

Office of the State Auditor

Performance Audit

Released January 29, 2025

OLA | OFFICE OF THE
LEGISLATIVE AUDITOR



Office of the State Auditor

- One of four Minnesota Constitutional Offices
- Functions:
 - Oversees local government finances:
 - Conducts financial and compliance audits
 - Performs outreach and provides educational resources
 - Collects, compiles, and analyzes financial information
 - Provides support on compliance with local public pension plans
 - Provides oversight on compliance with tax increment financing

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State of Minnesota
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Audit Objectives and Scope

Objectives

Did the Office of the State Auditor have adequate internal controls and did it comply with significant finance and IT related legal requirements?

Scope

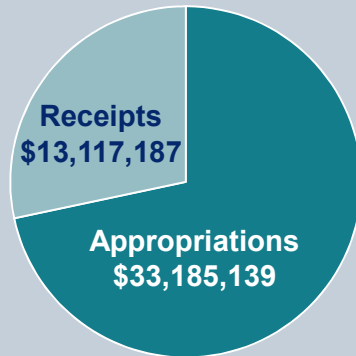
July 1, 2021 – December 31, 2023

Audited Areas

- Payroll expenditures
- Nonpayroll expenditures
- Receipts
- Information technology security controls

Funding Sources (p. 8)

July 1, 2021 – December 31, 2023

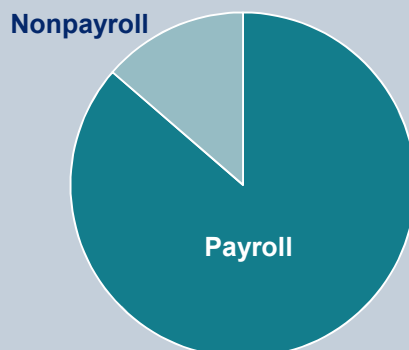


Receipts

- \$12,992,941 Audit Fees
- \$124,246 Other Receipts

Expenditures (p. 8)

July 1, 2021 – December 31, 2023



Expenditures Breakdown

- \$21,081,264 Payroll
- \$3,331,266 Nonpayroll

Audit Results: Financial Activity

- Generally complied with significant finance-related legal requirements
- Generally had adequate internal controls
- Total of 2 findings

Financial-Related Findings

- Incomplete assignment and recording of asset acquisitions
- Noncompliance with asset inventory management

Asset Acquisitions (p. 21)

Result:

- OSA did not always assign asset numbers
- OSA did not always record acquisitions

Contributing Factors:

- No recent trainings on inventory policy
- Lacked internal control to identify acquisitions needing asset numbers

Recommendations

- Assign asset numbers to all capital assets
- Record assets in capital asset system
- Strengthen internal controls over assets

Inventory (pp. 21-22)

Result:

- OSA did not complete a physical inventory

Contributing Factors:

- Items were omitted from disposal forms
- Asset numbers were not correctly updated

Recommendations

- Conduct and document a physical inventory
- Update capital asset system
- Investigate discrepancies

Audit Results: Information Technology

- Implemented some best practices for IT security controls
- Identified several areas for improvement
- Total of 7 findings

Information Security Program (pp. 28-29)

Result:

- OSA has not implemented a security program that aligns with best practices

Recommendations:

- Establish expectations and requirements
- Conduct security control assessments
- Develop and implement a plan to track vulnerabilities

IT Hardware and Software (pp. 30-32)

Result:

- OSA had outdated and unsupported IT assets

Recommendations:

- Establish and implement a plan to replace outdated IT assets

Identity and Access Management (pp. 33-34)

Result:

- OSA did not always follow best practices when authenticating users

Recommendations:

- Require more complex passwords for accounts with broad access
- Implement other best practices for authenticating system users

Security Logging and Monitoring (pp. 35-36)

Result:

- OSA did not have a comprehensive security logging and monitoring program

Recommendation:

- Implement a more comprehensive security logging and monitoring program

Network, Data, and Communication Protections (pp. 37-38)

Result:

- OSA did not follow best practices for securing its network

Recommendations:

- Maintain and update network documentation
- Ensure network infrastructure is kept current
- Implement necessary network intrusion detection and prevention capabilities

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