Convention and Visitors Authority were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Saint Paul's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Saint Paul's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Saint Paul failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha  
State Auditor

March 25, 2024

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor



**Report on Compliance for Each Major Federal Program; Report on Internal  
Control Over Compliance; and Report on Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

The Honorable Melvin Carter, Mayor,  
and Members of the City Council  
City of Saint Paul, Minnesota

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited the City of Saint Paul's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Saint Paul's major federal programs for the year ended December 31, 2022. The City of Saint Paul's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on COVID-19 – Emergency Rental Assistance Program***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Saint Paul complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 – Emergency Rental Assistance Program for the year ended December 31, 2022.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the City of Saint Paul complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2022.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Saint Paul and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City of Saint Paul's compliance with the compliance requirements referred to above.

***Matters Giving Rise to Qualified Opinion on COVID-19 – Emergency Rental Assistance Program***

As described in the accompanying Schedule of Findings and Questioned Costs, the City of Saint Paul did not comply with requirements regarding Assistance Listing No. 21.023 COVID-19 – Emergency Rental Assistance Program as described in finding number 2022-001 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the City of Saint Paul to comply with the requirements applicable to that program.

**Other Matter – Federal Expenditure Not Included in the Compliance Audit**

The City of Saint Paul’s basic financial statements include the operations of the Port Authority of the City of Saint Paul and the Saint Paul Regional Water Services component units, which expended \$2,129,000 and \$41,387,023, respectively, in federal awards which are not included in the City of Saint Paul’s Schedule of Expenditures of Federal Awards during the year ended December 31, 2022. Our compliance audit, described in the Qualified and Unmodified Opinions section, does not include the operations of the Port Authority of the City of Saint Paul and the Saint Paul Regional Water Services component units because they had separate single audits in accordance with the Uniform Guidance.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Saint Paul’s federal programs.

***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Saint Paul’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Saint Paul’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Saint Paul’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of the City of Saint Paul’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Saint Paul’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Saint Paul's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Saint Paul's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Saint Paul's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Saint Paul's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul as of and for the year ended December 31, 2022, and have issued our report thereon dated March 25, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the financial statements as a whole.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

March 25, 2024

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

# City of Saint Paul Saint Paul, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

### Section I – Summary of Auditor’s Results

#### Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

#### Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for major federal programs: **Unmodified, except for COVID-19 – Emergency Rental Assistance Program, which is qualified.**

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.218	CDBG – Entitlement Grants Cluster Emergency Solutions Grant Program
14.231	COVID-19 – Emergency Solutions Grant Program
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

The threshold used to distinguish between Type A and B programs was \$2,572,847.

The City of Saint Paul qualified as a low-risk auditee? **No**

### Section II – Financial Statement Findings

None.

### Section III – Federal Award Findings and Questioned Costs

2022-001      Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Prior Year Finding Number: N/A

# City of Saint Paul

## Saint Paul, Minnesota

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**Repeat Finding Since:** N/A

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Material Weakness and Modified Opinion

**Federal Agency:** U.S. Department of the Treasury

**Program:** 21.023 COVID-19 – Emergency Rental Assistance Program

**Award Number and Year:** N/A

**Pass-Through Agency:** Direct

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Additionally, Title 2 U.S. *Code of Federal Regulations* § 200.403(g) requires costs to be adequately documented.

The U.S. Department of the Treasury *Frequently Asked Questions* for Emergency Rental Assistance (ERA) dated August 25, 2021, in question seven, states, "All payments for housing-related expenses must be supported by documentary evidence such as a bill, invoice, or evidence of payment to the provider of the service," and, further, in question 42, states, "...if the required application and eligibility documentation are not timely submitted, the payment will be considered an ineligible use of ERA funds by the grantee."

**Condition:** In the sample of 12 disbursements tested, ten consisted of advance payments to the City's subrecipients where itemized documentation was not subsequently obtained, and two consisted of requests for reimbursement of administrative costs that did not have itemized documentation supporting the expenditure.

**Questioned Costs:** None.

**Context:** The City passed the majority of its ERA funds through to subrecipients. The City completed monitoring procedures over its subrecipients on an annual basis, reviewed spending of the subrecipients against budgets established at the beginning of the program, and viewed data entered by its subrecipients into online portals noting rent and utility assistance provided.

The City's subrecipient agreements for ERA1 funding state "the invoice [requesting reimbursement of administrative expenses] must include time sheets for each staff member who worked on the Program showing hours worked and rate of pay and itemized listing of expenses for which reimbursement is sought along with evidence of payment to the appropriate vendor." The subrecipient agreements also state that requests for advance disbursement of Financial Assistance shall "reconcile all previous advanced disbursements provided to Subrecipient, all previous reimbursements for Financial Assistance provided to Subrecipient, and all Financial Assistance provided by Subrecipient to eligible households."

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** By not obtaining itemized documentation, the City cannot be assured that its subrecipients were expending funds on allowable activities. In addition, the City's subrecipients were not meeting the requirements outlined in their agreements with the City.

## City of Saint Paul Saint Paul, Minnesota

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**Cause:** The City informed us that its subrecipients maintained portals with information on eligible clients. The City was given access and could view at any time. The City also informed us that support was provided by subrecipients for requests for reimbursement of administrative costs at the City's request. The City considered its procedures sufficient in lieu of obtaining itemized invoices in all cases.

**Recommendation:** We recommend the City obtain itemized documentation prior to paying invoices. In addition, we recommend the City ensure advance payments have been spent by its subrecipients prior to disbursing further advance payments. Lastly, we recommend the City implement procedures to ensure its subrecipients are in compliance with established agreements.

**View of Responsible Official:** Acknowledge

**2022-002      Suspension and Debarment**

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of the Treasury

**Program:** 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

**Award Number and Year:** N/A

**Pass-Through Agency:** Direct

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in Title 2 U.S. *Code of Federal Regulations* § 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in Title 2 U.S. *Code of Federal Regulations* § 180.215.

**Condition:** In the sample of seven covered transactions tested, the verification for suspension or debarment was not performed for three beneficiaries before entering into the covered transactions.

**Questioned Costs:** None.

**Context:** The U.S. Department of the Treasury published Compliance and Reporting Guidance – State and Local Fiscal Recovery Funds to assist recipients of these funds in implementing compliance requirements of the program.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards* and Single Audits.

## City of Saint Paul Saint Paul, Minnesota

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**Effect:** Failure to verify beneficiaries are not suspended or debarred may result in the City entering into a transaction to provide goods and services that is not authorized under the grant.

**Cause:** The City informed us that it interpreted guidance in the Compliance and Reporting Guidance – State and Local Fiscal Recovery Funds to mean that beneficiaries were eligible to receive funds if they had a valid SAM.gov registration, and that the requirement to check for suspension/debarment did not apply.

**Recommendation:** We recommend the City maintain documentation to demonstrate that all vendors, including beneficiaries, are not debarred or suspended from participating in covered transactions; this documentation should be completed prior to entering into a covered transaction.

**View of Responsible Official:** Acknowledge



**Representation of the City of Saint Paul  
Saint Paul, Minnesota**

Corrective Action Plan  
For the Year Ended December 31, 2022

**Finding Number: 2022-001**

**Finding Title: Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

**Program: 21.023 COVID-19 – Emergency Rental Assistance Program**

Name of Contact Person Responsible for Corrective Action:

Sarah Zorn, Principal Project Manager  
Rachel Finazzo-Doll, Project Manager

Corrective Action Planned:

City staff will work with the subrecipient to obtain supporting documentation for all administrative cost draws where the documentation was not provided.

City staff is in the process of reconciling financial assistance expenditures under ERA2; that process should be complete by June 30, 2024. Staff will conduct an audit of ERA2 financial assistance spending in the summer of 2024; estimated completion of that process is September 30, 2024.

Anticipated Completion Date:

September 30, 2024

**Finding Number: 2022-002**

**Finding Title: Suspension and Debarment**

**Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds**

Name of Contact Person Responsible for Corrective Action:

Maia Wahlberg, Program Administrator

Corrective Action Planned:

The Office of Financial Services will work with all departments who are managing American Rescue Plan funds to ensure that documentation is retained showing that all vendors, including beneficiaries, are not debarred, suspended or otherwise excluded from conducting business with the Federal government. The Office of Financial Services will ensure that this check for suspension/debarment is added to the City’s procedures for granting funds to beneficiaries; it is already included in procedures for dealing with subrecipients and contractors.

Anticipated Completion Date:

March 31, 2024



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**Representation of the City of Saint Paul  
Saint Paul, Minnesota**

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2022

**Finding Number: 2021-001**

**Year of Finding Origination: 2021**

**Finding Title: Identification of Federal Awards**

**Summary of Condition:** The City did not properly identify amounts expended for the Conservation Research and Development federal award program (Assistance Listing Number 81.086) in the population of expenditures provided for audit.

**Summary of Corrective Action Previously Reported:** The Office of Financial Services will work with each department that has grants to verify all Federal awards and related expenditures are properly estimated for the Schedule of Expenditures of Federal Awards for those grants prior to providing the estimate for audit. The Office of Financial Services will work with departments to monitor and report any significant deviations or omissions from the original estimates and report these changes in a timely manner.

**Status:** Fully Corrected. Corrective action was taken.  
Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-002**

**Year of Finding Origination: 2021**

**Finding Title: Matching and Reporting**

**Program: Conservation Research and Development (ALN 81.086)**

**Summary of Condition:** For the two quarterly reports tested, the in-kind match reported were not supported with payroll or other records. The original calculation and supporting payroll records were not maintained, and the recalculation of the amount did not agree with what was reported.

**Summary of Corrective Action Previously Reported:** Public Works will work with the Office of Financial Service to establish and maintain internal control procedures to accurately track, and report time spent by Public Works and the Office of the Mayor staff in support of the project. Quarterly reports to the American Lung Association will include increased level of detail to support the labor hours reported.

The Office of Financial Services will coordinate with the Mayor's Office to create a system of hour tracking to replace previously insufficient reports. Staff time spent will be justified using this newly established system, as well as qualitative descriptions of time spent, including meeting dates and milestone completion.

**Status:** Fully Corrected. Corrective action was taken.  
Corrective action taken was not significantly different than the action previously reported.

**Finding Number:** 2021-003

**Year of Finding Origination:** 2021

**Finding Title:** Reporting

**Program:** COVID-19 – Emergency Rental Assistance Program (ALN 21.023)

**Summary of Condition:** The following items were noted during testing:

- Two quarterly ERA1 compliance reports tested could not be reconciled to supporting documentation,
- Two quarterly ERA1 SF-425 reports tested could not be reconciled to supporting documentation, and
- One monthly ERA1 performance report tested could not be reconciled to supporting documentation.

**Summary of Corrective Action Previously Reported:** Staff is in the process of closing out the ERA1 grant and in doing so will have an accurate listing of expenditures both by month and by quarter. This expenditure data will be representative of Infor financial system records showing funds sent to subrecipients and to pay for staff time and expenses, as well as funds paid out by the subrecipients to (and returned from) landlords, tenants, and utility companies.

**Status:** Fully Corrected. Corrective action was taken.  
Corrective action taken was not significantly different than the action previously reported.

**City of Saint Paul  
Saint Paul, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 6,845,862	\$ 2,451,492
COVID-19 – Community Development Block Grants/Entitlement Grants	14.218		1,993,991	1,393,598
(Total Community Development Block Grants/Entitlement 14.218 \$8,839,853)				
Emergency Solutions Grant Program	14.231		704,632	703,893
COVID-19 – Emergency Solutions Grant Program	14.231		4,639,993	4,625,518
(Total Emergency Solutions Grant Program 14.231 \$5,344,625)				
Home Investment Partnerships Program	14.239		486,463	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 14,670,941</b>	<b>\$ 9,174,501</b>
<b>U.S. Department of the Interior – National Park Service</b>				
Passed Through Minnesota Historical Society				
Historic Preservation Fund Grants-in-Aid	15.904	Not assigned	\$ 1,162	\$ -
Passed through Minnesota Department of Natural Resources				
Outdoor Recreation Acquisition, Development and Planning	15.916	Not assigned	250,000	-
<b>Total U.S. Department of the Interior – National Park Service</b>			<b>\$ 251,162</b>	<b>\$ -</b>
<b>U.S. Department of Justice</b>				
Direct				
COVID-19 – Coronavirus Emergency Supplemental Funding Program	16.034		\$ 70,384	\$ -
Public Safety Partnership and Community Policing Grants	16.710		2,069,395	5,250
Edward Byrne Memorial Justice Assistance Grant Program	16.738		537,015	239,544
(Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$575,742)				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		157,748	157,748
Congressionally Recommended Awards	16.753		368,195	5,024
Smart Prosecution Initiative	16.825		90,294	-
Comprehensive Opioid Abuse Site-Based Program	16.838		111,387	15,000
Equitable Sharing Program	16.922		117,590	-
Passed Through Minnesota Department of Public Safety				
Missing Children's Assistance	16.543	SWIFT 153344 A-CVS-2020 STPAULCL-155	6,149	-
Crime Victim Assistance	16.575	A-JAG-2020	110,002	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	STPAULAO-054	38,727	-
(Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$575,742)				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	A-NFSIA-2022- SPPD-004	32,389	-
Passed through Saint Paul and Ramsey County Domestic Abuse Intervention Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
	16.590	2016-WE- AX-0013	98,146	-
<b>Total U.S. Department of Justice</b>			<b>\$ 3,807,421</b>	<b>\$ 422,566</b>

**City of Saint Paul  
Saint Paul, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022  
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Transportation</b>				
Passed through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1030098	\$ 490,630	\$ -
Highway Planning and Construction	20.205	1033859	44,065	-
Highway Planning and Construction	20.205	1046415	71,942	-
Highway Planning and Construction	20.205	1049200	200,000	-
Highway Planning and Construction	20.205	SP 164-090-014	11,186	-
Highway Planning and Construction	20.205	SP 164-080-017	73,034	-
(Total Highway Planning and Construction 20.205 \$890,857)				
Passed through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC2-2022- SPPD-002	149,810	20,462
State and Community Highway Safety	20.600	A-ENFRC23- 2023-SPPD-028	24,023	6,120
(Total State and Community Highway Safety 20.600 \$173,833)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC2- 2022-SPPD-002	166,424	78,872
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC23- 2023-SPPD-028	98,289	41,256
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR22- 2022-SPPD-008	60,449	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR23- 2023-SPPD-002	20,797	-
(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$345,959)				
Highway Safety Cluster				
National Priority Safety Programs	20.616	A-ENFRC2- 2022-SPPD-002	118,215	43,856
National Priority Safety Programs	20.616	A-ENFRC23- 2023-SPPD-028	17,549	1,223
National Priority Safety Programs	20.616	A-OFFICR22- 2022-SPPD-008	23,670	-
National Priority Safety Programs	20.616	A-OFFICR23- 2023-SPPD-002	9,122	-
(Total National Priority Safety Programs 20.616 \$168,556)				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	A-HMEP-2020- STPFIRE-007	33,157	-
<b>Total U.S. Department of Transportation</b>			<b>\$ 1,612,362</b>	<b>\$ 191,789</b>
<b>U.S. Department of the Treasury</b>				
Direct				
Equitable Sharing	21.016		\$ 253,500	\$ -
COVID-19 – Emergency Rental Assistance Program	21.023		11,137,439	11,116,515
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		50,211,063	11,033,007
<b>Total U.S. Department of the Treasury</b>			<b>\$ 61,602,002</b>	<b>\$ 22,149,522</b>

**City of Saint Paul  
Saint Paul, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022  
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>Institute of Museum and Library Services</b>				
Passed through Friends of the Saint Paul Public Library				
Grants to States (Total Grants to States 45.310 \$125,330)	45.310	LS-00-20-0024-20	\$ 91,115	\$ -
Passed through Saint Paul Public Schools				
Grants to States (Total Grants to States 45.310 \$125,330)	45.310	LS-00-18-0024-18	34,215	-
National Leadership Grants	45.312	LS-00-20-0024-20	<u>62,900</u>	<u>-</u>
<b>Total Institute of Museum and Library Services</b>			<b><u>\$ 188,230</u></b>	<b><u>\$ -</u></b>
<b>U.S. Department of Energy</b>				
Passed through American Lung Association				
Conservation Research and Development	81.086	DE-FOA-0002197	<u>\$ 361,247</u>	<u>\$ -</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through Minnesota Department of Health				
Injury Prevention and Control Research and State and Community Based Programs	93.136	1NU17CE92498501-00	<u>\$ 66,868</u>	<u>\$ 64,368</u>
<b>Corporation for National and Community Service</b>				
Direct				
Volunteers in Service to America	94.013		<u>\$ 139,454</u>	<u>\$ -</u>
<b>Executive Office of the President</b>				
Passed through North Central High Intensity Drug Trafficking Areas				
High Intensity Drug Trafficking Areas Program	95.001	G21ML0028A	<u>\$ 59,067</u>	<u>\$ -</u>
<b>U.S. Department of Homeland Security</b>				
Direct				
Assistance to Firefighters Grant	97.044		\$ 1,238,812	\$ -
Port Security Grant Program	97.056		356,921	109,113
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		274,204	-
Passed through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMOG-2022-STPAULEM-091	19,785	-
Homeland Security Grant Program	97.067	A-UASI-2019-STPAULCI-012	177,879	-
Homeland Security Grant Program	97.067	A-UASI-2020-STPAULCI-011	477,981	-
Homeland Security Grant Program	97.067	A-UASI-2021-STPAULEM-014	374,662	-
Homeland Security Grant Program	97.067	A-SHSP-2020-STPBOMB-016	73,991	-
Homeland Security Grant Program	97.067	A-SHSP-2021-STPBOMB-019	8,566	-
(Total Homeland Security Grant Program 97.067 \$1,113,079)			<u>3,002,801</u>	<u>109,113</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 3,002,801</u></b>	<b><u>\$ 109,113</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 85,761,555</u></b>	<b><u>\$ 32,111,859</u></b>

**City of Saint Paul  
Saint Paul, Minnesota**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022  
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>Totals by Cluster</b>				
Total expenditures for CDBG – Entitlement Grants Cluster			\$ 8,839,853	
Total expenditures for Highway Planning and Construction Cluster			890,857	
Total expenditures for Highway Safety Cluster			342,389	

**City of Saint Paul  
Saint Paul, Minnesota**

Notes to the Schedule of Expenditure of Federal Awards  
As of and for the Year Ended December 31, 2022

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**Note 1 – Summary of Significant Accounting Policies**

**Reporting Entity**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Saint Paul. The City's reporting entity is defined in Note II to the financial statements. The schedule does not include \$2,129,000 in federal awards expended by the Port Authority of the City of Saint Paul component unit, which had a separate single audit performed by other auditors. The schedule also does not include \$41,387,023 in federal awards expended by the Saint Paul Regional Water Services component unit, which had a separate single audit.

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Saint Paul under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Saint Paul, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Saint Paul.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2 – De Minimis Cost Rate**

The City of Saint Paul has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**City of Saint Paul  
Saint Paul, Minnesota**

**Note 3 – Reconciliation to Schedule of Intergovernmental Revenue**

<b>Reconciliation to Schedule of Intergovernmental Revenue</b>	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 84,116,418
Expenditures of Program Income	
Community Development Block Grants/Entitlement Grants	2,653,390
Home Investment Partnerships Program	44,517
Expenditures occurring in 2021, but revenue recognized in 2022	
Equitable Sharing Program	(15,582)
Edward Byrne Memorial Justice Assistance Grant Program	(49,917)
COVID-19 – Coronavirus Emergency Supplemental Funding Program	(35,572)
Highway Planning and Construction	(1,892,436)
State and Community Highway Safety	(10,183)
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	(54,966)
National Priority Safety Programs	(24,502)
Interagency Hazardous Materials Public Sector Training and Planning Grants	(15,171)
Grants to States	(32,680)
National Leadership Grants	(62,055)
Staffing for Adequate Fire and Emergency Response (SAFER)	(6,149)
Homeland Security Grant Program	(463,126)
Volunteers in Service to America	(43,204)
Expenditures occurring in 2022, but revenue deferred until 2023	
Community Development Block Grants/Entitlement Grants	954,233
COVID-19 – Community Development Block Grants/Entitlement Grants	37,266
COVID-19 – Emergency Solutions Grant Program	682
Home Investment Partnerships Program	78,178
Highway Planning and Construction	11,186
High Intensity Drug Trafficking Areas Program	1,580
Law Enforcement Mental Health & Wellness	7,800
Community Law Enforcement Career Initiative	73
Comprehensive Opioid Abuse Site-Based Program	3,583
Equitable Sharing Program	80,444
COVID-19 – Emergency Rental Assistance	695
Grants to States	1,250
Conservation Research and Development	23,956
Assistance to Firefighters Grant	89,190
Homeland Security Grant Program	362,657
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 85,761,555</u>