



May 17, 2022

The Honorable Tim Walz, Governor
Members of the Minnesota Legislature
Mr. James Schowalter, Commissioner of
Minnesota Management and Budget
State of Minnesota
Saint Paul, Minnesota

We have audited the Schedule of Expenditures of Federal Awards (SEFA) of the State of Minnesota for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America; the standards applicable in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting about planning matters on October 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated August 6, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the SEFA prepared by management with your oversight is fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the SEFA does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the State of Minnesota's internal control over financial reporting of the SEFA in order to determine our auditing procedures for the purpose of expressing our opinion on the SEFA and not to provide assurance on the internal control over financial reporting of the SEFA. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

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As part of obtaining reasonable assurance about whether the State of Minnesota's SEFA is free from material misstatement, we performed tests of its compliance with certain provisions of federal statutes, regulations, and the terms and conditions of the State of Minnesota's federal awards applicable to its federal programs, noncompliance with which could have a direct and material effect on the determination of the SEFA amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the State of Minnesota's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the State of Minnesota's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the State of Minnesota's compliance with those requirements.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the State of Minnesota, in relation to the SEFA, are described in the notes to the SEFA.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. No significant accounting estimates were used in the preparation of the SEFA.

The SEFA disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures performed on the SEFA were corrected by management:

<u>State Agency</u>	<u>Net Adjustment to Total Federal Expenditures</u>	<u>Net Adjustment to Amounts Provided to Subrecipients</u>
Minnesota Department of Education	\$ 50,244,490	\$ 50,353,323
Minnesota Department of Health	(\$11,877,009)	(\$8,494,294)
Minnesota Department of Human Services	\$54,006,393	(\$87,504,031)
Minnesota Department of Public Safety	(\$4,193,457)	\$8,818,081
Minnesota Management and Budget	(\$33,567,972)	(\$292,674,013)

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the SEFA or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management of state agencies with major federal programs and from state agencies with significant federal expenditures that are included in the management representation letter dated April 29, 2022.

Management Consultations with Other Independent Accountants

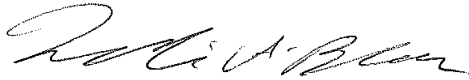
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the State's SEFA or a determination of the type of auditor's opinion that may be expressed on the SEFA, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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This information is intended solely for the use of the Governor, the Minnesota Legislature, and management of the State of Minnesota and is not intended to be, and should not be, used by anyone other than those specified parties.



JULIE BLAHA
STATE AUDITOR



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR