

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

RAMSEY COUNTY CARE CENTER
ST. PAUL, MINNESOTA

AGREED-UPON PROCEDURES

September 30, 2011

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@state.mn.us
www.auditor.state.mn.us

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

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Ramsey County Budget and Accounting Department

We have performed the procedures enumerated below, which were agreed to by the Ramsey County Budget and Accounting Department, solely to assist you with respect to ensuring adequate accounting procedures and other practices are being followed to account for Ramsey County Care Center accounts receivable. These procedures were applied to the County Care Center's records as of August 31, 2011. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Ramsey County Budget and Accounting Department. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Procedure

Review Ramsey County Care Center (RCCC) policies related to the accounts receivable process and determine compliance with County policy.

Findings

We reviewed the policies and procedures related to the Point Click Care (PCC) system used for accounts receivable. RCCC policy is in compliance with the County policy on recording transactions in the ASPEN general ledger system.

2. Procedure

Review and document the policies and procedures used to generate invoices, record payments, and make adjustments to the accounts receivable balances in RCCC's PCC system and Ramsey County's ASPEN general ledger system.

Findings

We reviewed and documented the PCC system procedures. In regard to data entry, invoice processing, recording payments, making adjustments, and month-end balancing of the PCC, the staff follow the prescribed PCC procedures. However, the Finance Director did not always review the RCCC receipts in the ASPEN system in a timely manner.

3. Procedure

Confirm a sample of accounts receivable balances outstanding in the PCC system as of August 31, 2011.

Findings

We sent out confirmations for the private pay and patient liability accounts on September 27, 2011. As of October 27, 2011, 28 of the 50 confirmations were returned; 27 agreed with the PCC system and 1 referenced a legal issue with the balance due.

4. Procedure

Review accounts receivables write-offs in the PCC system during the period from January 1 to August 31, 2011, and determine compliance with County policy.

Findings

RCCC policy for accounts receivable write-offs is to send a letter requesting payment if an account is not paid within 60 days, then a follow-up after 90 days. After that, the account is turned over to the County Attorney. County policy is to send a letter when an account is not paid within 30 days and a second letter before 120 days. After 120 days, the County policy is to turn over the account to the County Attorney.

5. Procedure

Determine whether cash deposits recorded in the PCC system were timely recorded in the ASPEN general ledger system for 2011.

Findings

Normally the cash deposit amounts and ASPEN coding is communicated to the Property Records and Revenue Department weekly. We noted that, for the week ending August 12, 2011, deposit information necessary to record the receipt in ASPEN was not communicated to the Property Records and Revenue Department until September 21, 2011. We were not able to trace all the electronic funds transfer and credit card deposits for that period to the ASPEN records.

6. Other Items Arising from the Procedures Performed

Segregation of Duties

Finding

Cash and checks received in the mail or from walk-in payors are receipted by the same staff that maintain the PCC system.

Recommendation

We recommend that the receipting of cash and checks received in the mail or from the walk-in payors be segregated from the maintenance of the PCC system.

Internal Controls Over Month-End Balancing

Finding

The internal controls over month-end reporting and balancing of cash activity with the ASPEN general ledger are not clearly defined and documented.

Recommendation

We recommend that the following control procedures be implemented and documented:

- Review month-end reports from PCC to check that totals between reports are in balance and that the Monthly Cash Control Log agrees with the PCC Cash Receipts Journal.
- Download the ASPEN general ledger cash receipts detail to Excel weekly to check the coding of weekly deposits and electronic funds transfers.
- Maintain a cashbook to track the movement of money in the US Bank account from deposit to withdrawal by the Property Records and Revenue Department and reconcile the cashbook with the US Bank account monthly.

- Review the checks issued from the Wells Fargo Bank account and the bank reconciliation.
- Run Budget to Actual reports from ASPEN monthly for review by the Director.
- Review the cashbook and US Bank reconciliation monthly.
- Review monthly Budget to Actual Reports from ASPEN to determine that revenues and expenditures are within budget constraints.

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We were not engaged to and did not perform an audit of the Ramsey County Care Center financial statements, the objective of which would be the expression of an opinion on those financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Ramsey County Care Center and the Ramsey County Budget and Accounting Department and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 30, 2011