

**INDEPENDENT AUDITOR'S 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**

Members of the Minnesota State Legislature

The Honorable Tim Walz, Governor

Erin Campbell, Commissioner, Minnesota Management and Budget

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 State of Minnesota as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State of Minnesota's basic financial statements, and have issued our report thereon dated December 13, 2024. Our report includes a reference to other auditors who audited the financial statements of the Minnesota State Colleges and Universities, Minnesota State Lottery, Minnesota Housing Finance Agency, Metropolitan Council, University of Minnesota, Minnesota Sports Facilities Authority, Office of Higher Education, Public Facilities Authority, and Workers' Compensation Assigned Risk Plan, as described in our report on the State of Minnesota's financial statements. The financial statements of the Minnesota Housing Finance Agency and Workers' Compensation Assigned Risk Plan were not audited in accordance with *Government Auditing Standards*. 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.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying *Findings and Recommendations* section as Findings 1, 2, and 3, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Minnesota'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*.

State of Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State of Minnesota's response to the findings identified in our audit and described in the accompanying *Findings and Recommendations* section. The State of Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lori Leysen, CPA
Deputy Legislative Auditor



Zach Yzermans, CPA
Audit Director

December 13, 2024

Findings and Recommendations

FINDING 1

The Department of Human Services did not have adequate internal controls to ensure it properly reported its accounts receivable.

The Department of Human Services (DHS) incorrectly reported its accounts receivable to Minnesota Management and Budget (MMB) as follows:

- DHS overstated accounts receivable for drug rebates in the Federal Fund and the General Fund financial statements by \$28.0 million and \$22.3 million, respectively. As required by accounting principles generally accepted in the United States of America and state policy, DHS reported an estimate of unbilled drug rebates for service dates of June 30, 2024, or earlier.¹ However, DHS miscalculated the estimate by using incorrect amounts from a supporting report, and its secondary review of the calculation was not sufficient to identify and correct the error. After we identified the misstatement, DHS corrected the estimate and MMB reduced the drug rebate receivables included in the Federal Fund and General Fund financial statements from \$167.5 million to \$139.5 million and from \$99.0 million to \$76.7 million, respectively.
- For certain types of accounts receivable, DHS did not have sufficient documentation to support its estimated allowance for doubtful accounts.² Under accounting principles generally accepted in the United States of America, the outstanding accounts receivable balance at year-end must be reduced by the estimated allowance for doubtful accounts, with the net amount reported in the financial statements.³ State policy requires state agencies to “conduct an annual analysis of current activity and recent trends to determine the appropriate amount to be reported as the allowance for doubtful accounts as of June 30.”⁴

DHS estimated that it would collect the entire amount of the outstanding accounts receivable balance of \$131.9 million for surcharges from healthcare providers, thus that amount was reported as accounts receivable in the General Fund financial statements. DHS told us that there was no allowance for doubtful accounts because it historically collected all surcharges and had not written any off as uncollectible. However, DHS did not have sufficient documentation to substantiate that statement. DHS did not have an aging schedule identifying how long each unpaid receivable balance had been outstanding, could not provide that information to us when we asked, and did not have documentation of any annual analysis of current activity and recent trends. We reviewed the outstanding balances for 52 of 669 healthcare providers and found that six providers, including one that was no longer active, had not submitted a payment for more than a year. Although it is possible DHS may collect all of these outstanding balances, that likelihood decreases the longer the balances remain outstanding, particularly for inactive providers.

¹ Governmental Accounting Standards Board, *GASBS 33 – Accounting and Financial Reporting for Nonexchange Transactions* (December 1998), paragraph 21; and Minnesota Management and Budget, Statewide Operating Policy 0501-01, *Managing and Reporting of Accounts Receivable*, issued July 2011, revised March 2021.

² The allowance for doubtful accounts is an estimate of the portion of outstanding accounts receivable balances at year-end that will not be collected.

³ Governmental Accounting Standards Board, *GASBS 33 – Accounting and Financial Reporting for Nonexchange Transactions* (December 1998), paragraph 21.

⁴ Minnesota Management and Budget, Statewide Operating Policy 0501-01, *Managing and Reporting of Accounts Receivable*, issued July 2011, revised March 2021.

For outstanding accounts receivable balances from overpayments to healthcare providers totaling \$37.7 million, DHS estimated an allowance for doubtful accounts of \$1.9 million. The net amount of \$35.8 million, split evenly between the Federal Fund and General Fund, was reported as accounts receivable in the financial statements. As discussed in Finding 3 of our recent performance audit of those outstanding balances, DHS estimated that the allowance should be five percent of the outstanding balance in Fiscal Year 2019 but has not reassessed that estimate since.⁵ We also noted that the estimate is likely too low based on the length of time many of those receivable balances have been outstanding and the limited amounts collected. In its response, DHS stated that it would complete an analysis and correct the allowance by April 2025.

RECOMMENDATIONS

- **The Department of Human Services should strengthen its internal controls to ensure the accuracy of estimated drug rebate receivables submitted to Minnesota Management and Budget and included in the Federal Fund and General Fund financial statements.**
 - **The Department of Human Services should strengthen its internal controls to ensure the reasonableness of estimated allowances for doubtful accounts related to surcharges from and overpayments to healthcare providers.**
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FINDING 2

The Department of Employment and Economic Development did not have adequate internal controls to ensure it properly reported accounts receivable in the Unemployment Insurance Fund financial statements.

The Department of Employment and Economic Development (DEED) incorrectly reported accounts receivable in the Unemployment Insurance (UI) Fund financial statements as follows:

- For outstanding accounts receivable balances from UI taxes owed by employers, DEED did not have sufficient documentation to support its estimated allowance for doubtful accounts.⁶ Under accounting principles generally accepted in the United States of America, the outstanding accounts receivable balance at year-end must be reduced by the estimated allowance for doubtful accounts, with the net amount reported in the financial statements.⁷ State policy requires state agencies to “conduct an annual analysis of current activity and recent trends to determine the appropriate amount to be reported as the allowance for doubtful accounts as of June 30.”⁸ DEED estimated that it was unlikely to collect any of the outstanding balances from terminated employers or any balances that were more than six years old, thus the allowance included the total of those balances.

⁵ Office of the Legislative Auditor, Financial Audit Division, *Department of Human Services: Outstanding Provider Debt in Minnesota’s Medicaid Program* (St. Paul, 2024), 11-12.

⁶ The allowance for doubtful accounts is an estimate of the portion of outstanding accounts receivable balances at year-end that will not be collected.

⁷ Governmental Accounting Standards Board, *Codification of Governmental Accounting and Financial Reporting Standards* (updated through December 31, 1998), Part 4, Section N50.118.

⁸ Minnesota Management and Budget, Statewide Operating Policy 0501-01, *Managing and Reporting of Accounts Receivable*, issued July 2011, revised March 2021.

For the remaining outstanding balances totaling \$304.4 million, including \$69.5 million for amounts billed in June 2024 or earlier and \$234.9 million for amounts billed in July 2024, DEED did not include any amount in the estimated allowance for doubtful accounts and thus reported that entire amount as accounts receivable in the UI Fund financial statements. DEED did not have documentation of any annual analysis of current activity and recent trends to support its allowance determination.

- DEED estimated that employers who did not file wage detail reports owed \$39.0 million in UI taxes and included that amount in the accounts receivable reported in the UI Fund financial statements; however, DEED did not have sufficient knowledge of the methodology used to calculate the estimate. DEED used a report from its UI system that calculated the estimate, but had no knowledge about the methodology and data used in the calculation. Without that knowledge, DEED could not ensure the validity of the estimate.⁹
- DEED reported accounts receivable of \$10.9 million in the UI Fund financial statements for amounts owed by other states for combined wage claims, which was understated by \$1.1 million.¹⁰ DEED staff inaccurately copied amounts from the UI system into a worksheet used to calculate the receivable amount, and a secondary review of the worksheet was not sufficient to identify and correct the errors.

RECOMMENDATION

The Department of Employment and Economic Development should strengthen its internal controls to ensure the accuracy of accounts receivables reported in the Unemployment Insurance Fund financial statements.

FINDING 3

The Department of Revenue did not have adequate internal controls to ensure it provided accurate data requested by Minnesota Management and Budget for financial reporting purposes.

The Department of Revenue (DOR) provided inaccurate data in memos to Minnesota Management and Budget (MMB) for requested financial reporting information as follows:

- DOR submitted incomplete and inaccurate data to MMB on sales tax receipts collected between July 1, 2024, and August 16, 2024, for tax periods of June 2024 or earlier. DOR posted those receipts to Fiscal Year 2025 in the state's accounting system, but those receipts must be reported as accounts receivable and revenue in the Fiscal Year 2024 financial statements. In addition, DOR initially records those receipts in the General Fund with a portion subsequently reallocated to other funds based on legal provisions in the state constitution and state statutes. In its memo to MMB, DOR only submitted sales tax receipts collected between July 1, 2024, and August 16, 2024, for tax period June 2024, instead of for tax periods June 2024 or earlier. Also, DOR submitted an estimate of the portion of those receipts to be reallocated to other funds instead of the actual

⁹ After the completion of the audit, DEED provided a document detailing the methodology and data used in the UI system report. We did not have sufficient time before the release of this report to assess the reasonableness of the methodology or to validate the accuracy of the calculations based on that methodology. DEED also did not provide documentation of any analysis conducted to validate that the estimate was reasonable.

¹⁰ A combined wage claim is when an applicant received wages in two or more states, but the claim is only processed by one state. Minnesota records a receivable when it expects to be paid by other states.

amounts reallocated, which was known by the time DOR submitted the memo. Finally, the estimate of the portion of receipts to be reallocated did not include all of the required reallocations. As a result, accounts receivable was overstated by \$34.0 million, sales tax revenue was overstated by \$36.9 million, and other tax revenue was understated by \$2.9 million in the General Fund financial statements.¹¹ In addition, accounts receivable and various revenue line items were cumulatively understated in the financial statements for ten other funds by \$49.1 million.

- DOR submitted inaccurate data to MMB on new accounts receivable for individual income tax, corporate income tax, and sales tax posted in July and August 2024 for tax periods June 2024 or earlier. Specifically, DOR incorrectly included receivables that were in dispute or appeal. As a result, accounts receivable and deferred revenue were overstated in the General Fund financial statements by \$3.6 million.¹²
- DOR submitted inaccurate estimates to MMB of individual income tax refunds and sales tax refunds to be paid at future dates for tax periods of June 2024 or earlier. DOR made manual data entry errors in its worksheets used to calculate the estimates. As a result, accounts payable was overstated by \$31.4 million and individual income tax revenue and sales tax revenue were understated by \$29.0 million and \$2.4 million, respectively, in the General Fund financial statements.¹³
- DOR submitted inaccurate data to MMB on individual income tax credits on tax returns received during Fiscal Year 2024 and tax rebates paid during Fiscal Year 2024. Since tax credits reduce recorded individual income tax revenue but should be reported as expenditures in the financial statements, MMB used that data to reclassify the revenue reductions to expenditures. Similarly, the tax rebates were recorded as reductions to individual income tax revenue in the state's accounting system but should have been reported as expenditures in the financial statements. DOR made manual errors in its calculations of the total working family credits and tax rebates. As a result, individual income tax revenue, health and human services function expenditures, and general government function expenditures were overstated by \$7.1 million, \$1.4 million, and \$5.7 million, respectively, in the General Fund financial statements.¹⁴

For all of these items, DOR's supervisory review of the data submitted to MMB was not sufficient to identify and correct the errors.

RECOMMENDATION

The Department of Revenue should strengthen its internal controls to ensure the accuracy of data submitted to Minnesota Management and Budget for financial reporting purposes.

¹¹ MMB recorded accounts receivable of \$723.0 million, sales tax revenue of \$721.9 million, and other tax revenue of \$1.1 million in the General Fund financial statements, based on DOR's memo.

¹² The amount reported as deferred revenue in the General Fund financial statements was reported as tax revenues in the Government-wide Governmental Activities financial statements. The overstated amounts were \$1.6 million for individual income tax revenue, \$0.7 million for corporate income tax revenue, and \$1.3 million for sales tax revenue. MMB recorded accounts receivable and deferred revenue of \$138.7 million in the General Fund financial statements, and individual income tax revenue of \$77.3 million, corporate income tax revenue of \$23.6 million, and sales tax revenue of \$37.8 million in the Government-wide Governmental Activities financial statements, based on DOR's memo.

¹³ MMB recorded accounts payable of \$728.6 million, an individual income tax revenue reduction of \$440.3 million, and a sales tax revenue reduction of \$288.3 million in the General Fund financial statements, based on DOR's memo.

¹⁴ MMB reclassified \$700.0 million from individual income tax revenue reductions to health and human services function expenditures for working family credits and \$989.3 million from individual income tax revenue reductions to general government function expenditures for tax rebates in the General Fund financial statements, based on DOR's memo.



Minnesota Department of Human Services
Elmer L. Andersen Building
Commissioner Jodi Harpstead
Post Office Box 64998
St. Paul, Minnesota 55164-0998

February 7, 2025

Judy Randall, Legislative Auditor
Office of the Legislative Auditor
Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155

Dear Ms. Randall:

Thank you for the opportunity to review and comment on the Department of Human Services' audit finding related to our reporting of accounts receivables. We appreciate and value the work your staff did in identifying and reporting on this issue. Work is already underway to address and correct the finding.

Below is the department's response to the recommendation.

Audit Finding 1

The Department of Human Services did not have adequate internal controls to ensure it properly reported its accounts receivable.

Audit Recommendation 1-1 and 1-2

- The Department of Human Services should strengthen its internal controls to ensure the accuracy of estimated drug rebate receivables submitted to Minnesota Management and Budget and included in the Federal Fund and General Fund financial statements.
- The Department of Human Services should strengthen its internal controls to ensure the reasonableness of estimated allowances for doubtful accounts related to surcharges from and overpayments to healthcare providers.

Agency Response to Recommendations 1-1 and 1-2:

- DHS recently contracted with a new vendor to process drug rebate payments. Enhanced reporting capabilities with the new vendor result in stronger internal controls to ensure the accuracy of estimated drug rebate receivables reported to Minnesota Management and Budget.

- A continuous improvement project has been completed and the results are near implementation, which will ensure improved management of provider credit balances. Financial Operation and Health Care Administration staff have begun a comprehensive review of surcharge billing activity and trends. These improved processes and internal controls include a review and testing of the accuracy of reporting inputs and will ensure that our allowance for uncollectible debt percentages accurately reflects what DHS may be able to collect.

Person Responsible: Joe Jarosz

Estimated Completion date: June 30, 2025

We appreciated your staff's professionalism and dedicated efforts during this audit. Our policy and practice is to follow up on all audit findings to evaluate our progress toward resolution. If you have further questions, please contact Gary L. Johnson, Director of Internal Controls and Accountability, Minnesota Department of Human Services at (651) 431-3623.

Sincerely,



Shireen Gandhi

Temporary Commissioner

February 7, 2025

Judy Randall, Legislative Auditor
Office of the Legislative Auditor (OLA)
Room 140 Centennial Building
658 Cedar Street
Saint Paul, MN 55155-1603

Dear Legislative Auditor Randall:

Thank you for the opportunity to submit a written response to the findings and recommendations of your financial statement audit of the Unemployment Insurance Fund for the period from July 1, 2023, through June 30, 2024.

This letter responds to the written findings and recommendations identified in the audit report.

If you have any questions or need additional information, please contact me or Julie Freeman, CFO, at Julie.freeman@state.mn.us or 651-259-7085.

Regards,



Evan Rowe
Deputy Commissioner
Department of Employment and Economic Development

Finding Number 2

The Department of Employment and Economic Development did not have adequate internal controls to ensure it properly reported accounts receivable in the Unemployment Insurance Fund financial statements.

The Department of Employment and Economic Development (DEED) incorrectly reported accounts receivable in the Unemployment Insurance (UI) Fund financial statements as follows:

- For outstanding accounts receivable balances from UI taxes owed by employers, DEED did not have sufficient documentation to support its estimated allowance for doubtful accounts. Under accounting principles generally accepted in the United States of America, the outstanding accounts receivable balance at year-end must be reduced by the estimated allowance for doubtful accounts, with the net amount reported in the financial statements. State policy requires state agencies to “conduct an annual analysis of current activity and recent trends to determine the appropriate amount to be reported as the allowance for doubtful accounts as of June 30.” DEED estimated that it was unlikely to collect any of the outstanding balances from terminated employers or any balances that were more than six years old, thus the allowance included the total of those balances.

For the remaining outstanding balances totaling \$304.4 million, including \$69.5 million for amounts billed in June 2024 or earlier and \$234.9 million for amounts billed in July 2024, DEED did not include any amount in the estimated allowance for doubtful accounts and thus reported that entire amount as accounts receivable in the UI Fund financial statements. DEED did not have documentation of any annual analysis of current activity and recent trends to support its allowance determination.

- DEED estimated that employers who did not file wage detail reports owed \$39.0 million in UI taxes and included that amount in the accounts receivable reported in the UI Fund financial statements; however, DEED did not have sufficient knowledge of the methodology used to calculate the estimate. DEED used a report from its UI system that calculated the estimate but had no knowledge about the methodology and data used in the calculation. Without that knowledge, DEED could not ensure the validity of the estimate.
- DEED reported accounts receivable of \$10.9 million in the UI Fund financial statements for amounts owed by other states for combined wage claims, which was understated by \$1.1 million. DEED staff inaccurately copied amounts from the UI system into a worksheet used to calculate the receivable amount, and a secondary review of the worksheet was not sufficient to identify and correct the errors.

Recommendations

The Department of Employment and Economic Development should strengthen its internal controls to ensure the accuracy of accounts receivables reported in the Unemployment Insurance Fund financial statements.

DEED's Response

The Department of Employment and Economic Development (DEED) agrees that it incorrectly reported accounts receivable in the Unemployment Insurance (UI) Fund financial statements and realizes the importance of strengthening its internal controls to ensure the accuracy of accounts receivables reported in the Unemployment Insurance Fund financial statements. DEED will be taking the following corrective action steps to address this finding and recommendations:

Doubtful Account Allowance

The Department of Employment and Economic Development (DEED) has used a consistent approach for determination and estimation of its allowance for doubtful accounts for the accounts receivable in the Unemployment Insurance (UI) Fund financial statements for many years. Namely, DEED has estimated that it was unlikely to collect any of the outstanding balances from terminated employers or any balances that were more than six years old, thus the allowance for doubtful accounts included the total of those balances. Although the determination and estimation methodology has been consistent for the past several years, DEED agrees that there is room for improvement and will be improving the methodology used in this calculation.

For outstanding accounts receivable balances from UI taxes owed by employers at year-end, DEED must reduce the estimated allowance for doubtful accounts, with the net amount reported in the financial statements. This activity must be done consistent with state policy which requires state agencies to "conduct an annual analysis of current activity and recent trends to determine the appropriate amount to be reported as the allowance for doubtful accounts as of June 30" and generally accepted accounting principles. DEED will ensure that an annual analysis of current activity and recent trends will be used to determine the appropriate amount to be reported as the allowance for doubtful accounts and that it has sufficient documentation of the methodology used to strengthen, support and report its estimated allowance for doubtful accounts.

Person(s) responsible for corrective action: Julie Freeman, Chief Financial Officer
Jim Hegman, UI Division Director

Anticipated completion date for corrective action: June 30, 2025

Wage Detail Reporting Non-filers

The Department of Employment and Economic Development (DEED) had employers who did not file wage detail reports totaling \$39.0 million owed in UI taxes. DEED included that full amount in the accounts receivable reported in the UI Fund financial statements and did not calculate, determine or estimate any of that as doubtful account allowance. DEED will work on finetuning its methodology for determining and estimating doubtful account allowance and will apply that as appropriate in the future.

Person(s) responsible for corrective action: Julie Freeman, Chief Financial Officer
Jim Hegman, UI Division Director

Anticipated completion date for corrective action: June 30, 2025

Combined Wage Claims

DEED reported accounts receivable of \$10.9 million in the UI Fund financial statements for amounts owed by other states for combined wage claims, which was understated by \$1.1 million. DEED agrees with this finding. Amounts were inaccurately copied from the UI system into the worksheet that was used to calculate the receivable amount. A check and balance reconciliation has been added to the worksheet to identify any variance so that it can be addressed and balanced. This finding has been addressed and fixed so that will not occur in the future.

Person(s) responsible for corrective action: Julie Freeman, Chief Financial Officer
Jim Hegman, UI Division Director

Anticipated completion date for corrective action: Completed



February 6, 2025

Judy Randall, Legislative Auditor
Office of the Legislative Auditor
Centennial Office Building
658 Cedar Street
Saint Paul, MN 55155

Dear Ms. Randall,

Thank you for the opportunity to review and respond to the Office of the Legislative Auditor's (OLA) Internal Controls over Statewide Financial Reporting and on Compliance and Other Matters draft report. Revenue values our ongoing partnership with the OLA to provide an independent assessment of the statewide financial statements each fiscal year.

We appreciate your thorough examination and the insights you have brought forth during your audit. The department prioritizes internal control and remains committed to supporting our mission of working together to fund the future for all of Minnesota. We have already taken action to initiate a project that will address the OLA's finding by improving our reporting process, as discussed in more detail below.

Revenue continues to pursue operational efficiencies and leverage technology. We continuously seek opportunities that will not only improve our efficiency but also ensure the integrity of our processes and information to benefit our customers. Our partnership with the OLA is a welcomed part of this process.

Audit Finding

The Department of Revenue did not have adequate internal controls to ensure it provided accurate data requested by Minnesota Management and Budget (MMB) for financial reporting purposes.

Audit Recommendation

The Department of Revenue should strengthen its internal controls to ensure the accuracy of data submitted to MMB for financial reporting purposes.

Agency Response to Recommendation

Revenue agrees with the OLA's finding and has already acted to address the recommendation.

Revenue is committed to providing timely, accurate, and complete information to support the annual statewide financial reporting process. Our ability to provide this information completely, accurately, and on time is essential to our partners at MMB and OLA who rely on this information to complete their important work.

Corrective Action: Revenue has initiated a project to perform a detailed evaluation of reporting processes and procedures. The planned outcomes of the work includes identifying and implementing increased internal control, as well as implementing process streamlining and automation to improve process efficiency and effectiveness. In addition, the project seeks to improve supporting documentation.

Current Status: Work in progress.

Completion Date: July 31, 2025

Person Responsible: Maggie Rittenhouse, Revenue Chief Financial Officer

We appreciate the professionalism and efforts of your staff during this audit. Thank you again for the opportunity to respond to the OLA's finding.

Sincerely,



Paul Marquart
Commissioner