

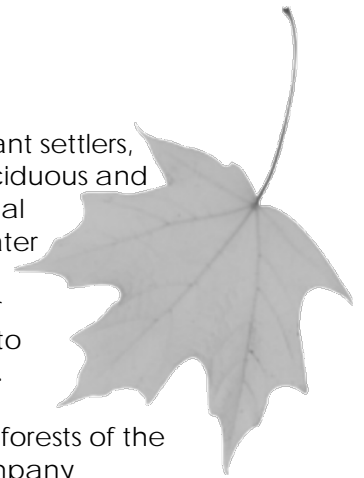
State of Minnesota

Financial and Compliance Report on Federally Assisted Programs



For the Year Ended June 30, 2011

Long before its land was cultivated by native people and immigrant settlers, Minnesota was covered by two distinct landscapes: forests of deciduous and evergreen trees and rolling prairies of grass and flowers. Four glacial periods had carved out thousands of lakes from which flowing water eroded the soil into rivers and streams, giving natural irrigation to lush vegetation. In the shelter of tall trees, bears, wolves and other forest-creatures found protection. Butterflies and bees, attracted to the bright colors of wildflowers, naturally pollinated the grasslands.



As the region became more populated in the 1800s, the northern forests of the state provided a livelihood for many lumberjacks and lumber company owners. Once known as the Big Woods, the thick forest of elm, maple, basswood and oak cloaking south-central Minnesota was cleared for farmland and building material. The prairie land of western Minnesota yielded to the plowshare.



Today small pockets of Minnesota's forests and prairie grasslands are being preserved by the state's Department of Natural Resources and hundreds of dedicated citizens and organizations, reminding this and future generations of Minnesota's pre-settlement landscapes.



Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2011

**2011
Minnesota Financial
and Compliance
Report on Federally
Assisted Programs**

The Minnesota Financial and Compliance Report on Federally Assisted Programs can be made available in alternative formats upon request, to ensure that it is accessible to people with disabilities. To obtain this document in an alternate format, contact:

Minnesota Management & Budget
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155-1489
651-201-8000

The Minnesota Relay service phone number is 1-800-627-3529.

The State of Minnesota Financial and Compliance Report on Federally Assisted Programs is available at the following website:

<http://www.mmb.state.mn.us/>

State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2011

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State of Minnesota

2011 Financial and Compliance Report on Federally Assisted Programs Transmittal Letter from the Commissioner of Minnesota Management and Budget

March 26, 2012

The Honorable Mark Dayton, Governor

Members of the Legislature

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2011. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

This single audit report includes all federal assistance received by the state agencies determined to be a part of the State of Minnesota's primary government. Programs administered by the state's discretely presented component units are reported in separate single audit reports issued by the individual component units. The criteria used to define the state's reporting entity are those established by the Governmental Accounting Standards Board.

For purposes of the single audit in Minnesota, the audited entity is the state rather than each state agency. With this approach, the single audit can be combined with the state's annual financial audit. This is an efficient approach for Minnesota because state agencies are all subject to the same centralized controls (accounting, personnel/payroll and procurement systems).

Management Responsibilities

Minnesota Management and Budget is responsible for the accuracy, fairness and completeness of the Schedule of Expenditures of Federal Awards, including all disclosures, presented in this report. The department is also responsible for the Minnesota Accounting and Procurement System (MAPS), which was used in preparing this report. I believe the schedule provides a fair representation of expenditures for federal programs for the year ended June 30, 2011.

The financial schedules presented are meant to provide a consistent basis for reporting on the expenditures of federal assistance received by state agencies. The schedules are not meant to replace recipient financial reporting currently required for each individual program of federal assistance.

Minnesota Management and Budget is responsible for designing and applying statewide internal controls. State agencies are responsible for additional internal controls used for the administration of federal programs. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional; resource use is consistent with laws, regulations and policies; transactions are executed in accordance with management's authorization; and the accounting records from which financial schedules were prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.

In addition, state agencies have specific responsibilities for federal programs. State agencies are required to manage and maintain adequate accounting records for their federal programs. They are required by the relevant federal departments and agencies to prepare periodic financial reports. State agencies are also responsible for assuring that organizations to which they subgrant federal funds have the required audits and promptly resolve federal program deficiencies reported as a result of those audits. The U.S. Department of Health and Human Services - Office of Inspector General – Office of Audit Services serves as the lead cognizant agency representing all federal agencies awarding federal assistance to the state of Minnesota.

Federal Financial Assistance to the State of Minnesota

In fiscal year 2011, the state of Minnesota received approximately \$12.7 billion in federal assistance for its many programs.

Audits

The Minnesota Office of the Legislative Auditor performs an annual statewide audit primarily for the purpose of expressing an audit opinion on the financial statements included in the state's Comprehensive Annual Financial Report prepared by Minnesota Management and Budget. Another purpose of the statewide audit is to provide information to the Governor, Legislature and heads of state agencies concerning financial and accounting issues involving the state and its agencies. The scope of the annual statewide audit also includes the federal requirements of the Single Audit Act and OMB Circular A-133.

The Office of the Legislative Auditor has audited the state's major federal programs identified in this single audit report, including the federal program expenditure schedules. The auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance is included as part of this report. The Office of the Legislative Auditor has also issued a report on internal control over financial reporting in conjunction with the audit of the state's Comprehensive Annual Financial Report for the year ended June 30, 2011.

All subrecipients receiving federal assistance from Minnesota state agencies have been required to have audits in accordance with OMB Circular A-133. Results of these audits are summarized in the Report on Audits of Subrecipients issued by the Minnesota Office of the State Auditor.

Report

This single audit report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 2011, and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

The Office of the Legislative Auditor is responsible for preparing the auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance, the summary of auditor's results, and the schedules of audit findings and questioned costs for federal awards. Minnesota Management and Budget is responsible for preparing the schedules of expenditures for federal programs and the status of prior federal program audit findings schedule.

Acknowledgments

Although Minnesota Management and Budget accepts final responsibility for this report, we would like to acknowledge the significant assistance provided by staff in the many state agencies receiving federal assistance. The financial schedules agencies prepared for each of their federal programs were used to compile these financial schedules.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. D. Schowalter', written in a cursive style.

James Schowalter
Commissioner





**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

Members of the Minnesota Legislature

The Honorable Mark Dayton, Governor

Mr. James Schowalter, Commissioner of Minnesota Management and Budget

Compliance

We have audited the compliance of the State of Minnesota with the compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that are applicable to the state's major federal programs for the year ended June 30, 2011. The state's major federal programs are identified in Section I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the federal requirements for these programs is the responsibility of the state's management. Our responsibility is to express an opinion on the State of Minnesota's compliance based on our audit.

The State of Minnesota's basic financial statements include the operations of its discretely presented component units, which received approximately \$1.7 billion in federal awards. Those expenditures of federal awards are not included in the State of Minnesota's schedule of expenditures of federal awards for the year ended June 30, 2011. Our audit, described below, did not include the state's discretely presented component units because they are not included as part of the state's primary government; accordingly, those units have engaged other auditors to perform their federal compliance audits in accordance with OMB Circular A-133.

We conducted our audit in accordance with the American Institute of Certified Public Accountants *Statements on Auditing Standards*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred that could have a direct and material effect on the compliance requirements referred to above for a major federal program. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Minnesota's compliance with those requirements.

As described in Finding 12-07-2 in Section III of the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with federal requirements regarding eligibility, activities allowed or unallowed, and allowable costs/cost principals that are applicable to its Temporary Assistance for Needy Families Program (CFDAs 93.558 and 93.714-ARRA). Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which we are required to report in accordance with OMB Circular A-133 and that we describe in Section III of the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the State of Minnesota is responsible for establishing and maintaining effective internal control over compliance with the requirements applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with requirements that could have a direct and material effect on a major federal program. The purpose of our consideration of internal control was to determine the auditing procedures necessary for us to express our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Our consideration of internal control was not for the purpose of expressing an opinion on its effectiveness over compliance; accordingly, we do not express an opinion on the effectiveness of the State of Minnesota's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies¹ in the State of Minnesota's internal control over compliance that might be significant deficiencies² or material weaknesses³ and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we consider the deficiencies in internal control over compliance identified as Finding 12-07-2 and Finding 12-08-2 in Section III of the accompanying Schedule of Findings and Questioned

¹ A *deficiency* in internal control 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.

² A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

³ A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies 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.

Costs to be material weaknesses. We consider all of the other deficiencies in internal control over compliance described in Section III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

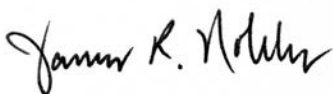
Schedule of Expenditures of Federal Awards

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 State of Minnesota, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Minnesota's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The State of Minnesota's responses to the findings identified in our audit are included in Section III of the accompanying Schedule of Findings and Questioned Costs. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the State of Minnesota, the Governor of the State of Minnesota, the Minnesota Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a public document.



James R. Nobles
Legislative Auditor



Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

March 23, 2012, except for Schedule of Expenditures of Federal Awards as to which the date is December 20, 2011



**STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Supplemental Nutrition Assistance Program (SNAP) Cluster			
10.551	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (7)	HUMAN SERVICES	\$ 683,390,641
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	HUMAN SERVICES	\$ 68,177,497
Supplemental Nutrition Assistance Program (SNAP) Cluster Total:			\$ 751,568,138
Child Nutrition Cluster			
10.553	SCHOOL BREAKFAST PROGRAM	EDUCATION	\$ 34,316,380
10.555	NATIONAL SCHOOL LUNCH PROGRAM	EDUCATION	\$ 153,658,223
10.556	SPECIAL MILK PROGRAM FOR CHILDREN	EDUCATION	\$ 671,926
10.559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	EDUCATION	\$ 3,831,010
Child Nutrition Cluster Total:			\$ 192,477,539
10.557	SPECIAL SUPP. NUTRITION PROGRAM FOR WOMEN, INFANTS (4)	HEALTH	\$ 100,601,199
10.558	CHILD AND ADULT CARE FOOD PROGRAM	EDUCATION	\$ 61,146,024
U.S. DEPARTMENT OF DEFENSE			
12.401	ARRA-NATIONAL GUARD MILITARY OPERATIONS AND MAINT	MILITARY AFFAIRS	\$ 738,808
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	MILITARY AFFAIRS	\$ 41,256,846
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	NATURAL RESOURCES	\$ 743,406
Program 12.401 Total:			\$ 42,739,060
U.S. DEPARTMENT OF LABOR			
Workforce Investment Act (WIA) Cluster			
17.258	WIA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 12,018,438
17.258	ARRA-WIA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 1,266,344
17.259	WIA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 15,298,468
17.259	ARRA-WIA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 1,855,840
17.260	ARRA-WIA DISLOCATED WORKERS	EMPLOYMENT & ECONOMIC	\$ 9,923,119
17.260	WIA DISLOCATED WORKERS	EMPLOYMENT & ECONOMIC	\$ 6,051,495
17.260	WIA DISLOCATED WORKERS	LABOR AND INDUSTRY	\$ 4,812

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
17.277	WORKFORCE INVESTMENT ACT (WIA) NAT'L EMERGENCY GRANTS	EMPLOYMENT & ECONOMIC	\$ 280,286
17.278	WIA DISLOCATED WORKER FORMULA GRANTS	EMPLOYMENT & ECONOMIC	\$ 11,346,193
Workforce Investment Act (WIA) Cluster Total:			\$ 58,044,995
17.225	UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 2,257,489,349
17.225	ARRA-UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 12,719,749
Program 17.225 Total:			\$ 2,270,209,098
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster			
20.205	R&D-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 12,650,640
20.205	ARRA-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 163,143,212
20.205	HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 603,098,379
20.219	RECREATIONAL TRAILS PROGRAM	NATURAL RESOURCES	\$ 1,455,344
Highway Planning and Construction Cluster Total:			\$ 780,347,575
20.106	ARRA-AIRPORT IMPROVEMENT PROGRAM	TRANSPORTATION	\$ 2,721,750
20.106	AIRPORT IMPROVEMENT PROGRAM	TRANSPORTATION	\$ 50,094,347
Program 20.106 Total:			\$ 52,816,097
U.S. DEPARTMENT OF ENERGY			
81.042	ARRA-WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSON	COMMERCE	\$ 68,996,028
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	COMMERCE	\$ 4,812,123
Program 81.042 Total:			\$ 73,808,151
U.S. DEPARTMENT OF EDUCATION			
Vocational Rehabilitation Cluster			
84.126	REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	\$ 50,718,101
84.390	ARRA-REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	\$ 3,642,184
Vocational Rehabilitation Cluster Total:			\$ 54,360,285

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
Title I, Part A Cluster			
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	\$ 131,586,087
84.389	ARRA-TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	\$ 2,807,572
Title I, Part A Cluster Total:			\$ 134,393,659
Student Financial Assistance Cluster			
84.007	FEDERAL SUPP. EDUCATIONAL OPPORTUNITY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 6,202,142
84.033	FEDERAL WORK-STUDY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 7,071,092
84.038	FEDERAL PERKINS LOAN (2)	STATE COLLEGES & UNIVERSITIES	\$ 30,485,776
84.063	FEDERAL PELL GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 306,142,887
84.268	FEDERAL DIRECT STUDENT LOANS (3)	STATE COLLEGES & UNIVERSITIES	\$ 739,473,470
84.375	ACADEMIC COMPETITIVENESS GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 3,801,108
84.376	NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN	STATE COLLEGES & UNIVERSITIES	\$ 1,999,579
84.379	TEACHER ED. ASSIST. FOR COLLEGE AND HIGHER ED. GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 335,663
93.364	NURSING STUDENT LOANS (2)	STATE COLLEGES & UNIVERSITIES	\$ 9,846
Student Financial Assistance Cluster Total:			\$ 1,095,521,563
State Fiscal Stabilization Fund Cluster			
84.394	ARRA-STATE FISCAL STABILIZATION FUND (SFSF) (8)	GOVERNOR'S OFFICE	\$ 85,790,067
84.397	ARRA-STATE FISCAL STABILIZATION FUND (SFSF) (8)	GOVERNOR'S OFFICE	\$ 601,000
State Fiscal Stabilization Fund Cluster Total:			\$ 86,391,067
Special Education Cluster (IDEA)			
84.027	SPECIAL EDUCATION_GRANTS TO STATES	EDUCATION	\$ 189,356,567
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	EDUCATION	\$ 6,934,289
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 8,453
Special Education Cluster (IDEA) Total:			\$ 196,299,309
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	EDUCATION	\$ 36,978,037
84.410	ARRA-EDUCATION JOBS FUND (9)	GOVERNOR'S OFFICE	\$ 149,448,315

The notes (referenced in parentheses) are an integral part of these statements.

STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Temporary Assistance for Needy Families (TANF) Cluster			
93.558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	HUMAN SERVICES	\$ 229,120,258
93.714	ARRA-EMERGENCY CONTINGENCY FUND FOR TANF	HUMAN SERVICES	\$ 5,036,555
Temporary Assistance for Needy Families (TANF) Cluster Total:			\$ 234,156,813
Medicaid Cluster			
93.720	ARRA-SURVEY AND CERTIFICATION ASC-HAI	HEALTH	\$ 77,547
93.775	STATE MEDICAID FRAUD CONTROL UNITS	ATTORNEY GENERAL	\$ 975,726
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HEALTH	\$ 7,836,652
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HUMAN SERVICES	\$ 5,150,559
93.778	MEDICAL ASSISTANCE PROGRAM (4)	HUMAN SERVICES	\$ 4,310,598,649
93.778	ARRA-MEDICAL ASSISTANCE PROGRAM	HUMAN SERVICES	\$ 656,636,133
Medicaid Cluster Total:			\$ 4,981,275,266
Immunization Cluster			
93.268	IMMUNIZATION GRANTS	HEALTH	\$ 44,156,373
93.712	ARRA-IMMUNIZATION	HEALTH	\$ 1,784,523
Immunization Cluster Total:			\$ 45,940,896
Child Care and Development Fund (CCDF) Cluster			
93.575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	HUMAN SERVICES	\$ 92,589,796
93.596	CHILD CARE MANDATORY AND MATCHING FUNDS	HUMAN SERVICES	\$ 59,428,514
93.713	ARRA-CHILD CARE AND DEVELOPMENT	HUMAN SERVICES	\$ 20,533
Child Care and Development Fund (CCDF) Cluster Total:			\$ 152,038,843
93.563	CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	\$ 113,924,300
93.563	ARRA-CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	\$ 1,980,000
Program 93.563 Total:			\$ 115,904,300
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	COMMERCE	\$ 155,515,316

The notes (referenced in parentheses) are an integral part of these statements.

STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
93.658	FOSTER CARE_TITLE IV-E	HUMAN SERVICES	\$ 44,719,619
93.658	ARRA-FOSTER CARE_TITLE IV-E	HUMAN SERVICES	\$ 1,208,931
93.658	ARRA-FOSTER CARE_TITLE IV-E	STATE COLLEGES & UNIVERSITIES	\$ 201,136
Program 93.658 Total:			\$ 46,129,686
93.667	SOCIAL SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 33,977,330
Major Program Total:			\$ 11,902,088,561

The notes (referenced in parentheses) are an integral part of these statements.



STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Schools and Roads Cluster			
10.665	SCHOOLS AND ROADS - GRANTS TO STATES	MMB NON-OPERATING	\$ 2,946,586
Schools and Roads Cluster Total: \$			2,946,586
Emergency Food Assistance Cluster			
10.568	EMERGENCY FOOD ASSISTANCE (ADMINISTRATIVE COSTS)	HUMAN SERVICES	\$ 733,843
10.568	ARRA-EMERGENCY FOOD ASSISTANCE (ADMIN COSTS)	HUMAN SERVICES	\$ 430,757
Emergency Food Assistance Cluster Total: \$			1,164,600
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	AGRICULTURE	\$ 1,121,513
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	ANIMAL HEALTH BOARD	\$ 1,032,687
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	NATURAL RESOURCES	\$ 101,563
Program 10.025 Total: \$			2,255,763
10.028	WILDLIFE SERVICES	NATURAL RESOURCES	\$ 90,219
10.069	CONSERVATION RESERVE PROGRAM	NATURAL RESOURCES	\$ 301,350
10.093	VOLUNTARY PUBLIC ACCESS & HABITAT INCENTIVE PROGRAM	NATURAL RESOURCES	\$ 374,229
10.103	2009 AQUACULTURE GRANT PROGRAM	AGRICULTURE	\$ 43,286
10.156	FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM	AGRICULTURE	\$ 32,987
10.162	INSPECTION GRADING AND STANDARDIZATION	AGRICULTURE	\$ 105,000
10.163	MARKET PROTECTION AND PROMOTION	AGRICULTURE	\$ 979,147
10.169	SPECIALTY CROP BLOCK GRANT PROGRAM	AGRICULTURE	\$ 25,096
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	AGRICULTURE	\$ 383,872
10.307	ORGANIC AG RESEARCH AND EXT INITIATIVE	AGRICULTURE	\$ 16,949
10.311	BEGINNING FARMER AND RANCHER DEVELOPMENT	STATE COLLEGES & UNIVERSITIES	\$ 913
10.456	PARTNERSHIP AGREEMENTS TO DEV NON-INS RISK MGMT TOOLS	AGRICULTURE	\$ 72,174
10.475	COOP AGMNTS WITH STATES FOR INTRASTATE MEAT, POULTRY	AGRICULTURE	\$ 1,119,306

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	AGRICULTURE	\$ 592,367
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	EDUCATION	\$ 2,941,925
10.565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	HEALTH	\$ 1,042,817
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	AGRICULTURE	\$ 308,198
10.576	SENIOR FARMERS' MARKET NUTRITION PROGRAM	AGRICULTURE	\$ 92,601
10.578	ARRA-WIC GRANTS TO STATES (WGS)	HEALTH	\$ 1,201,176
10.579	ARRA-CHILD NUTRITION DISCRETIONARY GRANTS	EDUCATION	\$ 258,234
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	EDUCATION	\$ 44,062
Program 10.579 Total: \$			302,296
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	EDUCATION	\$ 1,783,061
10.603	EMERGING MARKETS PROGRAM	AGRICULTURE	\$ 40,582
10.652	FORESTRY RESEARCH	NATURAL RESOURCES	\$ 5,256
10.652	FORESTRY RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 4,521
Program 10.652 Total: \$			9,777
10.664	COOPERATIVE FORESTRY ASSISTANCE	AGRICULTURE	\$ 656
10.664	COOPERATIVE FORESTRY ASSISTANCE	NATURAL RESOURCES	\$ 2,019,766
Program 10.664 Total: \$			2,020,422
10.668	ADDITIONAL LANDS-GRANTS	MMB NON-OPERATING	\$ 6,150,000
10.675	URBAN AND COMMUNITY FORESTRY PROGRAM	NATURAL RESOURCES	\$ 274,142
10.676	FOREST LEGACY PROGRAM	NATURAL RESOURCES	\$ 9,984,784
10.677	FOREST LAND ENHANCEMENT PROGRAM	NATURAL RESOURCES	\$ 7,338
10.678	FOREST STEWARDSHIP PROGRAM	NATURAL RESOURCES	\$ 229,716
10.680	FOREST HEALTH PROTECTION	AGRICULTURE	\$ 361,433
10.680	FOREST HEALTH PROTECTION	NATURAL RESOURCES	\$ 259,984
Program 10.680 Total: \$			621,417
10.683	NATIONAL FISH & WILDLIFE FOUNDATION	NATURAL RESOURCES	\$ 26,580

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
10.861	PUBLIC TELEVISION STATION DIGITAL TRANSITION GRANT	STATE COLLEGES & UNIVERSITIES	\$ 65,972
10.902	SOIL AND WATER CONSERVATION	AGRICULTURE	\$ 66,257
10.902	SOIL AND WATER CONSERVATION	WATER & SOIL RESOURCES	\$ 1,901,589
Program 10.902 Total: \$			1,967,846
10.950	AGRICULTURAL STATISTICS REPORTS	AGRICULTURE	\$ 16,273
U.S. DEPARTMENT OF COMMERCE			
Economic Development Cluster			
11.300	INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT	STATE COLLEGES & UNIVERSITIES	\$ 43,628
Economic Development Cluster Total: \$			43,628
11.413	FISHERY PRODUCTS INSPECTION AND CERTIFICATION	AGRICULTURE	\$ 16,992
11.419	COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	NATURAL RESOURCES	\$ 982,908
11.468	APPLIED METEOROLOGICAL RESEARCH	PUBLIC SAFETY	\$ 801,064
11.557	BROADBAND TECHNOLOGY OPPORTUNITIES	EMPLOYMENT & ECONOMIC	\$ 245,585
U.S. DEPARTMENT OF DEFENSE			
12.113	REIMBURSEMENT OF TECHNICAL SERVICES	POLLUTION CONTROL AGENCY	\$ 289,806
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 242
12.404	NATIONAL GUARD CHALLENGE PROGRAM	MILITARY AFFAIRS	\$ 1,082,000
12.630	R&D-BASIC, APPLIED, AND ADV RES IN SCIENCE, ENGINEER	STATE COLLEGES & UNIVERSITIES	\$ 43,639
12.902	INFORMATION SECURITY GRANT	STATE COLLEGES & UNIVERSITIES	\$ 102,789
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
CDBG - State-Administered Small Cities Program Cluster			
14.228	CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	\$ 20,919,305
14.255	ARRA-CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	\$ 2,490,153
CDBG - State-Administered Small Cities Program Cluster Total: \$			23,409,458

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
CDBG - Entitlement Grants Cluster			
14.218	COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT	STATE COLLEGES & UNIVERSITIES	\$ 1,367
CDBG - Entitlement Grants Cluster Total: \$			1,367
14.231	EMERGENCY SHELTER GRANTS PROGRAM	HUMAN SERVICES	\$ 1,279,360
14.257	ARRA-HOMELESSNESS PREVENT AND RAPID REHOUSING	HUMAN SERVICES	\$ 5,852,062
14.900	LEAD-BASED PAINT HAZARD CNTRL PRIVATELY-OWNED HOUSING	HEALTH	\$ 485,882
U.S. DEPARTMENT OF INTERIOR			
Fish and Wildlife Cluster			
15.605	SPORT FISH RESTORATION PROGRAM	NATURAL RESOURCES	\$ 13,024,569
15.611	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	NATURAL RESOURCES	\$ 14,527,144
Fish and Wildlife Cluster Total: \$			27,551,713
15.231	ARRA-FISH, WILDLIFE, PLANT CONSERV RESOURCE MGMT	STATE COLLEGES & UNIVERSITIES	\$ 27,486
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	NATURAL RESOURCES	\$ 32,725
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	NATURAL RESOURCES	\$ 12,448
15.616	CLEAN VESSEL ACT	NATURAL RESOURCES	\$ 50,540
15.622	SPORTFISHING AND BOATING SAFETY ACT	NATURAL RESOURCES	\$ 53,145
15.623	NORTH AMERICAN WETLANDS CONSERVATION FUND	NATURAL RESOURCES	\$ 743,961
15.626	ENHANCED HUNTER EDUCATION AND SAFETY PROGRAM	NATURAL RESOURCES	\$ 210,078
15.628	MULTISTATE CONSERVATION GRANT PROGRAM	NATURAL RESOURCES	\$ 12,956
15.633	LANDOWNER INCENTIVE	NATURAL RESOURCES	\$ 168,683
15.634	STATE WILDLIFE GRANTS	NATURAL RESOURCES	\$ 1,188,870
15.637	MIGRATORY BIRD JOINT VENTURES	NATURAL RESOURCES	\$ 26,292
15.647	MIGRATORY BIRD CONSERVATION	NATURAL RESOURCES	\$ 19,106

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
15.650	RESEARCH GRANTS (GENERIC)	AGRICULTURE	\$ 100,000
15.650	RESEARCH GRANTS (GENERIC)	NATURAL RESOURCES	\$ 84,787
Program 15.650 Total: \$			184,787
15.657	ENDANGERED SPECIES CONSERVATION - REC IMPLEMENT	NATURAL RESOURCES	\$ 3,621
15.808	US GEOLOGICAL SURVEY_RESEARCH AND DATA COLLECTION	ADMINISTRATION	\$ 64,965
15.808	US GEOLOGICAL SURVEY_RESEARCH AND DATA COLLECTION	NATURAL RESOURCES	\$ 264,000
Program 15.808 Total: \$			328,965
15.809	NATIONAL SPATIAL DATA INFRASTRUCTURE COOP AGREEMENTS	ADMINISTRATION	\$ 55,257
15.916	OUTDOOR RECREATION ACQUISITION, DEVELOPMT, PLANNING	NATURAL RESOURCES	\$ 90,000
15.978	UPPER MISSISSIPPI RIVER SYSTEM LT RESOURCE MONITORING	NATURAL RESOURCES	\$ 391,774
15.978	R&D-UPPER MISSISSIPPI RIVER LT RESOURCE MONITORING	STATE COLLEGES & UNIVERSITIES	\$ 3,402
Program 15.978 Total: \$			395,176
U.S. DEPARTMENT OF JUSTICE			
JAG Program Cluster			
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	PUBLIC SAFETY	\$ 4,574,486
16.803	ARRA-EDWARD BYRNE MEMORIAL JUSTICE	PUBLIC SAFETY	\$ 8,264,945
JAG Program Cluster Total: \$			12,839,431
16.004	LAW ENFORCEMENT ASSIST. NARCOTICS, DANGEROUS DRUGS	PUBLIC SAFETY	\$ 129,644
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	PUBLIC SAFETY	\$ 409,398
16.202	PRISONER REENTRY INITIATIVE DEMO. (OFFENDER REENTRY)	CORRECTIONS	\$ 281
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	PUBLIC SAFETY	\$ 816,903
16.525	GRANTS TO REDUCE VIOLENCE ON CAMPUS	STATE COLLEGES & UNIVERSITIES	\$ 57,219
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	PUBLIC SAFETY	\$ 797,811
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	STATE COLLEGES & UNIVERSITIES	\$ 14,556
Program 16.540 Total: \$			812,367
16.541	PART E - DEVELOPING, TESTING, DEMO PROMISING NEW PROG	STATE COLLEGES & UNIVERSITIES	\$ 722,946

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
16.543	MISSING CHILDREN'S ASSISTANCE	PUBLIC SAFETY	\$ 184,452
16.548	TITLE V_DELINQUENCY PREVENTION PROGRAM	PUBLIC SAFETY	\$ 41,792
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS	PUBLIC SAFETY	\$ 60,550
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	PUBLIC SAFETY	\$ 262,628
16.560	NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEV	PUBLIC SAFETY	\$ 101,720
16.575	CRIME VICTIM ASSISTANCE	PUBLIC SAFETY	\$ 7,746,847
16.576	CRIME VICTIM COMPENSATION	PUBLIC SAFETY	\$ 805,537
16.580	EDWARD BYRNE MEMORIAL ST AND LOCAL LAW ENFORCEMENT	PHARMACY BOARD	\$ 163,100
16.580	EDWARD BYRNE MEMORIAL ST AND LOCAL LAW ENFORCEMENT	PUBLIC SAFETY	\$ 169,100
Program 16.580 Total: \$			332,200
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	TRIAL COURTS	\$ 531,116
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	PUBLIC SAFETY	\$ 2,062,862
16.588	ARRA-VIOLENCE AGAINST WOMEN	PUBLIC SAFETY	\$ 1,121,486
Program 16.588 Total: \$			3,184,348
16.590	ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS	PUBLIC SAFETY	\$ 332,385
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT STATE PRISONERS	PUBLIC SAFETY	\$ 85,864
16.606	STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	CORRECTIONS	\$ 36,219
16.607	BULLETPROOF VEST PARTNERSHIP	CORRECTIONS	\$ 969
16.607	BULLETPROOF VEST PARTNERSHIP	PUBLIC SAFETY	\$ 61,756
Program 16.607 Total: \$			62,725
16.609	PROJECT SAFE NEIGHBORHOODS	PUBLIC SAFETY	\$ 285,002
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	PUBLIC SAFETY	\$ 236,265
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	NATURAL RESOURCES	\$ 71
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	PUBLIC SAFETY	\$ 352,982
Program 16.727 Total: \$			353,053
16.740	STATEWIDE AUTOMATED VICTIM INFORMATION NOTIFICATION	PUBLIC SAFETY	\$ 138,498

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**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC DEFENSE BOARD	\$ 555,442
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC SAFETY	\$ 421,119
Program 16.741 Total: \$			976,561
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT	PUBLIC SAFETY	\$ 354,179
16.744	ANTI-GANG INITIATIVE	PUBLIC SAFETY	\$ 183,953
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH	CORRECTIONS	\$ 12,351
16.753	CONGRESSIONALLY RECOMMENDED AWARDS	PUBLIC SAFETY	\$ 280,740
16.801	ARRA-STATE VICTIM ASSISTANCE	PUBLIC SAFETY	\$ 173,342
16.802	ARRA-STATE VICTIM COMPENSATION	PUBLIC SAFETY	\$ 7,655
16.812	SECOND CHANCE ACT PRISONER REENTRY INITIATIVE	CORRECTIONS	\$ 74,920
U.S. DEPARTMENT OF LABOR			
Employment Service Cluster			
17.207	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 22,082,071
17.207	ARRA-EMPLOYMENT SERVICE/WAGNER-PEYSER ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 1,089,786
17.801	DISABLED VETERANS' OUTREACH PROGRAM (DVOP)	EMPLOYMENT & ECONOMIC	\$ 1,820,844
17.804	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM	EMPLOYMENT & ECONOMIC	\$ 1,152,606
Employment Service Cluster Total: \$			26,145,307
17.002	LABOR FORCE STATISTICS	EMPLOYMENT & ECONOMIC	\$ 1,721,058
17.002	LABOR FORCE STATISTICS	STATE COLLEGES & UNIVERSITIES	\$ 1,747,939
Program 17.002 Total: \$			3,468,997
17.005	COMPENSATION AND WORKING CONDITIONS	LABOR AND INDUSTRY	\$ 101,272
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 4,267,256
17.235	ARRA-SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 65,440
Program 17.235 Total: \$			4,332,696
17.245	TRADE ADJUSTMENT ASSISTANCE	EMPLOYMENT & ECONOMIC	\$ 18,344,369

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**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
17.261	WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	EMPLOYMENT & ECONOMIC	\$ 48,066
17.266	WORK INCENTIVE GRANTS	EMPLOYMENT & ECONOMIC	\$ 60,317
17.267	INCENTIVE GRANTS - WIA SECTION 503	EMPLOYMENT & ECONOMIC	\$ 571,664
17.267	INCENTIVE GRANTS - WIA SECTION 503	STATE COLLEGES & UNIVERSITIES	\$ 22,575
Program 17.267 Total: \$			594,239
17.268	H-1B JOB TRAINING GRANTS	EMPLOYMENT & ECONOMIC	\$ 123,246
17.268	H-1B JOB TRAINING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 661,625
Program 17.268 Total: \$			784,871
17.269	COMMUNITY BASED JOB TRAINING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 3,889,485
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	EMPLOYMENT & ECONOMIC	\$ 581,820
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	EMPLOYMENT & ECONOMIC	\$ 42,287
17.275	ARRA-WORKER TRAINING IN EMERGING INDUSTRY SECTORS	EMPLOYMENT & ECONOMIC	\$ 1,295,965
17.275	ARRA-WORKER TRAINING IN EMERGING INDUSTRY SECTORS	STATE COLLEGES & UNIVERSITIES	\$ 1,343,574
Program 17.275 Total: \$			2,639,539
17.502	OCCUPATIONAL SAFETY AND HEALTH_SUSAN HARWOOD TRNG	STATE COLLEGES & UNIVERSITIES	\$ 98,235
17.503	OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	\$ 4,396,101
17.503	ARRA-OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	\$ 99,946
Program 17.503 Total: \$			4,496,047
17.504	CONSULTATION AGREEMENTS	LABOR AND INDUSTRY	\$ 1,029,419
17.505	OSHA DATA INITIATIVE	LABOR AND INDUSTRY	\$ 33,251
17.600	MINE HEALTH AND SAFETY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 236,797
U.S. DEPARTMENT OF STATE			
19.009	ACADEMIC EXCHANGE PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 132,829
19.300	R&D-STUDY OF EASTERN EUROPE & FORMER SOVIET UNION	STATE COLLEGES & UNIVERSITIES	\$ 6,805

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Transit Services Programs Cluster			
20.513	CAPITAL ASSISTANCE PROGRAM FOR ELDERLY PERSONS	TRANSPORTATION	\$ 1,538,607
20.516	JOB ACCESS_REVERSE COMMUTE	TRANSPORTATION	\$ 1,012,718
20.521	NEW FREEDOM PROGRAM	TRANSPORTATION	\$ 540,709
Transit Services Programs Cluster Total: \$			3,092,034
Highway Safety Cluster			
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	PUBLIC SAFETY	\$ 11,197,635
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	TRANSPORTATION	\$ 5,753,897
20.601	ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE	PUBLIC SAFETY	\$ 3,501,892
20.602	OCCUPANT PROTECTION	PUBLIC SAFETY	\$ 270,543
20.609	SAFETY BELT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 2,753,706
20.609	SAFETY BELT PERFORMANCE GRANTS	TRANSPORTATION	\$ 878,654
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	PUBLIC SAFETY	\$ 243,081
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	TRANSPORTATION	\$ 59,630
20.611	PROGRAM TO PROHIBIT RACIAL PROFILING	PUBLIC SAFETY	\$ 448,346
20.612	INCENTIVE GRANT PROGRAM TO INCREASE MOTORCYCLIST SAFETY	PUBLIC SAFETY	\$ 37,232
20.613	CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE	PUBLIC SAFETY	\$ 63,685
Highway Safety Cluster Total: \$			25,208,301
Federal Transit Cluster			
20.500	FEDERAL TRANSIT_CAPITAL INVESTMENT GRANTS	TRANSPORTATION	\$ 5,910,605
Federal Transit Cluster Total: \$			5,910,605
20.200	HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM	TRANSPORTATION	\$ 745,807
20.200	R&D-HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM	TRANSPORTATION	\$ 1,888,903
Program 20.200 Total: \$			2,634,710

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
20.218	NATIONAL MOTOR CARRIER SAFETY	PUBLIC SAFETY	\$ 4,164,895
20.218	NATIONAL MOTOR CARRIER SAFETY	TRANSPORTATION	\$ 1,037,982
Program 20.218 Total: \$			5,202,877
20.232	COMMERCIAL DRIVER'S LICENSE PROG IMPROVEMT	PUBLIC SAFETY	\$ 505,846
20.233	BORDER ENFORCEMENT GRANTS	PUBLIC SAFETY	\$ 234,533
20.317	INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	\$ 461,918
20.505	METROPOLITAN TRANSPORTATION PLANNING	TRANSPORTATION	\$ 4,203,277
20.509	ARRA-OTHER THAN URBANIZED AREAS	TRANSPORTATION	\$ 5,180,906
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	TRANSPORTATION	\$ 9,923,680
Program 20.509 Total: \$			15,104,586
20.523	ARRA-REDUCING ENERGY CONSUMPTION & GAS EMISSIONS	TRANSPORTATION	\$ 845,000
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	PUBLIC SAFETY	\$ 4,997,840
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	HEALTH	\$ 40,931
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	PUBLIC SAFETY	\$ 70,553
Program 20.614 Total: \$			111,484
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	PUBLIC SAFETY	\$ 1,654,952
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	PUBLIC SAFETY	\$ 303,746
20.720	STATE DAMAGE PREVENTION PROGRAM GRANTS	PUBLIC SAFETY	\$ 62,113
20.721	PHMSA PIPELINE SAFETY PROGRAM	PUBLIC SAFETY	\$ 42,643
U.S. OFFICE OF PERSONNEL MANAGEMENT			
27.011	INTERGOVERNMENTAL PERSONNEL ACT MOBILITY	STATE COLLEGES & UNIVERSITIES	\$ 132,661
U.S. GENERAL SERVICES ADMINISTRATION			
39.011	ELECTION REFORM PAYMENTS	SECRETARY OF STATE	\$ 1,779,468

The notes (referenced in parentheses) are an integral part of these statements.

STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. NATIONAL AERONAUTICS & SPACE ADMINISTRATION			
43.001	SCIENCE	STATE COLLEGES & UNIVERSITIES	\$ 36,105
43.008	EDUCATION GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 4,255
43.011	DISCRETIONARY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 1,239
U.S. NATIONAL FOUNDATION ARTS & HUMANITIES			
45.024	PROMOTION OF THE ARTS_GRANTS TO ORGS AND INDIVIDUALS	ARTS BOARD	\$ 20,749
45.024	PROMOTION OF THE ARTS_GRANTS TO ORGS AND INDIVIDUALS	STATE COLLEGES & UNIVERSITIES	\$ 10,000
Program 45.024 Total: \$			30,749
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	ARTS BOARD	\$ 1,027,487
45.164	PROMOTION OF THE HUMANITIES_PUBLIC PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 58
45.310	GRANTS TO STATES	EDUCATION	\$ 2,853,913
U.S. NATIONAL SCIENCE FOUNDATION			
47.049	MATHEMATICAL AND PHYSICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 73,499
47.050	GEOSCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 222,116
47.050	R&D-GEOSCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 59,304
Program 47.050 Total: \$			281,420
47.074	BIOLOGICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 29,535
47.074	R&D-BIOLOGICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 294,575
Program 47.074 Total: \$			324,110
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 7,332
47.076	EDUCATION AND HUMAN RESOURCES	NATURAL RESOURCES	\$ 19,978
47.076	EDUCATION AND HUMAN RESOURCES	STATE COLLEGES & UNIVERSITIES	\$ 2,445,775
47.076	R&D-EDUCATION AND HUMAN RESOURCES	STATE COLLEGES & UNIVERSITIES	\$ 251,919
Program 47.076 Total: \$			2,717,672
47.082	ARRA R&D-TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	STATE COLLEGES & UNIVERSITIES	\$ 31,634

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. SMALL BUSINESS ADMINISTRATION			
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	EMPLOYMENT & ECONOMIC	\$ 1,771,829
U.S. DEPARTMENT OF VETERANS AFFAIRS			
64.005	STATE HOME FACILITIES CONSTRUCTION	VETERANS AFFAIRS	\$ 6,119,851
64.005	ARRA-CONSTRUCTION OF STATE HOME FACILITIES	VETERANS AFFAIRS	\$ 3,354,899
Program 64.005 Total: \$			9,474,750
64.116	VOCATIONAL REHABILITATION FOR DISABLED VETERANS	STATE COLLEGES & UNIVERSITIES	\$ 454,624
U.S. ENVIRONMENTAL PROTECTION AGENCY			
66.032	STATE INDOOR RADON GRANTS	HEALTH	\$ 396,269
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	COMMERCE	\$ 37,221
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	HEALTH	\$ 78,011
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	POLLUTION CONTROL AGENCY	\$ 504,403
Program 66.034 Total: \$			619,635
66.040	ARRA-STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	\$ 1,031,286
66.040	STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	\$ 62,598
Program 66.040 Total: \$			1,093,884
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	HEALTH	\$ 52,963
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	POLLUTION CONTROL AGENCY	\$ 416,212
Program 66.419 Total: \$			469,175
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	HEALTH	\$ 2,889,490
66.454	ARRA-WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	\$ 319,923
66.454	WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	\$ 250,649
Program 66.454 Total: \$			570,572
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	POLLUTION CONTROL AGENCY	\$ 3,687,942
66.461	REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS	NATURAL RESOURCES	\$ 303
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLV	HEALTH	\$ 2,633,567

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
66.469	GREAT LAKES PROGRAM	HEALTH	\$ 219,823
66.469	GREAT LAKES PROGRAM	NATURAL RESOURCES	\$ 488,804
66.469	GREAT LAKES PROGRAM	POLLUTION CONTROL AGENCY	\$ 599,789
66.469	GREAT LAKES PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 35,575
Program 66.469 Total: \$			1,343,991
66.472	BEACH MONITORING AND NOTIFICATION PROGRAM GRANTS	POLLUTION CONTROL AGENCY	\$ 273,141
66.474	WATER PROTECTION GRANTS TO THE STATES	HEALTH	\$ 142,518
66.479	WETLAND PROGRAM GRANTS - STATE/TRIBAL PROGRAM	NATURAL RESOURCES	\$ 1,317
66.509	SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM	HEALTH	\$ 105,823
66.511	OFFICE OF RESEARCH AND DEVELOPMENT CONSOLIDATED	NATURAL RESOURCES	\$ 35,661
66.513	GREATER RESEARCH OPPORTUNITIES FOR ENVIRON STUDY	STATE COLLEGES & UNIVERSITIES	\$ 10,858
66.605	PERFORMANCE PARTNERSHIP GRANTS	AGRICULTURE	\$ 566,269
66.605	PERFORMANCE PARTNERSHIP GRANTS	POLLUTION CONTROL AGENCY	\$ 11,400,716
Program 66.605 Total: \$			11,966,985
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT	ADMINISTRATION	\$ 50,989
66.700	CONSOLIDATED PESTICIDE ENFORCEMENT COOP AGREEMENTS	NATURAL RESOURCES	\$ 18,179
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION	HEALTH	\$ 269,589
66.709	MULTI-MEDIA CAPACITY BUILDING GRANTS FOR STATES	POLLUTION CONTROL AGENCY	\$ 67,755
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE	POLLUTION CONTROL AGENCY	\$ 329,275
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION	POLLUTION CONTROL AGENCY	\$ 970,765
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	\$ 787,568
66.805	ARRA-LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	\$ 2,685,298
Program 66.805 Total: \$			3,472,866
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM	POLLUTION CONTROL AGENCY	\$ 151,580
66.817	STATE AND TRIBAL RESPONSE PROGRAM GRANTS	POLLUTION CONTROL AGENCY	\$ 649,626

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
66.818	BROWNFIELDS ASSESSMENT AND CLEANUP COOP AGREEMENTS	EMPLOYMENT & ECONOMIC	\$ 117,890
U.S. NUCLEAR REGULATORY COMMISSION			
77.008	NUCLEAR EDUCATION GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 113,980
U.S. DEPARTMENT OF ENERGY			
81.041	STATE ENERGY PROGRAM	COMMERCE	\$ 448,432
81.041	ARRA-STATE ENERGY PROGRAM	COMMERCE	\$ 24,158,430
81.041	STATE ENERGY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 35,412
Program 81.041 Total: \$			24,642,274
81.049	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 434,224
81.087	R&D-RENEWABLE ENERGY RESEARCH AND DEVELOPMENT	STATE COLLEGES & UNIVERSITIES	\$ 43,387
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY	COMMERCE	\$ 17,818
81.119	ARRA-STATE ENERGY PROGRAM SPECIAL PROJECT	COMMERCE	\$ 277,561
81.122	ARRA-ELECTRICITY DELIVERY AND ENERGY RELIABILITY	COMMERCE	\$ 25,780
81.122	ARRA-ELECTRICITY DELIVERY AND ENERGY RELIABILITY	PUBLIC UTILITIES COMM	\$ 266,399
Program 81.122 Total: \$			292,179
81.127	ARRA-ENERGY EFFICIENT APPLIANCE REBATE	COMMERCE	\$ 1,173,739
81.128	ARRA-ENERGY EFFICIENCY AND CONSERVATION	COMMERCE	\$ 7,222,890
U.S. DEPARTMENT OF EDUCATION			
TRIO Cluster			
84.042	TRIO_STUDENT SUPPORT SERVICES	STATE COLLEGES & UNIVERSITIES	\$ 6,641,559
84.044	TRIO_TALENT SEARCH	STATE COLLEGES & UNIVERSITIES	\$ 1,366,091
84.047	TRIO_UPWARD BOUND	STATE COLLEGES & UNIVERSITIES	\$ 6,262,514
84.066	TRIO_EDUCATIONAL OPPORTUNITY CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 754,407
84.217	TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT	STATE COLLEGES & UNIVERSITIES	\$ 225,101
TRIO Cluster Total: \$			15,249,672

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
Teacher Quality Partnership Grants Cluster			
84.336	TEACHER QUALITY PARTNERSHIP GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 164,593
Teacher Quality Partnership Grants Cluster Total: \$			164,593
Statewide Data Systems Cluster			
84.384	ARRA-STATEWIDE DATA SYSTEMS	EDUCATION	\$ 1,447,150
Statewide Data Systems Cluster Total: \$			1,447,150
School Improvement Grants Cluster			
84.377	SCHOOL IMPROVEMENT GRANTS	EDUCATION	\$ 1,299,288
84.388	ARRA-SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT	EDUCATION	\$ 12,232,441
School Improvement Grants Cluster Total: \$			13,531,729
Independent Living State Grants Cluster			
84.169	INDEPENDENT LIVING_STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 2,305,947
84.398	ARRA-INDEPENDENT LIVING STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 116,403
Independent Living State Grants Cluster Total: \$			2,422,350
Indep Living Services for Older Indiv Who Are Blind Cluster			
84.177	REHABILITATION SERVICES_IND LIVING SVS OLDER INDIVIDUALS	EMPLOYMENT & ECONOMIC	\$ 971,502
84.399	ARRA-SSB OLDER BLIND	EMPLOYMENT & ECONOMIC	\$ 294,768
Indep Living Services for Older Indiv Who Are Blind Cluster Total: \$			1,266,270
Educational Technology State Grants Cluster			
84.318	EDUCATION TECHNOLOGY STATE GRANTS	EDUCATION	\$ 1,517,434
84.386	ARRA-EDUC TECHNOLOGY STATE GRANTS	EDUCATION	\$ 7,298,827
Educational Technology State Grants Cluster Total: \$			8,816,261
Education of Homeless Children and Youth Cluster			
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	\$ 520,070
84.387	ARRA-EDUC FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	\$ 249,376
Education of Homeless Children and Youth Cluster Total: \$			769,446

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
Early Intervention Services (IDEA) Cluster			
84.181	SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	EDUCATION	\$ 6,566,296
Early Intervention Services (IDEA) Cluster Total: \$			6,566,296
Centers for Independent Living Cluster			
84.132	CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 1,115,693
84.400	ARRA-CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 345,988
Centers for Independent Living Cluster Total: \$			1,461,681
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	EDUCATION	\$ 5,781,377
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 1,660
Program 84.002 Total: \$			5,783,037
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	EDUCATION	\$ 1,770,468
84.013	TITLE I STATE AGENCY PROG FOR NEGLECTED, DELINQ CHILDREN	EDUCATION	\$ 372,755
84.031	HIGHER EDUCATION_INSTITUTIONAL AID	STATE COLLEGES & UNIVERSITIES	\$ 283,377
84.048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 19,822,277
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 1,154,772
84.144	MIGRANT EDUCATION_COORDINATION PROGRAM	EDUCATION	\$ 59,939
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NAT'L	EDUCATION	\$ 40,082
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NAT'L	STATE COLLEGES & UNIVERSITIES	\$ 160,700
Program 84.184 Total: \$			200,782
84.185	BYRD HONORS SCHOLARSHIPS	EDUCATION	\$ 686,812
84.186	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-STATE	EDUCATION	\$ 315,646
84.187	SUPPORTED EMPLOYMENT SERVICES	EMPLOYMENT & ECONOMIC	\$ 420,970
84.213	EVEN START_STATE EDUCATIONAL AGENCIES	EDUCATION	\$ 476,929
84.224	ASSISTIVE TECHNOLOGY	ADMINISTRATION	\$ 462,345
84.243	TECH-PREP EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 328,926

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
84.265	REHABILITATION TRAINING-STATE VOC REHAB	EMPLOYMENT & ECONOMIC	\$ 126,404
84.282	CHARTER SCHOOLS	EDUCATION	\$ 3,372,413
84.283	COMPREHENSIVE CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 2,207
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	EDUCATION	\$ 11,453,085
84.305	EDUCATION RESEARCH, DEVELOPMT AND DISSEMINATION	STATE COLLEGES & UNIVERSITIES	\$ 20,155
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	EDUCATION	\$ 1,050,027
84.324	RESEARCH IN SPECIAL EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 785,978
84.326	SPEC EDUC_TO IMPROVE SERVICES FOR DISABLED CHILDREN	EDUCATION	\$ 178,289
84.330	ADVANCED PLACEMENT INCENTIVE PROGRAM	EDUCATION	\$ 1,116,562
84.331	GRANTS TO STATES FOR WORKPLACE AND COMM TRANSITION	CORRECTIONS	\$ 254,220
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	STATE COLLEGES & UNIVERSITIES	\$ 163,196
84.350	TRANSITION TO TEACHING	STATE COLLEGES & UNIVERSITIES	\$ 66,500
84.357	READING FIRST STATE GRANTS	EDUCATION	\$ 560,507
84.358	RURAL EDUCATION	EDUCATION	\$ 111,833
84.360	HIGH SCHOOL GRADUATION INITIATIVE	EDUCATION	\$ 138
84.361	VOLUNTARY PUBLIC SCHOOL CHOICE	EDUCATION	\$ 3,380,614
84.365	ENGLISH LANGUAGE ACQUISITION GRANTS	EDUCATION	\$ 8,521,098
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	EDUCATION	\$ 1,674,868
84.368	GRANTS FOR ENHANCED ASSESSMENT INSTRUMENTS	EDUCATION	\$ 838,664
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	EDUCATION	\$ 8,323,491
84.371	STRIVING READERS	EDUCATION	\$ 57,572
84.373	SPECIAL EDUCATION_TECHNICAL ASSIST ON DATA COLLECTION	EDUCATION	\$ 186,295
84.407	TRANSITION PROG-STUDENTS WITH INTELLECTUAL DISABILITIES	STATE COLLEGES & UNIVERSITIES	\$ 89,541

The notes (referenced in parentheses) are an integral part of these statements.

STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
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YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. ELECTION ASSISTANCE COMMISSION			
90.401	HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	SECRETARY OF STATE	\$ 2,244,000
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Head Start Cluster			
93.600	HEAD START	EDUCATION	\$ 117,465
93.708	ARRA-HEAD START	EDUCATION	\$ 238,665
93.708	ARRA-HEAD START	STATE COLLEGES & UNIVERSITIES	\$ 4,599
Head Start Cluster Total: \$			360,729
Community Services Block Grant (CSBG) Cluster			
93.569	COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 8,713,251
93.710	ARRA-COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 3,115,018
Community Services Block Grant (CSBG) Cluster Total: \$			11,828,269
Aging Cluster			
93.044	SPEC PROG FOR THE AGING_TITLE III, PART B_GRANTS	HUMAN SERVICES	\$ 8,339,509
93.045	SPEC PROG FOR THE AGING_TITLE III, PART C_NUTRITION SERVICE	HUMAN SERVICES	\$ 10,464,422
93.053	NUTRITION SERVICES INCENTIVE PROGRAM	HUMAN SERVICES	\$ 1,893,646
Aging Cluster Total: \$			20,697,577
93.006	STATE AND TERRITORIAL AND TECHNICAL ASSISTANCE	HEALTH	\$ 26,255
93.041	SPEC PROG FOR THE AGING_TITLE VII, CHAP 3	HUMAN SERVICES	\$ 10,068
93.042	SPEC PROG FOR THE AGING_TITLE VII, CHAP 2_LONG TERM CARE	HUMAN SERVICES	\$ 196,110
93.043	SPEC PROG FOR THE AGING_TITLE III, PART D	HUMAN SERVICES	\$ 298,540
93.048	SPEC PROG FOR THE AGING_TITLE IV_AND TITLE II	HUMAN SERVICES	\$ 1,068,265
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	HUMAN SERVICES	\$ 847,290
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	HUMAN SERVICES	\$ 2,195,805

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	HEALTH	\$ 20,582,522
93.070	ENVIRON PUBLIC HEALTH & EMERG RESPONSE	HEALTH	\$ 946,714
93.071	MEDICARE ENROLLMENT ASSISTANCE	HUMAN SERVICES	\$ 76,134
93.072	LIFESPAN RESPITE CARE PROGRAM	HUMAN SERVICES	\$ 15,068
93.089	EMERG. SYS. FOR REGISTRATION OF HEALTH PROF.	HEALTH	\$ 32,176
93.103	FOOD AND DRUG ADMINISTRATION_RESEARCH	AGRICULTURE	\$ 857,532
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROG	HEALTH	\$ 209,227
93.116	PROJECT GRANTS AND COOP AGREEMENTS FOR TUBERCULOSIS	HEALTH	\$ 1,139,660
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES	HEALTH	\$ 187,953
93.134	GRANTS TO INCREASE ORGAN DONATIONS	STATE COLLEGES & UNIVERSITIES	\$ 1,936
93.136	INJURY PREVENTION AND CONTROL RESEARCH	HEALTH	\$ 1,230,250
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS	HUMAN SERVICES	\$ 659,000
93.161	HEALTH PROGRAM FOR TOXIC SUBSTANCES AND DISEASE	HEALTH	\$ 209,697
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	HEALTH	\$ 80,000
93.197	CHILDHOOD LEAD POISONING PREVENTION	HEALTH	\$ 566,967
93.234	TRAUMATIC BRAIN INJURY STATE DEMO GRANT	HUMAN SERVICES	\$ 151,265
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	HEALTH	\$ 619,235
93.240	STATE CAPACITY BUILDING	HEALTH	\$ 312,969
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	HEALTH	\$ 648,354
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 747,826
93.251	UNIVERSAL NEWBORN HEARING SCREENING	HEALTH	\$ 344,503
93.256	STATE HEALTH ACCESS PROGRAM	HUMAN SERVICES	\$ 4,264,697
93.262	OCCUPATIONAL SAFETY & HEALTH GRANTS	HEALTH	\$ 95,010

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_ASSISTANCE	HEALTH	\$ 18,891,525
93.286	DISCOVERY AND APPLIED RESEARCH FOR INNOVATIONS	STATE COLLEGES & UNIVERSITIES	\$ 13,329
93.296	STATE PARTNERSHIP TO IMPROVE MINORITY HEALTH	HEALTH	\$ 104,031
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	HEALTH	\$ 666,329
93.358	ADVANCED NURSING EDUCATION TRAINEESHIPS	STATE COLLEGES & UNIVERSITIES	\$ 104,202
93.395	R&D-CANCER TREATMENT RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 96,553
93.411	ARRA-EQUIP TO ENHANCE TRAINING HEALTH PROF	STATE COLLEGES & UNIVERSITIES	\$ 103,395
93.414	ARRA-STATE PRIMARY CARE OFFICES	HEALTH	\$ 24,910
93.448	FOOD SAFETY AND SECURITY MONITORING PROJECT	AGRICULTURE	\$ 399,623
93.449	RUMINANT FEED BAN SUPPORT PROJECT	AGRICULTURE	\$ 2,862
93.500	ARRA-PREGNANCY ASSISTANCE FUND PROGRAM	HEALTH	\$ 76,872
93.505	ACA MATERNAL, INFANT, EARLY CHILDHOOD HOME VISIT	HEALTH	\$ 171,879
93.507	STRENGTHENING PUBLIC HEALTH INFRASTRUCTURE	HEALTH	\$ 519,177
93.509	ACA STATE HEALTH CARE WORKFORCE DEVELOPMENT	EMPLOYMENT & ECONOMIC	\$ 41,888
93.518	ACA: MEDICARE IMPROVMTS FOR PATIENTS, PROVIDERS	HUMAN SERVICES	\$ 17,794
93.521	ACA: BUILDING EPIDEMIOLOGY AND LAB CAPACITY	HEALTH	\$ 525,664
93.525	STATE PLANNING, ESTABLISHMT GRANTS FOR ACA EXCHANGES	COMMERCE	\$ 233,871
93.550	TRANSITIONAL LIVING FOR HOMELESS YOUTH	HUMAN SERVICES	\$ 286,030
93.556	PROMOTING SAFE AND STABLE FAMILIES	HUMAN SERVICES	\$ 3,186,745
93.564	CHILD SUPPORT ENFORCEMENT RESEARCH	HUMAN SERVICES	\$ 142,755
93.566	REFUGEE AND ENTRANT ASSISTANCE_STATE PROGRAMS	HUMAN SERVICES	\$ 7,970,742
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HEALTH	\$ 159,832
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HUMAN SERVICES	\$ 1,438,709
Program 93.576 Total: \$			1,598,541

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
93.584	REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE	HUMAN SERVICES	\$ 2,659,492
93.586	STATE COURT IMPROVEMENT PROGRAM	SUPREME COURT	\$ 594,080
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	HUMAN SERVICES	\$ 922,896
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	HUMAN SERVICES	\$ 157,621
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS	HUMAN SERVICES	\$ 619,646
93.603	ADOPTION INCENTIVE PAYMENTS	HUMAN SERVICES	\$ 650,523
93.617	VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES	SECRETARY OF STATE	\$ 116,670
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY	ADMINISTRATION	\$ 1,012,515
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	HUMAN SERVICES	\$ 252,203
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES	HUMAN SERVICES	\$ 4,373,019
93.648	CHILD WELFARE RESEARCH TRAINING OR DEMONSTRATION	STATE COLLEGES & UNIVERSITIES	\$ 402
93.659	ARRA-ADOPTION ASSISTANCE	HUMAN SERVICES	\$ 1,469,269
93.659	ADOPTION ASSISTANCE	HUMAN SERVICES	\$ 25,668,382
Program 93.659 Total:			\$ 27,137,651
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	HUMAN SERVICES	\$ 427,791
93.670	CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES	HEALTH	\$ 399,261
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES	PUBLIC SAFETY	\$ 1,629,107
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	HUMAN SERVICES	\$ 1,956,251
93.701	ARRA-TRANS-NIH RECOVERY ACT RESEARCH SUPP	STATE COLLEGES & UNIVERSITIES	\$ 308
93.717	ARRA-PREVENTING HEALTHCARE ASSOC INFECTIONS	HEALTH	\$ 381,352
93.719	ARRA-HEALTH INFORMATION TECHNOLOGY	HEALTH	\$ 420,795
93.721	ARRA-HEALTH INFO TECH PROF IN HEALTH CARE	STATE COLLEGES & UNIVERSITIES	\$ 235,964
93.723	ARRA-PREVENTION AND WELLNESS	HEALTH	\$ 1,674,782
93.724	ARRA-PREVENT AND WELLNESS FUNDING OPPORTUNITY	HEALTH	\$ 3,931,334

The notes (referenced in parentheses) are an integral part of these statements.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
93.725	ARRA-COMMUNITIES PUTTING PREVENTION TO WORK	HUMAN SERVICES	\$ 199,856
93.729	ARRA-HEALTH INFO TECH AND PUBLIC HEALTH	HEALTH	\$ 383,941
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	HUMAN SERVICES	\$ 20,075,741
93.768	MEDICAID INFRASTRUCTURE GRANTS	HUMAN SERVICES	\$ 5,556,407
93.769	DEMONSTRATION TO MAINTAIN INDEPENDENCE, EMPLOYMENT	HUMAN SERVICES	\$ 637,560
93.779	CENTERS FOR MEDICARE AND MEDICAID SERV (CMS) RESEARCH	HUMAN SERVICES	\$ 1,262,575
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 36,305
93.865	CHILD HEALTH AND HUMAN DEVELOPMENT RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 48,404
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	HEALTH	\$ 9,396,073
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES RURAL HEALTH	HEALTH	\$ 174,816
93.917	HIV CARE FORMULA GRANTS	HUMAN SERVICES	\$ 7,540,302
93.938	COOPERATIVE AGREEMENTS TO PREVENT HIV SPREAD	EDUCATION	\$ 600,785
93.940	HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	HEALTH	\$ 3,773,212
93.944	HIV/AIDS SURVEILLANCE	HEALTH	\$ 516,272
93.946	COOP AGREEMTS TO SUPPORT SAFE MOTHERHOOD	HEALTH	\$ 149,450
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 6,941,573
93.959	BLOCK GRANTS - PREVENTION, TREATMENT OF SUBSTANCE ABUSE	HUMAN SERVICES	\$ 25,204,128
93.969	GERIATRIC EDUCATION CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 32,335
93.970	HEALTH PROFESSIONS RECRUITMENT FOR INDIANS	STATE COLLEGES & UNIVERSITIES	\$ 19,551
93.977	PREVENTIVE HLTH SERVICES_SEXUALLY TRANSMITTED DISEASES	HEALTH	\$ 1,082,824
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	HEALTH	\$ 1,821,519
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT	HEALTH	\$ 8,801,084

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. CORPORATION FOR NATIONAL & COMMUNITY SERVICE			
94.004	LEARN AND SERVE AMERICA_SCHOOL AND COMMUNITY BASED	EDUCATION	\$ 243,702
94.005	LEARN AND SERVE AMERICA-HIGHER EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 4,117
94.006	ARRA-AMERICORPS	STATE COLLEGES & UNIVERSITIES	\$ 221,784
U.S. SOCIAL SECURITY ADMINISTRATION			
Disability Insurance/SSI Cluster			
96.001	SOCIAL SECURITY_DISABILITY INSURANCE	EMPLOYMENT & ECONOMIC	\$ 27,030,647
Disability Insurance/SSI Cluster Total: \$			27,030,647
U.S. DEPARTMENT OF HOMELAND SECURITY			
Homeland Security Cluster			
97.067	HOMELAND SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 19,193,422
Homeland Security Cluster Total: \$			19,193,422
Emergency Food and Shelter Program Cluster			
97.024	EMERGENCY FOOD AND SHELTER NATIONAL BOARD	STATE COLLEGES & UNIVERSITIES	\$ 5,017
Emergency Food and Shelter Program Cluster Total: \$			5,017
97.001	PILOT DEMO-INTEROPERABLE EMERGENCY COMMUNICATIONS	PUBLIC SAFETY	\$ 714,771
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	NATURAL RESOURCES	\$ 3,640,784
97.017	PRE-DISASTER MITIGATION COMPETITIVE	PUBLIC SAFETY	\$ 9,503
97.023	COMMUNITY ASSISTANCE	NATURAL RESOURCES	\$ 65,522
97.029	FLOOD MITIGATION ASSISTANCE	PUBLIC SAFETY	\$ 1,560
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE	NATURAL RESOURCES	\$ 17,366
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE	PUBLIC SAFETY	\$ 29,154,431
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE	STATE COLLEGES & UNIVERSITIES	\$ 64,893
Program 97.036 Total: \$			29,236,690
97.039	HAZARD MITIGATION GRANT	PUBLIC SAFETY	\$ 1,992,886

The notes (referenced in parentheses) are an integral part of these statements.

STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2011

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
97.041	NATIONAL DAM SAFETY PROGRAM	NATURAL RESOURCES	\$ 141,079
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 5,159,329
97.043	STATE FIRE TRAINING SYSTEMS GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 22,152
97.045	COOPERATING TECHNICAL PARTNERS	NATURAL RESOURCES	\$ 783,216
97.047	PRE-DISASTER MITIGATION	PUBLIC SAFETY	\$ 504,047
97.052	EMERGENCY OPERATIONS CENTER	PUBLIC SAFETY	\$ 139,344
97.056	PORT SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 17,250
97.075	RAIL AND TRANSIT SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 487,317
97.078	BUFFER ZONE PROTECTION PROGRAM (BZPP)	PUBLIC SAFETY	\$ 486,793
97.089	DRIVER'S LICENSE SECURITY GRANT	PUBLIC SAFETY	\$ 350,257
97.091	HOMELAND SECURITY BIOWATCH PROGRAM	POLLUTION CONTROL AGENCY	\$ 716,330
Non Major Program Total: \$			833,294,419

The notes (referenced in parentheses) are an integral part of these statements.

State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2011

Notes to the Schedule of Expenditures of Federal Awards

These notes provide disclosures relevant to the Schedule of Expenditures of Federal Awards presented on the preceding pages.

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The reporting policies for fiscal year 2011 conform to the Federal Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The required Schedule of Expenditures of Federal Awards is presented for the state's fiscal year ended June 30, 2011. The Schedule of Expenditures of Federal Awards is divided into two sections: major and non-major federal programs.

The auditor uses a risk-based approach as defined in OMB Circular A-133 to determine which federal programs are major programs. Programs expending \$30 million or more in federal awards are Type A programs and are considered major programs. Type B programs are programs expending less than \$30 million in federal awards. If the auditor assesses Type A programs as low-risk, the auditor may replace Type A programs by higher risk Type B programs as major programs.

For purposes of financial reporting, the Catalog of Federal Domestic Assistance (CFDA) number from the 2011 basic edition catalog identifies federal programs. The schedules are presented in numeric CFDA order within each federal agency.

Federal guidelines require separate identification of expenditures of federal awards under the American Recovery and Reinvestment Act (ARRA) on the Schedule of Expenditures of Federal Awards. The prefix "ARRA" was included in the name of the federal program to provide this identification. Federal guidelines also require separate identification of expenditures of federal awards for research and development on the Schedule of Expenditures of Federal Awards. The prefix "R & D" was included in the name of the federal program to provide this identification.

Financial Reporting Entity of the State of Minnesota

The financial reporting entity for the state of Minnesota includes all state departments, agencies, institutions, and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers. The state, a primary government, has considered for inclusion all potential component units for which it may be financially accountable or other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the report to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be used in determining financial accountability. These criteria include the state's ability to appoint a voting majority of an organization's governing body and either the ability of the state to impose its will on that

organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state.

The federal programs included in the schedule of expenditures of federal awards in this report are part of the state's primary government. The federal programs administered by discretely presented component units are not presented in this report, but in single audit reports issued by these entities.

Minnesota State Colleges and Universities (MnSCU), which is part of the primary government, consists of the following education institutions:

Alexandria Technical & Community College	Minnesota State University, Moorhead
Anoka-Ramsey Community College	Minnesota West Community & Tech. College
Anoka Technical College	Normandale Community College
Bemidji State University	North Hennepin Community College
Central Lakes College	Northland Community & Technical College
Century College	Northwest Technical College
Dakota County Technical College	Pine Technical College
Fond du Lac Tribal & Community College	Rainy River Community College
Hennepin Technical College	Ridgewater College
Hibbing Community College	Riverland Community College
Inver Hills Community College	Rochester Community & Technical College
Itasca Community College	St. Cloud State University
Lake Superior College	St. Cloud Technical & Community College
Mesabi Range Community and Technical College	Saint Paul College
Metropolitan State University	South Central College
Minneapolis Community & Technical College	Southwest Minnesota State University
Minnesota State College – Southeast Technical	Vermilion Community College
Minnesota State Community & Technical College	Winona State University
Minnesota State University, Mankato	

Basis of Accounting

The state's Comprehensive Annual Financial Report and these supplemental schedules are presented in accordance with generally accepted accounting principles, following the accrual or modified accrual basis of accounting, as appropriate for the fund structure. Most federal activity is accounted for in the Federal Fund (a major governmental fund), but several other non-major special revenue funds (Trunk Highway, Municipal State-Aid Street, County State-Aid Highway, Natural Resources, Game and Fish, and Miscellaneous Special Revenue funds), major proprietary funds (Unemployment Insurance and State Colleges and Universities funds), and the General Fund (a major governmental fund), include federal activity. The Minnesota Accounting and Procurement System is the primary source of financial information. Some state agencies maintain additional manual records or separate cost accounting systems to provide additional information.

Classification of Statement Information

Expenditures are presented for all federal programs and include amounts sub-granted to other state or local governmental units, nongovernmental organizations, or individuals. Sub-grant expenditures are recognized by the primary state agency sub-granting the funds, not by the state agency receiving a sub-grant from the primary state agency, except for portions of Temporary Aid for Needy Families (TANF) (CFDA 93.558). TANF sub-grants, which are transferred into the Social Services Block Grant (CFDA 93.667) and the Child Care Development Block Grant (CFDA 93.575), are included in those programs and not TANF.

Note 2 – Perkins and Nursing Student Loan Programs

Below is a summary of the loan activity for the Perkins Loans (CFDA 84.038) and Nursing Student Loans (NSL) (CFDA 93.364) programs during fiscal year 2011. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	NSL
Loans Receivable, Beginning	\$ 30,957,483	\$ 9,151
Loan Repayments	(3,802,987)	(4,568)
Loan Cancellations	(597,714)	-
New Loans Issued	6,493,006	5,263
Loans Receivable, Ending	\$ 33,049,788	\$ 9,846
Allowance for doubtful accounts	(2,564,012)	-
Total Loans Receivable	\$ 30,485,776	\$ 9,846

Note 3 – Federal Direct Student Loan Program

MnSCU financial records provide information on various federal higher education student loan programs for which the state does not manage the federal funds.

Under the Federal Direct Student Loan (FDSL) program (CFDA 84.268), the federal government, rather than a private lender, provides the loan principal to the student. MnSCU distributed the following FDSL loans to students attending state colleges or universities during fiscal year 2011.

Federal Direct Student Loans Issued:		
Direct Federal Subsidized Stafford	\$	359,946,464
Direct Federal Unsubsidized Stafford		365,537,653
Direct Federal Graduate PLUS		194,422
Direct Federal Parent Loans for Undergraduate Students		13,794,931
Total Federal Direct Student Loans	\$	739,473,470

Note 4 – Rebates

The Supplemental Food Program for Women, Infants, and Children (WIC) Program (CFDA 10.557), administered through the Minnesota Department of Health, receives cash rebates from infant formula manufacturers. The rebates are used to offset program costs and are reported as expenditure reductions. During fiscal year 2011, the state of Minnesota recognized a total rebate of \$24,729,400 on sales of formula to participants in the WIC program.

The Medical Assistance Program (CFDA 93.778), administered through the Minnesota Department of Human Services, receives cash rebates from drug labelers on sales of drugs to participants in the Medical Assistance Program. The rebates are used to offset program costs and are reported as expenditure reductions. During fiscal year 2011, the state of Minnesota recognized \$125,292,911 as the federal share of the rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2011, expenditures for the Unemployment Insurance Program (CFDA 17.225) include federal and state unemployment insurance expenditures as well as federal administrative expenditures. As shown in the following table, some of these expenditures were funded by American Recovery and Reinvestment Act (ARRA) funds:

	<u>Non-ARRA Funds</u>	<u>ARRA Funds</u>	<u>Total</u>
State Unemployment Expenditures	\$ 1,010,815,432	\$ -	\$ 1,010,815,432
Federal Unemployment Expenditures	1,189,667,110	10,113,237	1,199,780,347
Federal Administrative Expenditures	<u>57,006,807</u>	<u>2,606,512</u>	<u>59,613,319</u>
Total Expenditures	<u>\$ 2,257,489,349</u>	<u>\$ 12,719,749</u>	<u>\$ 2,270,209,098</u>

The Unemployment Insurance Program serves workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work. For audits and reporting under OMB Circular A-133, the U.S. Department of Labor requires that both federal and state unemployment insurance funds be considered federal awards for determining Type A (major) federal programs and for reporting expenditures of federal awards.

Note 6 – Water Quality Capitalization Grants

Water quality capitalization grants (CFDA 66.458) are used by states to create revolving funds to provide financing for construction of wastewater treatment facilities and implementation of other water quality management activities. Loans are administered from these funds by the State departments of Employment and Economic Development, Agriculture, and Pollution Control. The state's loan programs are Tourism Septic Loan (TLP), Agriculture Best Management Practices (AG BMP), and Clean Water Partnership (CWP). A summary of the loan activity for fiscal year 2011 is shown below.

	<u>TLP</u>	<u>AG BMP</u>	<u>CWP</u>
Loans Receivable, Beginning	\$ 54,366	\$ 44,935,955	\$ 19,983,617
Loan Repayments	(36,721)	(5,306,642)	(2,672,085)
New Loans Issued	25,773	4,339,957	3,252,077
Interest Capitalized	-	-	58,495
Loans Receivable, Ending	<u>\$ 43,418</u>	<u>\$ 43,969,270</u>	<u>\$ 20,622,104</u>

Note 7 - Supplemental Nutrition Assistance Program (SNAP)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 16.55 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2011.

Note 8 – State Fiscal Stabilization Funds

The state received State Fiscal Stabilization Funds (SFSF) under the federal American Recovery and Reinvestment Act (ARRA). This one-time program has two components: the Education Stabilization Fund (CFDA 84.394) and the Government Services Fund (CFDA 84.397). Under the SFSF program, the U.S. Department of Education made awards directly to governors. The Governor of Minnesota then entered into interagency agreements with the following agencies, which spent the funds for program purposes:

CFDA 84.394 Education Stabilization Fund	
University of Minnesota	\$ 47,647,260
Minnesota State Colleges and Universities	<u>38,142,807</u>
Total for CFDA 84.394	<u>\$ 85,790,067</u>
CFDA 84.397 Government Services Fund	
University of Minnesota	<u>\$ 601,000</u>
State Fiscal Stabilization Fund Cluster Total	<u>\$ 86,391,067</u>

Note 9 – Education Jobs Fund

The Education Jobs Fund (CFDA 84.410) is authorized under Public Law Number 111-226 and administered under the terms and conditions of Sections 14001 through 14013, and Title XV of Division A of the American Recovery and Reinvestment Act of 2009. The U.S. Department of Education made awards directly to governors. The Governor of Minnesota then entered into an interagency agreement with the Minnesota Department of Education, which spent \$149,448,315 for program purposes.

Note 10 – CFDA Numbers

For certain programs, the correct CFDA number could not be determined. At times, state agencies receive federal grant funds from a federal agency with a program number instead of a CFDA number. When possible, a CFDA number was obtained for the program. Certain CFDA numbers reported are for programs no longer in operation. These programs had funds carried over from previous years. In other cases, an inexact number was assigned and the state agency was asked to work with the federal granting agency to obtain a valid CFDA number for the grant program.

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2011**

Section I:

Summary of Auditor's Results

Financial Statements

Type of independent auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Schedule of Expenditures of Federal Awards

Internal control over financial reporting:			
Material weakness identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> No

Federal Awards

Internal control over major programs:			
Material weakness identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> No
Type of auditor's report issued on compliance for major programs:	Unqualified for all major programs, except for Temporary Assistance for Needy Families (CFDA 93.558 and 93.714), which was qualified.		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> X </u>	Yes	<u> </u> No

Identification of Major Programs

Dollar threshold used to distinguish between Type A and Type B programs:	\$30.0 Million		
Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u> No

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2011**

Section I: (continued)

Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
U. S. Department of Agriculture	
<i>Supplemental Nutrition Assistance Program (SNAP) Cluster</i>	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grant for Supplemental Nutrition Program	10.561
<i>Child Nutrition Cluster</i>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Child and Adult Care Food Program	10.558
U. S. Department of Defense	
National Guard Military Operations and Maintenance	12.401
ARRA - National Guard Military Operations and Maintenance	12.401
U. S. Department of Labor	
<i>Workforce Investment Act (WIA) Cluster</i>	
WIA-Adult Program	17.258
ARRA - WIA-Adult Program	17.258
WIA-Youth Activities	17.259
ARRA - WIA-Youth Activities	17.259
WIA-Dislocated Workers	17.260
ARRA - WIA- Dislocated Workers	17.260
WIA-Dislocated Workers National Emergency Grants	17.277
WIA-Dislocated Workers Formula Grants	17.278
Unemployment Insurance	17.225
ARRA - Unemployment Insurance	17.225
U. S. Department of Transportation	
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction	20.205
ARRA - Highway Planning and Construction	20.205
R&D – Highway Planning and Construction	20.205
Recreational Trails Program	20.219

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2011**

Section I: (continued)

Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
U. S. Department of Transportation (continued)	
Airport Improvement Program	20.106
ARRA - Airport Improvement Program	20.106
U. S. Department of Energy	
Weatherization Assistance for Low-Income Persons	81.042
ARRA - Weatherization Assistance for Low-Income Persons	81.042
U. S. Department of Education	
<i>Special Education Cluster</i>	
Special Education – Grants to States	84.027
Special Education - Preschool Grants	84.173
<i>Student Financial Assistance Cluster</i>	
Federal Supplemental Education Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Academic Competitiveness Grant	84.375
National Science and Mathematics Access to Retain Talent Grant	84.376
Teacher Education Assistance for College and Higher Ed. Grants (TEACH)	84.379
Nursing Student Loans	93.364
<i>State Fiscal Stabilization Fund Cluster</i>	
ARRA - State Fiscal Stabilization Fund – Education State Grants	84.394
ARRA - State Fiscal Stabilization Fund – Government Services	84.397
<i>Title I, Part A Cluster</i>	
Title 1 Grants to Local Education Agencies	84.010
ARRA - Title 1 Grants to Local Education Agencies	84.389
<i>Vocational Rehabilitation Cluster</i>	
Rehabilitation Services - Vocational Rehabilitation Grants	84.126
ARRA - Rehabilitation Services - Vocational Rehabilitation Grants	84.390
Improving Teacher Quality State Grants	84.367
ARRA - Education Jobs Fund	84.410
U. S. Department of Health & Human Services	
<i>Child Care and Development Fund (CCDF) Cluster</i>	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds	93.596
ARRA - Child Care and Development Block Grant	93.713

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2011**

Section I: (continued)

Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
U. S. Department of Health & Human Services (continued)	
<i>Medical Assistance Cluster</i>	
ARRA-Survey and Certification ASC-HAI	93.720
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777
Medical Assistance Program	93.778
ARRA - Medical Assistance Program	93.778
<i>Temporary Assistance for Needy Families (TANF) Cluster</i>	
Temporary Assistance for Needy Families	93.558
ARRA – Emergency Contingency Fund for TANF	93.714
<i>Immunization Cluster</i>	
Immunization Grants	93.268
ARRA - Immunization Grants	93.712
Child Support Enforcement	93.563
ARRA - Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Foster Care Title IV-E	93.658
ARRA - Foster Care Title IV-E	93.658
Social Services Block Grant	93.667

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2011**

Section II:

Financial Statement Audit Findings

On February 16, 2012, we separately issued our *Report on Internal Control Over Statewide Financial Reporting* in accordance with *Government Auditing Standards*. (Office of the Legislative Auditor's Financial Audit Division, Report 12-03). This report may also be accessed electronically at: www.auditor.leg.state.mn.us/fad/pdf/fad1203.pdf. The report also includes responses from the individual agencies cited in the report.

The report contains five findings related to controls over the preparation of the State of Minnesota's financial statements that are required to be reported in accordance with *Government Auditing Standards*. Two of those findings related to federal awards.

Finding 2 related to employees having inappropriate access to the state's business systems or having the ability to perform incompatible duties without mitigating controls. Two sections of this finding related specifically to unresolved federal compliance findings within the Medical Assistance Program (CFDA 93.778 and 93.778-ARRA) at the Minnesota Department of Human Services from its fiscal year 2010 Federal Compliance Report (OLA 10-34-2 and 10-34-5). A portion of this finding also related to the Minnesota Department of Education and could impact their administration of federal programs.

Finding 3 related to errors in the preliminary financial statements and supporting information received from agencies used to prepare the financial statements. One section of this finding related specifically to an unresolved federal compliance finding with the Unemployment Insurance Program (CFDA 17.225-ARRA) at the Department of Employment and Economic Development from its fiscal year 2010 Federal Compliance Report (OLA 11-06-1). Other undetected and uncorrected errors in the federal fund could have an impact on the accuracy of the Schedules of Expenditures of Federal Awards. The Department of Management and Budget corrected the errors, identified as audit adjustments, in the published fiscal year 2011 financial statements.

On November 7, 2011, an external public accounting firm for the Minnesota State Colleges and Universities, a part of the primary government of the State of Minnesota, separately issued a 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* for the Minnesota State Colleges and Universities' financial statements. Their report contained no findings. Their report may be accessed electronically at:

www.finance.mnscu.edu/accounting/financialstatements/yearendstatements/docs/2011systemwide.pdf



**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2011**

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**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Agriculture (Note 5)			(Note 2)					
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	12-07	5	S		No reconciliation of state's accounting system to bank account of federal funds related to EBT	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
10.553	School Breakfast Program	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
10.553	School Breakfast Program	Education	12-04	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.555	National School Lunch Program	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
10.555	National School Lunch Program	Education	12-04	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.556	Special Milk Program for Children	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
10.556	Special Milk Program for Children	Education	12-04	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.558	Child and Adult Care Food Program	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
10.558	Child and Adult Care Food Program	Education	12-04	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.559	Summer Food Service Program	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
10.559	Summer Food Service Program	Education	12-04	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
U.S. Department of Energy								
81.042	ARRA-Weatherization Assistance	Commerce	12-06	2	S	D	Inadequate controls ensuring contractor compliance with Davis Bacon Act	P
81.042	ARRA-Weatherization Assistance	Commerce	12-06	3	S	E	Inaccurate inventory records for equipment purchases with federal program funds	P
81.042	Weatherization Assistance	Commerce	12-06	3	S	E	Inaccurate inventory records for equipment purchases with federal program funds	P
U.S. Department of Labor								
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	12-03	3	S		No identification and recovery of overpaid \$25 supplemental benefit	P
17.225	Unemployment Insurance	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.225	Unemployment Insurance	Employment and Economic Development	12-05	5	S	E	Overpayment of extended benefits to one unemployment insurance recipient	\$13,056
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Labor (continued)								
17.258	Workforce Investment Act-Adult	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.258	Workforce Investment Act-Adult	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.258	ARRA-Workforce Investment Act-Adult	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.258	ARRA-Workforce Investment Act-Adult	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.259	Workforce Investment Act-Youth	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.259	Workforce Investment Act-Youth	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.259	ARRA-Workforce Investment Act-Youth	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.259	ARRA-Workforce Investment Act-Youth	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.260	Workforce Investment Act-Dislocated Worker	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.260	Workforce Investment Act-Dislocated Worker	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.260	ARRA-Workforce Investment Act-Dislocated Worker	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.260	ARRA-Workforce Investment Act-Dislocated Worker	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.277	Workforce Investment Act-National Emergency Grants	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.277	Workforce Investment Act-National Emergency Grants	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
17.278	WIA - Dislocated Worker Formula Grants	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
17.278	WIA - Dislocated Worker Formula Grants	Employment and Economic Development	12-05	4	S	M	No documented support for expenditure monitoring of two subrecipients	P
U.S. Department of Transportation								
(Note 3)								
20.106	Airport Improvement Program	Transportation	12-08	3	S	M	Written management decisions not issued	P
20.106	ARRA - Airport Improvement Program	Transportation	12-08	3	S	M	Written management decisions not issued	P
20.200	Highway Research and Development Program	Transportation	12-08	1	S		Inaccurate reporting on the draft schedule of expenditures	P
20.200	Highway Research and Development Program	Transportation	12-08	2	M		Inaccurate reporting of the status of prior audit findings	P

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SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Transportation (continued)			(Note 3)					
20.205	Highway Planning and Construction	Transportation	12-08	1	S		Inaccurate reporting on the draft schedule of expenditures	P
20.205	ARRA-Highway Planning and Construction	Transportation	12-08	1	S		Inaccurate reporting on the draft schedule of expenditures	P
20.205	Highway Planning/Research and Development	Transportation	12-08	1	S		Inaccurate reporting on the draft schedule of expenditures	P
20.205	Highway Planning and Construction	Transportation	12-08	2	M		Inaccurate reporting of the status of prior audit findings	P
20.205	ARRA-Highway Planning and Construction	Transportation	12-08	2	M		Inaccurate reporting of the status of prior audit findings	P
20.205	Highway Planning and Construction	Transportation	12-08	3	S	M	Written management decisions not issued	P
20.205	ARRA-Highway Planning and Construction	Transportation	12-08	3	S	M	Written management decisions not issued	P
20.205	Highway Planning/Research and Development	Transportation	12-08	3	S	M	Written management decisions not issued	P
20.205	Highway Planning and Construction	Transportation	DOT-12	I	S	B, M	Contractor intentional noncompliance with requirements	See III
20.205	Highway Planning and Construction	Transportation	DOT-12	II	S	B, M	Noncompliance with materials control for bridge and paving	\$3,961,000
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-12	II	S	B, M	Noncompliance with materials control for bridge and paving	(Note 3)
20.205	Highway Planning and Construction	Transportation	DOT-12	III	S	B, M	Noncompliance with grading and base materials control	\$2,455,000
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-12	III	S	B, M	Noncompliance with grading and base materials control	(Note 3)
20.205	Highway Planning and Construction	Transportation	DOT-12	IV	S	B, M	Noncompliance with materials control requirements for bituminous pavement reclamation	\$655,000
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-12	IV	S	B, M	Noncompliance with materials control requirements for bituminous pavement reclamation	(Note 3)
20.205	Highway Planning and Construction	Transportation	DOT-12	V	S	B, M	Need to improve internal controls for agency sampling	\$458,000
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-12	V	S	B, M	Need to improve internal controls for agency sampling	(Note 3)
20.205	Highway Planning and Construction	Transportation	DOT-12	VI	S	B, M	Bridge removal requirements were not met	\$88,000
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-12	VI	S	B, M	Bridge removal requirements were not met	(Note 3)
U.S. Department of Education			(Note 4)					
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.010	Title I - Grant to Local Education Agencies	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
84.027	Special Education - State Grants	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P

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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Education (continued)			(Note 4)					
84.126	Vocational Rehabilitation	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
84.126	Vocational Rehabilitation	Employment and Economic Development	12-05	2	S	B	Inadequate control over supply and equipment purchases for clients	P
84.126	Vocational Rehabilitation	Employment and Economic Development	12-05	3	S	E	Costs incurred after end dates of employer grant agreement and client employment plan	\$84,568
84.173	Special Education - Preschool Grants	Education	12-04	1	S		No documented internal control structure ensuring compliance	
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-11	3	S	N	One college did not provide exit counseling for all students	P
84.367	Improving Teacher Quality State Grants	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.379	Teacher Education Assistance for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-11	1	S	N	Three colleges did not timely report changes in governance within the required ten days	P
84.379	Teacher Education Assistance for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-11	2	S	N	One college did not return Title IV funds timely	P
84.389	ARRA-Title I - Grant to Local Education Agencies	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
84.390	ARRA-Vocational Rehabilitation	Employment and Economic Development	12-05	1	S	L	No documented internal controls over federal reporting and monitoring for compliance	P
84.390	ARRA-Vocational Rehabilitation	Employment and Economic Development	12-05	2	S	B	Inadequate control over supply and equipment purchases for clients	P
84.390	ARRA-Vocational Rehabilitation	Employment and Economic Development	12-05	3	S	E	Costs incurred after end dates of employer grant agreement and client employment plan	\$84,568
84.410	ARRA - Education Jobs	Education	12-04	1	S		No documented internal control structure ensuring compliance	P
84.410	ARRA - Education Jobs	Education	12-04	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P

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FISCAL YEAR ENDED JUNE 30, 2011

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services								
93.558	Temporary Assistance for Needy Families	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.558	Temporary Assistance for Needy Families	Human Services	12-07	2	M	E	No documented internal control structure ensuring accurate eligibility determinations	P
93.558	Temporary Assistance for Needy Families	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.558	Temporary Assistance for Needy Families	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.558	Temporary Assistance for Needy Families	Human Services	12-07	11	S	L	Did not submit federal quarterly reports timely and error on Quarterly Report	P
93.563	Child Support Enforcement	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.563	Child Support Enforcement	Human Services	12-07	3	S	B	Allocated some costs to federal programs that may not have been allowable for federal reimbursement	\$15,250
93.563	Child Support Enforcement	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.563	Child Support Enforcement	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.563	ARRA-Child Support Enforcement	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.563	ARRA-Child Support Enforcement	Human Services	12-07	3	S	B	Allocated some costs to federal programs that may not have been allowable for federal reimbursement	\$15,250
93.563	ARRA-Child Support Enforcement	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.563	ARRA-Child Support Enforcement	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.568	Low-Income Home Energy Assistance	Commerce	12-06	1	S	E, M	Inadequate monitoring of crisis emergency benefits paid to ineligible households	\$1,350,000
93.575	Child Care and Development Block Grant	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.575	Child Care and Development Block Grant	Human Services	12-07	2	S	E	No documented internal control structure ensuring accurate eligibility determinations	P
93.575	Child Care and Development Block Grant	Human Services	12-07	4	S	N	No monitoring of counties' efforts to detect fraudulent child care payments	P
93.575	Child Care and Development Block Grant	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.575	Child Care and Development Block Grant	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.596	Child Care Mandatory and Matching Fund	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.596	Child Care Mandatory and Matching Fund	Human Services	12-07	2	S	E	No documented internal control structure ensuring accurate eligibility determinations	P
93.596	Child Care Mandatory and Matching Fund	Human Services	12-07	4	S	N	No monitoring of counties' efforts to detect fraudulent child care payments	P
93.596	Child Care Mandatory and Matching Fund	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.596	Child Care Mandatory and Matching Fund	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.658	Foster Care - Title IV-E	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.658	Foster Care - Title IV-E	Human Services	12-07	3	S	B	Allocated some costs to federal programs that may not have been allowable for federal reimbursement	\$241,095
93.658	Foster Care - Title IV-E	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.658	Foster Care - Title IV-E	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.658	ARRA-Foster Care - Title IV-E	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P

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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services (continued)								
93.658	ARRA-Foster Care - Title IV-E	Human Services	12-07	3	S	B	Allocated some costs to federal programs that may not have been allowable for federal reimbursement	\$241,095
93.658	ARRA-Foster Care - Title IV-E	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.658	ARRA-Foster Care - Title IV-E	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.659	Adoption Assistance	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.659	Adoption Assistance	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.667	Social Services Block Grant	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.667	Social Services Block Grant	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.667	Social Services Block Grant	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.713	ARRA-Child Care and Development	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.713	ARRA-Child Care and Development	Human Services	12-07	2	S	E	No documented internal control structure ensuring accurate eligibility determinations	P
93.713	ARRA-Child Care and Development	Human Services	12-07	4	S	N	No monitoring of counties' efforts to detect fraudulent child care payments	P
93.713	ARRA-Child Care and Development	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.713	ARRA-Child Care and Development	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	12-07	2	M	E	No documented internal control structure ensuring accurate eligibility determinations	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	12-07	11	S	L	Did not submit federal quarterly reports timely and error on Quarterly Report	P
93.720	Survey and Certification	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.720	Survey and Certification	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.767	Children's Health Insurance Program	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.767	Children's Health Insurance Program	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.767	Children's Health Insurance Program	Human Services	12-07	11	S	L	Did not submit federal quarterly reports timely and error on Quarterly Report	P
93.775	State Medical Fraud Control Units	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.775	State Medical Fraud Control Units	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.777	State Health Care Providers Survey	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.777	State Health Care Providers Survey	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.778	Medical Assistance Program	Human Services	12-03	2	S		Lack of adequate separation of duties	P
93.778	Medical Assistance Program	Human Services	12-03	2	S		Unnecessary employee access to program subsystem	P
93.778	Medical Assistance Program	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P

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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services (continued)								
93.778	Medical Assistance Program	Human Services	12-07	3	S	B	Allocated some costs to federal programs that may not have been allowable for federal reimbursement	\$3,382,980
93.778	Medical Assistance Program	Human Services	12-07	6	S	A,B	Lack of logging or monitoring of all system files	P
93.778	Medical Assistance Program	Human Services	12-07	7	S	A,B	Lack of documentation related to system changes	P
93.778	Medical Assistance Program	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.778	Medical Assistance Program	Human Services/Management & Budget	12-07	9	S		Inaccurate reporting of expenditures on SEFA and notes to Schedule	P
93.778	Medical Assistance Program	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.778	Medical Assistance Program	Human Services	12-07	11	S	L	Did not submit federal quarterly reports timely and error on Quarterly Report	P
93.778	ARRA-Medical Assistance Program	Human Services	12-03	2	S		Lack of adequate separation of duties	P
93.778	ARRA-Medical Assistance Program	Human Services	12-03	2	S		Unnecessary employee access to program subsystem	P
93.778	ARRA-Medical Assistance Program	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.778	ARRA-Medical Assistance Program	Human Services	12-07	3	S	B	Allocated some costs to federal programs that may not have been allowable for federal reimbursement	\$3,382,980
93.778	ARRA-Medical Assistance Program	Human Services	12-07	6	S	A,B	Lack of logging or monitoring of system files	P
93.778	ARRA-Medical Assistance Program	Human Services	12-07	7	S	A,B	Lack of documentation related to system changes	P
93.778	ARRA-Medical Assistance Program	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P
93.778	ARRA-Medical Assistance Program	Human Services/Management & Budget	12-07	9	S		Inaccurate reporting of expenditures on SEFA and notes to Schedule	P
93.778	ARRA-Medical Assistance Program	Human Services	12-07	10	S	M	Insufficient notification of federal award information to subrecipients	P
93.778	ARRA-Medical Assistance Program	Human Services	12-07	11	S	L	Did not submit federal quarterly reports timely and error on Quarterly Report	P
93.959	Block Grants for Substance Abuse	Human Services	12-07	1	S		No documented internal control structure ensuring compliance	P
93.959	Block Grants for Substance Abuse	Human Services	12-07	8	S	A,B	Insufficient review of payroll reports	P

Notes:

(Note 1) - This summary schedule highlights federal program audit findings presented in the Minnesota Office of the Legislative Auditor's federal compliance reports to the applicable state agencies. These reports may be accessed at www.auditor.leg.state.mn.us.

(Note 2) - The "RPT NO" column shows the report numbers in the format 0X-XX, and identifies individual agency reports; and the "FIND NO" are finding numbers within those reports. The finding identifies whether the internal control (INT CONT) is a Material (M) weakness or a Significant (S) deficiency and/or compliance (COMP REQ) requirement addressed (A-N). The financial impact of a finding is shown as procedural (P), non-quantifiable (NQ) or as a questioned cost.

(Note 3) - The Minnesota Department of Transportation (DOT) Office of Audit audited the department's federal programs. The "RPT NO" for DOT federal program findings are reported in DOT 12-800-53, and the "FIND NO" are finding numbers within DOT's report. The questioned costs for the DOT federal program findings represent the sum of the cited bid item and include both federal (including ARRA) and state funds because the construction projects are financed from both sources and the funding ratio can vary by project and within projects. A complete copy of the DOT Office of Audit Report is available at: <http://www.dot.state.mn.us/const/tools/references.html>

(Note 4) - CliftonLarson Allen, LLP (CLA) audited the Minnesota State Colleges and Universities financial statements, the federal financial aid cluster, and MnSCU's portion of the State Fiscal Stabilization Fund. The "RPT NO" for CliftonLarson Allen federal program findings are reported in CLA-11; and the "FIND NO" are finding numbers within CliftonLarson Allen's report.

(Note 5) - Programs funded by the American Recovery and Reinvestment Act include "ARRA" in the Program Name.

(Note 6) - Beginning in fiscal year 2010, the regular appropriated and American Recovery and Reinvestment Act benefits funded under the Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551) are no longer separately reported per federal requirements. Therefore, current audit findings for this program, regardless of funding source, are being reported under CFDA 10.551, Supplemental Nutrition Assistance Program.



**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings**

Report 12-03

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Human Services

CFDA Numbers/Program Names:

93.778	Medical Assistance
93.778	ARRA-Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-03-2 *Lack of adequate separation of duties*

- 2. Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls.**

Financial statement finding reported in Report on Internal Control Over Financial Reporting. See Section II for details related to the Minnesota Department of Human Services.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-03

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Human Services

CFDA Numbers/Program Names:

93.778	Medical Assistance
93.778	ARRA-Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-03-2 *Unnecessary employee access to program subsystem*

- 2. Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls.**

Financial statement finding reported in Report on Internal Control Over Financial Reporting. See Section II for details related to the Minnesota Department of Human Services.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-03

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Labor

CFDA Numbers/Program Names:

17.225 ARRA-Unemployment Insurance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year:

Federal grant numbers are not used for unemployment insurance benefits.

Finding 12-03-3 *No identification and recovery of overpaid \$25 supplemental benefit*

- 3. Prior Finding Partially Resolved: The Department of Management and Budget and other state agencies did not have adequate internal controls to prevent and detect errors in the financial information used to compile the financial statements.**

Financial statement finding reported in Report on Internal Control Over Financial Reporting. See Section II for details related to the Minnesota Department of Employment and Economic Development.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-04

State Agency: Minnesota Department of Education

Federal Agency: U. S. Department of Agriculture
U. S. Department of Education

CFDA Numbers/Program Names:

10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
84.010	Title I – Grant to Local Education Agencies
84.027	Special Education – State Grants
84.173	Special Education – Preschool Grants
84.367	Improving Teacher Quality State Grants
84.389	ARRA – Title I – Grants to Local Education Agencies
84.410	ARRA – Education Jobs Fund

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-04 Appendix A

Finding 12-04-1 *No documented internal control structure ensuring compliance*

1. Prior Finding Not Resolved: The Department of Education did not identify, analyze, and document its internal controls over compliance with federal single audit requirements.

The department did not have a comprehensive risk assessment pertaining to its internal controls over compliance with federal single audit requirements.⁴ The department has an increased likelihood of a control deficiency if it does not clearly communicate to staff its risks, control activities, and monitoring policies and procedures.

State policy states that each agency head has the responsibility to identify, analyze, and manage business risks that impact the entity's ability to maintain its financial strength and the overall quality of its products and government services.⁵ This policy also requires communication of the internal control policies and procedures to all staff so they understand what is expected of them and the scope of their freedom to act. The policy further requires follow-up procedures that, at a

⁴ See Appendix A for listing of federal programs and award numbers.

⁵ Minnesota Management and Budget Policy Number 0102-01.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

minimum, should include ways to monitor results and report significant control deficiencies to individuals responsible for the process or activity involved, including executive management and those individuals in a position to take corrective action. Audit standards reinforced management's responsibility to have effective internal controls over its financial operations.⁶ The federal government expects that those controls also ensure compliance with federal program requirements.

During the last audit, the Department of Education began to develop its comprehensive internal control structure by performing a review of its control environment, establishing internal control standards, creating an internal control evaluation tool, and establishing an internal control evaluation questionnaire. However, department staff told us that significant changes in administration and department organizational structure in fiscal year 2011 prevented the department from moving forward with its initial development.

A comprehensive control structure has the following key elements:

- Personnel are trained and knowledgeable about federal single audit requirements and applicable policies and procedures.
- Management identifies risks associated with federal single audit requirements and develops policies and procedures to effectively address the identified risks.
- Management continuously monitors the effectiveness of the controls, identifies weaknesses and breakdowns in controls, and takes corrective action.
- Management focuses on continual improvement to ensure an acceptable balance between controls and costs.

Finding 2 identifies deficiencies in the department's internal control procedures and specific noncompliance with federal requirements that were not prevented or detected by the department's internal control structure. It is likely that the department will continue to have noncompliance and weaknesses in internal controls over compliance until it operates within a comprehensive internal control structure.

Recommendation

- *The department should review and clearly document its risks, control activities, and internal control monitoring functions for federal program requirements.*

Minnesota Department of Education Response:

The department agrees with this recommendation and began to work on resolving this finding after June 30, 2011. During the first six months of the new administration, staff was becoming acquainted with the agency. However, since June 30, 2011 MDE has taken the following steps to implement a comprehensive internal control structure for the agency:

⁶ Statement on Auditing Standards #109.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

- A risk management plan was developed and submitted to the Department of Management and Budget.
- The results from the Control Environment Self-Assessment Tool taken in 2010 were reviewed by executive team members and director/supervisor level positions at MDE. It was determined that the previous results did not accurately reflect the needs of the agency. The survey was administered again in the fall and three areas that need immediate attention were identified: items 6, 3 and 17. By June 30, 2012 a new process for managing budgets will be created and staff will be trained. This task is the responsibility of Al Louismet, Director of Agency Finance and his staff.
- MDE has created a position for an internal auditor. That position has been posted and hiring will be done as soon as possible. The difficulty of finding auditors with the training and skills necessary has been discussed among Deputy Commissioners. It is our hope that we can find a good candidate. Al Louismet is responsibility for the hiring of this position.

Person Responsible: Al Louismet, Director of Agency Finance

Estimated Completion Date: June 30, 2012

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-04

State Agency: Minnesota Department of Education

Federal Agency: U. S. Department of Agriculture
U. S. Department of Education

CFDA Numbers/Program Names:

10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
84.410	ARRA - Education Jobs Fund

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-04 Appendix A

Finding 12-04-2 *Noncompliance with federal subrecipient monitoring and notification requirements*

2. Prior Finding Partially Resolved: The Department of Education did not comply with federal subrecipient monitoring and notification requirements for some of its major federal programs.

The department did not always monitor subrecipient compliance, adequately notify its subrecipients about certain program information and requirements, or obtain certain program information from subrecipients for some programs, as explained in the following bullets:

- The department did not develop and implement a monitoring plan to ensure program and fiscal compliance for its Education Jobs Fund (CFDA 84.410A).⁷ Federal regulations required the department to provide reasonable assurance that subrecipients used federal awards for authorized purposes, complied with laws, regulations, and the provisions of contracts and grant agreements, and achieved performance goals.⁸ For other federal programs, the department's monitoring activities typically occurred throughout the year and included desk reviews, site visits, regular contact, and reporting the results of its monitoring activities. Without effective subrecipient monitoring, subrecipients receiving federal grants may expend funds for unallowable activities and costs without detection.

⁷ The Education Jobs Fund is a one-time stimulus grant with an availability period ending September 30, 2012.

⁸ OMB Circular No. A-133.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

- The department did not adequately notify its subrecipients of certain program information and requirements. Federal regulations require the department to provide certain federal award information (including CFDA number, award number, and name of federal awarding agency) to subrecipients at the time of the award.⁹ Although the department used a variety of notification methods (such as permanent agreements, annual grant applications, assurances, notifications, and identifying computer system information) to provide federal award information and reporting requirements, these notification methods had the following deficiencies:
 - Prior Finding Not Resolved: The department did not annually communicate federal award information to subrecipients of Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, and 10.559) and Child & Adult Care Food Program (CFDA 10.558) grants. Department staff believed that its initial “permanent” agreements with subrecipients provided required federal award information; however, staff told us some of these agreements could be up to five years old.
 - The department did not communicate the award number and the name of the federal awarding agency to Education Jobs Fund (CFDA 84.410A) subrecipients. In addition, the department did not notify these subrecipients of the federal requirement that ARRA funds must be reported separately on the Schedule of Expenditures for Federal Awards required by OMB A-133.¹⁰
- The department did not obtain Data Universal Numbering System (DUNS) numbers for 1,181 subrecipients of its Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, and 10.559) and Child and Adult Care Food Program (CFDA 10.558). New federal regulations, effective for subawards made since October 1, 2010, required the department to obtain DUNS numbers from all subrecipients prior to awarding non-ARRA funds.¹¹ The department obtained DUNS numbers for school districts, charter schools, and other school-based entities, as well as for subrecipients receiving federal discretionary or competitive grants. However, the department did not obtain DUNS numbers for other types of subrecipients participating in the Child Nutrition Cluster and the Child and Adult Care Food Program.

⁹ OMB Circular No. A-133.

¹⁰ 2 Code of Federal Regulations – section 176.210 (b).

¹¹ 2 Code of Federal Regulations – Part 25.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Recommendations

- *The department should develop and implement a plan to monitor subrecipient compliance with federal requirements for the Education Jobs Fund.*
- *The department should ensure that it communicates all required federal award information and requirements to subrecipients for current and future awards.*
- *The department should ensure that it obtains DUNS numbers for all applicable federal grant subrecipients.*

Minnesota Department of Education Response:

The department agrees with these recommendations.

Finding 2 - Recommendation 1: The department has already begun developing a monitoring process. This will ensure the monitoring, and compliance with federal requirements. The monitoring process will include desk and site reviews determined by a risk analysis, review and reporting of results, appropriate corrective action plans, and timely resolving of corrective action. The department agrees that the required monitoring was not previously completed and did not allow for findings to be issued. Developing and implementing the department monitoring process is the focus of the action plan. Bridgette Ramaley, Fiscal Monitoring Supervisor, Division of Compliance and Assistance will be responsible for resolving this finding. The department expects this finding to be resolved by July 1, 2012.

Finding 2 - Recommendation 2: The Division of Food and Nutrition will annually communicate federal award information to the sub recipients of Child and Nutrition Cluster (CFDA 10.553, 10.555, 10.556 and 10.559) and the Child and Adult Care Food Program (CFDA 10.558) grants. This will be accomplished as part of the annual approval process of the application. When the application is approved a generated email containing the award information (CFDA number, award number, and name of the federal awarding agency) will automatically be sent to the participant. Carol Thomas, Director of the Safety, Health and Nutrition Division will be responsible for resolving this finding. The department expects this finding to be resolved by October 1, 2012.

The Division of School Finance is in the process of calculating the final allocation for Education Jobs. These allocations will be loaded into SERVS Financial with the next week. The new allocations will cause all Education Jobs budgets to be revised, resubmitted by the LEA and approved by MDE. When the budget is approved, MDE will send to the LEA an approval letter that will include the CFDA number, federal award number and the name of the federal awarding agency for Education Jobs. Also included in the approval letter will be the following statement: As confirmed in the electronically signed statement of assurances, the district (1) agrees to maintain records that identify adequately the source and application of these federal funds as Education Jobs in its Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (SF-SAC); and (2) provide identification of the Education Jobs awards under Uniform

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Financial Accounting and Reporting Standards (UFARS) Finance Dimension 152 for all receipts and expenditure of Education Jobs. Carol Hokenson Supervisor, Division of School Finance is responsible for resolving this finding. The department expects this finding to be resolved by June 30, 2012.

Finding 2 - Recommendation 3: The Safety, Health and Nutrition Division will obtain a Data Universal Numbering System (DUNS) number for all sub recipients of the Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556 and 10.559) and the Child and Adult Care Food Program (CFDA 10.558). This will be accomplished by creating a new field in the CLiCS to collect the DUNS number for each sub recipient. Each sub recipient will be instructed that a DUNS number must be submitted before the application can be approved. Carol Thomas, Director of the Safety, Health and Nutrition Division will be responsible for resolving this finding. The department expects this finding to be resolved by October 1, 2012.

Persons Responsible: Bridgette Ramaley, Fiscal Monitoring Supervisor, Division of Compliance and Assistance
Carol Thomas, Director of Safety, Health and Nutrition
Carol Hokenson, Supervisor, Division of School Finance

Estimated Completion Date: October 1, 2012

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Report 12-04

State Agency: Minnesota Department of Education

Appendix A
Major Federal Programs
Department of Education
Fiscal Year 2011

<u>CFDA¹</u>	<u>Program Name</u>	<u>Federal Award Numbers</u>
	<u>Child Nutrition Cluster:</u> ²	
10.553	School Breakfast	2MN30061
10.555	National School Lunch	Same as above
10.556	Special Milk Program for Children	Same as above
10.559	Summer Food Service Program for Children	Same as above
10.558	Child and Adult Care Food	2MN30061
	<u>Title 1 Cluster</u>	
84.010	Title 1 Grants to Local Education Agencies	S010A090023A, S010A100023A
84.389A	Title 1 Grants to Local Education Agencies (ARRA)	S389A090023A
	<u>Special Education Cluster:</u>	
84.027	Special Education – Grants to State	H027A100087A, H027A090087A
84.173	Special Education – Preschool Grants	H173A100086, H173A090086
84.367	Improving Teacher Quality State Grants	S367A090022A, S367A100022A
84.410A	Education Jobs Fund (ARRA)	S410A100024

¹The Catalog of Federal Domestic Assistance (CFDA) is a unique number assigned by the federal government to identify its programs. The federal government requires separate reporting of American Recovery and Reinvestment Act (ARRA) funds. All CFDA numbers followed by an "A" are ARRA funds.

²A cluster of programs is a grouping of closely related programs that have similar compliance requirements and is treated as a single program for audit purposes.

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Section III: Federal Program Audit Findings (Continued)

Report 12-05

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Labor
U.S. Department of Education

CFDA Numbers/Program Names:

17.225	Unemployment Insurance
17.225	ARRA-Unemployment Insurance
17.258	Workforce Investment Act – Adult
17.258	ARRA-Workforce Investment Act – Adult
17.259	Workforce Investment Act – Youth
17.259	ARRA-Workforce Investment Act – Youth
17.260	Workforce Investment Act – Dislocated Worker
17.260	ARRA-Workforce Investment Act – Dislocated Worker
17.277	Workforce Investment Act – National Emergency Grants
17.278	Workforce Investment Act – Dislocated Workers Formula Grants
84.126	Vocational Rehabilitation
84.390	ARRA-Vocational Rehabilitation

Questioned Costs: None – Procedural finding only

Federal Project Nos./Award Year:

UI: UI-18028-09-55-A-27, UI-19590-10-55-A-27, and UI-21107-11-55-A-27 (Unemployment Insurance Administration, Emergency Compensation, and Trade Benefits). However, federal grant numbers are not used for unemployment insurance benefits.

WIA: AA-20201-10-55-A-27 and ARRA AA-17129-08-55-A-27.

Vocational Rehabilitation: H126A100032, H126A100033, H126A110032-11E, H126A110033-11F, H390A090032, H390A090033.

Finding 12-05-1 *No documented internal controls over federal reporting and monitoring for compliance*

- 1. Prior Finding Partially Resolved: The Department of Employment and Economic Development did not fully identify and monitor its internal controls to ensure compliance with federal requirements.**

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Since our last audit, the department developed a risk assessment and identified compliance controls that mitigate the risk of federal program noncompliance. However, the department's risk assessment did not adequately identify certain controls needed to ensure compliance with federal requirements. The department's risk assessment had the following weaknesses:

- The risk assessment did not address the risk of inaccurate federal financial and program reports. The department submitted a wide variety of financial and program reports to the federal government for its Unemployment Insurance (CFDA 17.225¹²), Workforce Investment Act Cluster (CFDA 17.258, 17.259, 17.260, 17.277, and 17.278¹³), and Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390¹⁴) programs. However, the department did not ensure the reports' accuracy by having an independent review of the reports prior to submission. As a result, the department did not detect errors in the reported expenditure amounts for the Workforce Investment Act Cluster, totaling \$56,665, in its quarterly Federal Financial Reports for March and June 2011. In addition, the department did not adjust the reports for refunds and other errors totaling \$310,210 in Section 1512 reporting of American Recovery and Reinvestment Act (ARRA) subrecipient awards for the Workforce Investment Act Cluster. While these errors were not significant, without an independent review of the accuracy of federal financial reports, the department may not detect larger errors.
- The risk assessment did not address the risk of late submission of its federal financial and program reports. The department submitted six different Unemployment Insurance (CFDA 17.225) program financial reports from 2 to 21 days late. The annual December 31, 2011, Vocational Rehabilitation Program Cost Reports for the Rehabilitation Services (CFDA 84.126) and the State Services for the Blind (CFDA 84.390) programs were submitted 17 and 18 days late, respectively. In addition, 5 of 12 monthly federal Workforce Investment Act-Youth (CFDA 17.259) reports were submitted from one to eight days late, and one of four Workforce Investment Act-Dislocated Worker (CFDA 17.260) federal financial reports was four days late.
- The risk assessment did not address the risk of errors in its Schedule of Expenditures of Federal Awards submitted to the Department of Management and Budget. If the department had conducted an independent review, it may have detected that it misclassified expenditures totaling \$11.3 million for Workforce Investment Act-Dislocated Workers Formula Grants (CFDA 17.278) and \$280,000 for Workforce Investment Act-National Emergency Grants

¹² Federal Grant UI-18028-09-55-A-27, UI-19590-10-55-A-27, and UI-21107-11-55-A-27 (Unemployment Insurance Administration, Emergency Compensation, and Trade Benefits). However, federal grant numbers are not used for unemployment insurance benefits.

¹³ Federal Grant AA-20201-10-55-A-27 and ARRA AA-17129-08-55-A-27.

¹⁴ Federal Grant H126A100032, H126A100033, H126A110032-11E, H126A110033-11F, H390A090032, H390A090033.

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Section III: Federal Program Audit Findings (Continued)

(CFDA 17.277).¹⁵ The department inappropriately reported these expenditures in the Workforce Investment Act-Dislocated Workers Program (CFDA 17.260).

In addition, the department did not accurately calculate certain expenditures for the Workforce Investment Act Cluster (CFDA 17.258, 17.259, 17.260, 17.277, and 17.278) Schedule of Expenditures of Federal Awards. The department failed to include certain accounting system fund ledgers causing it to understate expenditures by \$53,784 for the Workforce Investment Act-Dislocated Workers Program and \$89,692 for the ARRA Workforce Investment Act-Dislocated Workers (CFDA 17.260) program. Management has the responsibility to ensure controls, such as an independent review, are in place to assure accuracy and completeness of expenditures included in the Schedule of Expenditures of Federal Awards.¹⁶

- The risk assessment did not address the risk that employees may not perform internal controls as intended or that the controls may not be effective in mitigating the related risk. Findings 2 through 5 identify areas where monitoring by department management may have detected weaknesses in the design or implementation of controls and prevented noncompliance with requirements for certain federal programs.

State policy states that each agency head has the responsibility to identify, analyze, and manage business risks that impact an entity's ability to maintain its financial strength and the overall quality of its programs and government services.¹⁷ The federal government expects management to have effective internal controls over its financial operations and to ensure compliance with federal program requirements.

Recommendation

- *The department should improve its internal control structure ensuring compliance with federal requirements by:*
 - *assessing the criticality of federal reporting requirements and the cost-benefit of a second review prior to submission to the federal government to ensure the reports' accuracy;*
 - *submitting federal reports by the required due dates;*
 - *reviewing the accuracy of the Schedule of Expenditures of Federal Awards sent to the Department of Management and Budget; and*

¹⁵ The OMB Circular A-133 Compliance Supplement, dated March 2011, states that beginning in program year 2010 (grants awarded after July 1, 2010), CFDA 17.260 was archived. New funds allocated for these two programs are to be reported under 17.277 (National Emergency Grants) and 17.278 (formula grants).

¹⁶ OMB Circular A-133 Compliance Supplement 2011, Part 6 – Internal Control.

¹⁷ Department of Management and Budget Policy 0102-01.

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Section III: Federal Program Audit Findings (Continued)

- *monitoring key internal controls to ensure staff are performing the controls as intended and that the controls are effective to mitigate the related risk.*

Minnesota Department of Employment and Economic Development Response:

The department agrees with the finding. The department has made progress in identifying key controls and implementing monitoring procedures to ensure the effectiveness of those controls. However, with the implementation of a new financial system and a state government shutdown last July, DEED has not made as much progress as it had hoped since the last audit. DEED still needs to consider and document the cost/benefit relationship of implementing additional controls and monitoring activities that would improve the accuracy and timeliness of reporting.

The majority of the federal reporting errors identified were related to Workforce Investment Act sub-recipient award amounts reported under the American Recovery and Reinvestment Act (ARRA) Section 1512 reporting requirements. The department mistakenly assumed that subrecipients that did not spend their entire award should be reported at the original amount awarded, rather than the revised amount after a de-obligation occurred. The department will review the specific federal reporting errors that were identified and contact the U.S. Department of Labor to determine what action is necessary to correct the erroneous reports. Cindy Farrell, Chief Financial Officer, will oversee resolution of this finding by June 30, 2012.

Person Responsible: Cindy Farrell, Chief Financial Officer

Estimated Completion Date: June 30, 2012

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-05

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Education

CFDA Numbers/Program Names:

84.126	Vocational Rehabilitation
84.390	ARRA-Vocational Rehabilitation

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year:

Federal Grant H126A100032, H126A100033, H126A110032-11E, H126A110033-11F, H390A090032, H390A090033.

Finding 12-05-2 *Inadequate control over supply and equipment purchases for clients*

2. The Department of Employment and Economic Development did not adequately control supply and equipment purchases for clients participating in Vocational Rehabilitation programs (CFDA 84.126 and 84.390).

The department did not have certain internal controls to ensure purchases made by vocational rehabilitation counselors were reasonable, were received by the client, and complied with purchase card policies.

The department did not have specific guidelines on the amount a counselor or a vocational rehabilitation technician could spend on some types of supplies or equipment for clients.¹⁸ The lack of guidelines increased the risk that vocational rehabilitation counselors and technicians could purchase items at prices that were higher than a prudent person in similar circumstances would pay. For example, during fiscal year 2011, department staff purchased some items for clients at costs that did not appear reasonable to us based on the department's documentation, including \$1,117 for interview clothing and \$6,735 for tools. Because of the nature of this program, there may have been extenuating circumstances that warranted these higher costs; however, the department did not document these circumstances. Department management told us they expected counselors and technicians to use good judgment to ensure the reasonableness

¹⁸ Vocational rehabilitation services are provided to eligible clients, with an assessed physical or mental impairment, to assist them in preparing for, securing, retaining, or regaining employment. Program counselors determine eligibility and work with clients to prepare an employment plan necessary to achieve job goals, while program technicians work directly with the clients to obtain the program services or purchase items necessary to accomplish work goals. Besides tuition and other training costs, the program will sometimes acquire supplies or equipment to facilitate the vocational needs of the client.

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Section III: Federal Program Audit Findings (Continued)

of the types of items purchased and amounts spent for a client. Department policy further stated that counselors should consider referring customers to thrift shops or other organizations for clothing purchases.¹⁹

The department did not always have evidence that the clients received supplies or equipment purchased for them by the counselors. For 7 of 12 items tested (including the items mentioned previously in this finding), clients did not sign the sales receipt or a department receipt form verifying that they received the supplies or equipment, as required by department policy.²⁰ Without a client's signature acknowledging the receipt of the goods, there is an increased risk that counselors could inappropriately purchase supplies or equipment for themselves.

In addition, some vocational rehabilitation counselors and technicians shared the use of a purchasing card to buy certain items for clients. Although these staff submitted purchase logs to the card holders for review, the department's purchase card policy states that the person whose name is on the card must be the one to make the purchase.²¹ In addition, state policy indicates that purchasing cards are assigned and issued to authorized users, and only those state employees are authorized to use the purchasing card.²² Exceptions to purchasing card use policies must be approved by the Department of Administration.

Recommendations

- *The department should develop spending guidelines on different types of supplies or equipment it purchases for clients and require supervisory approval before exceeding those guidelines.*
- *The department should ensure that vocational rehabilitation staff obtain client signatures acknowledging receipt of items purchased on their behalf.*
- *The department should review its practice of allowing other employees to use purchasing cards assigned to a specific employee.*

Minnesota Department of Employment and Economic Development Response:

The department partially agrees with the finding. The department believes that its current written procedures are adequate to ensure that client purchases are reasonable and meet client needs. The department will work to improve documentation for expenditures which may seem unusual to an external party. To the greatest extent possible, client signatures will be obtained to acknowledge receipt of goods. The department will reinforce existing purchasing card rules and procedures with staff. Kim Peck, Vocational Rehabilitation Services Director, will oversee resolution of this finding by June 30, 2012.

¹⁹ Vocational Rehabilitation Services Policy Manual, Chapter 14, page 14A-10.

²⁰ Vocational Rehabilitation Services Policy Manual, Chapter 14, page 14A-17.

²¹ Field Operations Manual, Section 5.502, page 4.

²² Department of Administration, Purchase Card Use Policy 2.1.

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Person Responsible: Kim Peck, Vocational Rehabilitation Services Director

Estimated Completion Date: June 30, 2012

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Section III: Federal Program Audit Findings (Continued)

Report 12-05

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Education

CFDA Numbers/Program Names:

84.126	Vocational Rehabilitation
84.390	ARRA-Vocational Rehabilitation

Questioned Costs: \$84,568

Federal Project Nos./Award Year:

Federal Grant H126A100032, H126A100033, H126A110032-11E, H126A110033-11F, H390A090032, H390A090033.

Finding 12-05-3 *Costs incurred after end dates of employer grant agreement and client employment plan*

3. The Department of Employment and Economic Development paid for some costs incurred after the end dates of an employer grant agreement and a client employment plan for the Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390).

The department did not ensure that vocational rehabilitation employer grant agreement and client employment plan timeframes correlated with the financial activity. The department had the following exceptions:

- The department inappropriately reimbursed one subgrantee \$79,114 for expenditures incurred after the contract end date. The agreement stated that the grantee would perform the grant activities during the period from December 1, 2009, through December 31, 2010; however, the department continued to reimburse the grantee through September 2011.
- For 1 of 26 clients tested, the department paid additional costs, totaling \$5,454, five months beyond the end date of the client's employment plan. The employment plan contains the allowable benefits the client can receive along with a specific end date.

According to federal regulations, vocational rehabilitation services are to be provided in accordance with the provisions in the individual's employment plan. The plan must state the specific vocational rehabilitation services needed and an estimate of the cost. The plan should be amended as necessary when there are substantial changes in the services or timeframes to be provided. Amendments are not effective until agreed to and signed by the client and the counselor.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Recommendation

- *The department should ensure that it only pays for costs incurred during the period specified in the authorized grant agreement or client employment plan.*

Minnesota Department of Employment and Economic Development Response:

The department agrees with the finding. Employment plans and grant agreements will be amended when circumstances require a delay in the completion of authorized services. Kim Peck, Vocational Rehabilitation Services Director, will oversee resolution of this finding by June 30, 2012.

Person Responsible: Kim Peck, Vocational Rehabilitation Services Director

Estimated Completion Date: June 30, 2012

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-05

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Labor

CFDA Numbers/Program Names:

17.258	Workforce Investment Act – Adult
17.258	ARRA-Workforce Investment Act – Adult
17.259	Workforce Investment Act – Youth
17.259	ARRA-Workforce Investment Act – Youth
17.260	Workforce Investment Act – Dislocated Worker
17.260	ARRA-Workforce Investment Act – Dislocated Worker
17.277	Workforce Investment Act – National Emergency Grants
17.278	Workforce Investment Act – Dislocated Workers Formula Grants

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year:

Federal Grant AA-20201-10-55-A-27 and ARRA AA-17129-08-55-A-27

Finding 12-05-4 *No documented support for expenditure monitoring of two subrecipients*

4. The Department of Employment and Economic Development did not retain evidence of monitoring two subrecipients for the Workforce Investment Act Cluster (CFDA 17.258, 17.259, 17.260, 17.277 and 17.278).

The department did not have documentation of its monitoring of subrecipient expenditures for the Workforce Investment Act Cluster for 2 of 17 subrecipients tested. Staff indicated they performed monitoring but could not locate documentation to support their work. In fiscal year 2011, the subrecipients received \$2,946,418 and \$205,000, respectively. Without supporting documentation, management is unable to verify that staff performed the internal control as intended or whether the control was effective to ensure that the subrecipients' expenditures complied with federal requirements.

Recommendation

- *The Department of Employment and Economic Development should retain evidence of its monitoring efforts that provide management assurance of subrecipient compliance with federal requirements.*

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Employment and Economic Development Response:

The department agrees with the finding. The department completed monitoring procedures for the sub-recipients identified by the auditor. The files were removed for federal audit purposes and were likely returned to the wrong location. In the future, copies of files will be distributed to external auditors. This procedure will be implemented immediately. The department considers this finding resolved.

Person Responsible: Cindy Farrell, Chief Financial Officer

Estimated Completion Date: March 20, 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-05

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Labor

CFDA Numbers/Program Names:

17.225 Unemployment Insurance

Questioned Costs: \$13,056

Federal Project Nos./Award Year:

Federal grant numbers are not used for unemployment insurance benefits.

Finding 12-05-5 Overpayment of extended benefits to one unemployment insurance recipient

5. The Department of Employment and Economic Development did not identify and recover overpaid federal unemployment insurance (CFDA 17.225) benefits to one applicant.

The department overpaid one unemployed worker \$13,056 in federal emergency unemployment benefits during fiscal year 2011.²³ The overpayment occurred when the department manually entered certain benefits²⁴ into the unemployment insurance system twice, causing the unemployed worker to receive more weeks of eligibility than allowed by the extended benefit programs. Although the department's unemployment insurance system periodically produced an exception report to identify these overpaid benefits, employees did not resolve all fiscal year 2011 exceptions to identify, track, and recover overpayments. Improved monitoring would provide management assurance that employees acted on exception report items.

Recommendation

- *The department should ensure staff adequately review unemployment insurance system report exceptions designed to identify benefits paid to unemployed workers that exceed the number of weeks allowed by each extended benefit program and recover the overpayment it made to the applicant.*

²³ Federal Emergency Unemployment Compensation Program (Tier 3) benefits were available to workers who had exhausted regular unemployment insurance benefits during periods of high unemployment.

²⁴ Trade Readjustment Allowance Benefits.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Employment and Economic Development Response:

The department agrees with the finding. The department's exception report is an adequate control used to identify overpaid benefits. The department will issue an overpayment determination for this one isolated situation. Rick Caligiuri, Unemployment Insurance Director, will oversee resolution of this finding by April 30, 2012.

Person Responsible: Rick Caligiuri, Unemployment Insurance Director

Estimated Completion Date: April 30, 2012

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-06

State Agency: Minnesota Department of Commerce

Federal Agency: U. S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.568 Low-Income Home Energy Assistance

Questioned Costs: \$1,350,000

Federal Project Nos./Award Year: # G-11B1MNLIEA

Finding 12-06-1 *Inadequate monitoring of crisis emergency benefits paid to ineligible households*

- 1. The Department of Commerce did not adequately monitor a local service provider that inappropriately provided \$1.35 million to households who did not meet the eligibility requirements for crisis emergency benefits they received from the Low-Income Home Energy Assistance Program.**

In October 2011, an energy vendor alerted the Department of Commerce about concerns with crisis emergency benefits paid to one household from the Low-Income Home Energy Assistance Program (CFDA 93.568²⁵). Upon review, the department found that one local service provider²⁶ inappropriately provided \$1.35 million of crisis emergency benefits²⁷ to several thousand households that were either ineligible to receive crisis funds or received more crisis funding than they were eligible for. The service provider also did not sufficiently document eligibility for the crisis benefits paid, and the department's monitoring review of the service provider activities failed to detect these problems. For federal fiscal year 2011, the service provider awarded crisis emergency benefits totaling \$5.7 million to approximately 11,000 households. The department required the service provider to submit a written action plan to strengthen their policies and procedures before they were awarded any crisis emergency funding for federal fiscal year 2012. In response to the concerns, the department developed plans to improve its monitoring of all service providers to ensure all future crisis emergency benefit payments comply with applicable program requirements.

²⁵ Federal Grant Award #G-11B1MNLIEA.

²⁶ Service providers are agencies that serve Low-Income Home Energy Assistance Program (or Weatherization Assistance) clients at the local level, including community action programs, tribal boards, and nonprofit organizations. Currently, the department has 36 service providers geographically dispersed around the State of Minnesota.

²⁷ Local service providers award crisis emergency benefits to households who otherwise cannot fulfill their current or past due heating bill. Crisis benefits also cover households who are in danger of having their heat shut off or running out of fuel.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Recommendations

- *The Department of Commerce should recover the ineligible crisis emergency benefits made by the service provider, as required by the federal Department of Health and Human Services.*
- *The department should improve its monitoring procedures to address risks with crisis emergency benefits and ensure compliance with program policies and procedures.*

Minnesota Department of Commerce Response:

The department agrees. We are working to recover the ineligible benefits as required by the federal Department of Health and Human Services.

Upon learning of the issue last fall, the department took immediate action to ensure federal FY12 funds were safeguarded and required the service provider to implement an approved corrective action plan. The department also heightened oversight of the service provider to ensure compliance with policy application and accounting procedures. As remediation steps were identified and implemented with the service provider, the department also launched an investigation and sampled other crisis program providers, and did not identify other such issues.

The department is working with energy vendors on strengthening their internal controls for payment processing to help prevent and detect issues in the future. The department also is taking steps to implement structural changes in service provider monitoring to ensure compliance with program policies and procedures. Options being considered include: formal risk assessments, enhanced training and compliance standards, and external audits.

Persons Responsible: John Harvanko, Energy Program Director

Expected Completion Date: June 30, 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-06

State Agency: Minnesota Department of Commerce

Federal Agency: U. S. Department of Energy

CFDA Numbers/Program Names:

81.042 ARRA - Weatherization Assistance for Low Income Persons

Questioned Costs: None – Procedural finding only.

Federal Project Nos./Award Year: DE-EE0000103

Finding 12-06-2 *Inadequate controls ensuring compliance with Davis Bacon Act*

2. Prior Finding Partially Resolved: The Department of Commerce did not have adequate control procedures to ensure that local service providers and their contractors were in compliance with the Davis-Bacon Act.

The Department of Commerce did not adequately ensure local service providers and their contractors paid workers the prevailing wage, as required by the Davis-Bacon Act,²⁸ while providing services for the Weatherization Assistance for Low-Income Persons Program (CFDA 81.042 ARRA²⁹). The department developed a weekly wage reporting process to monitor compliance with the Davis-Bacon Act. The department required local service providers to submit weekly certified payroll reports completed by the contractors working on the weatherization project.

However, the department did not have effective procedures to ensure that certified payroll reports it rejected were corrected and resubmitted by the local service providers. The department reviewed the reports for completeness and to ensure that the wages paid were equal to or greater than the prevailing wage for the area and work classification. If department staff noted errors or omissions, they sent the certified payroll reports back to the local service providers for correction, but the department did not monitor whether the rejected reports were properly corrected and resubmitted. Our review of the department's records showed that more than half of the 413 certified weekly payroll reports the department rejected during fiscal year 2011 were still outstanding and unresolved as of February 2012.

²⁸ The federal Davis-Bacon Act requires contractors and subcontractors receiving federal grants to pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area.

²⁹ Federal Grant Award #DE-EE0000103.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Recommendation

- *The Department of Commerce should improve its internal controls to ensure compliance with federal Davis Bacon requirements for the Weatherization Assistance for Low-Income Persons Program.*

Minnesota Department of Commerce Response:

The department agrees. The department has set in place a new procedure for assuring that wage reports with errors are completed and returned to the department in a timely manner.

Person Responsible: Marilou Cheple, Weatherization Assistance Program
Supervisor

Expected Completion Date: July 31, 2012

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Schedule of Findings and Questioned Costs
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Report 12-06

State Agency: Minnesota Department of Commerce

Federal Agency: U. S. Department of Energy

CFDA Numbers/Program Names:

81.042	Weatherization Assistance for Low Income Persons
81.042	ARRA - Weatherization Assistance for Low Income Persons

Questioned Costs: None – Procedural finding only

Federal Project Nos./Award Year: #DE-EE0000653.
#DE-EE0000103.

Finding 12-06-3 *Inadequate inventory records for equipment purchases with federal program funds*

3. Prior Finding Not Resolved: The Department of Commerce did not maintain accurate inventory records for equipment acquired by local service providers using funds from the federal Weatherization Assistance for Low-Income Persons Program.

The department did not accurately update its equipment inventory records with specific information for certain vehicles and other weatherization equipment purchased by local service providers with funds from the federal Weatherization Assistance for Low-Income Persons Program (CFDA 81.042³⁰ and 81.042 ARRA³¹). When the federal government approved the purchase of program vehicles or equipment, the department identified the service provider and type of equipment on its inventory system; however, the department did not update its inventory records with accurate vehicle identification or equipment serial numbers, actual date of purchase, and the final purchase price, as called for in federal regulations.³²

Although the department correctly recorded equipment purchases in fiscal year 2011, it did not accurately correct some errors it had made in prior years.³³ For example, in our review of vehicles recorded in inventory, eight had incomplete vehicle identification numbers, and eight had the same vehicle identification (we determined three of these were duplicate entries and not actual vehicles.) In addition, nine other pieces of equipment had missing inventory information (such as purchase price, purchase date, identification numbers, and other descriptive information). An independent review of data entry of equipment items would improve accuracy.

³⁰ Federal Grant Award #DE-EE0000653.

³¹ Federal Grant Award #DE-EE0000103.

³² 10 CFR 600.232 (2010).

³³ During fiscal year 2011, the department had one equipment purchase totaling \$24,748.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Without accurate equipment inventory records, the department cannot identify and track the specific equipment items purchased with federal funds and cannot periodically verify that the local service provider is still in possession of the specific weatherization equipment.

Recommendation

- *The Department of Commerce should improve controls to ensure that it accurately updates its equipment inventory records with specific identification of weatherization vehicles and equipment acquired with federal program funds.*

Minnesota Department of Commerce Response:

The department agrees. The department has made corrections to the equipment inventory list, and will update the list when the status of each Service Providers' equipment has been verified.

Person Responsible: Marilou Cheple, Weatherization Assistance Program
Supervisor

Estimated Completion Date: June 30, 2012

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.658	Foster Care
93.658	ARRA - Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.713	ARRA – Child Care and Development
93.714	ARRA – Emergency Contingency Fund for TANF
93.767	Children’s Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.778	ARRA - Medical Assistance
93.959	Block Grants for Substance Abuse

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-1 *No documented internal control structure ensuring compliance*

- 1. Prior Finding Partially Resolved: The Department of Human Services did not fully identify, analyze, and document its internal controls related to compliance with federal single audit requirements.**

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Section III: Federal Program Audit Findings (Continued)

The department did not have a comprehensive risk assessment regarding internal controls over compliance with other federal single audit requirements.³⁴ The federal Office of Management and Budget, Circular A-133, outlines the state's responsibilities for managing federal assistance programs and addresses general compliance requirements and program specific requirements. The department developed a risk assessment related to many of its financial operations and had many control activities and monitoring functions. Since our last audit, it also improved the controls over recipient eligibility for four major federal programs and reorganized its fraud and licensing units into the Office of Inspector General. However, it did not fully identify and analyze risks related to federal program compliance, design comprehensive controls to address significant risks, or develop sufficient monitoring procedures to ensure controls were in place and were effective to reduce the significant risks identified. A comprehensive internal control structure is critical to ensure compliance with federal requirements. The department had an increased likelihood of noncompliance when it did not clearly communicate to all staff its risks, control activities, and monitoring policies and procedures.

State policy stipulates that agency management is responsible to identify, analyze, and manage business risks that affect its ability to maintain its financial strength and the overall quality of its products and government services.³⁵ This policy also requires communication of the internal control policies and procedures to all staff so they understand expectations and the scope of their freedom to act. The policy further requires follow-up procedures that, at a minimum, should include ways to monitor results and report significant control deficiencies to individuals responsible for the process or activity involved, including the agency's executive management and other individuals in a position to take corrective action. The federal government expects that those controls also ensure compliance with federal laws, regulations, and program compliance requirements.³⁶

The findings in this report identify deficiencies in the department's internal control procedures and specific noncompliance with federal requirements that the department's internal control structure did not prevent or detect. If the department had a comprehensive internal control structure, it may have identified these deficiencies, assessed the degree of risk for the these deficiencies, designed control procedures to address significant risk, and monitored whether controls were working as designed and effective in reducing the risks to an acceptably low level. It is likely that the department will continue to have noncompliance and weaknesses in internal controls over compliance until it operates within a comprehensive internal control structure.

³⁴ This finding affects all major federal programs identified in Table 1. See Appendix A for the federal award numbers for these programs. It also applies to federal programs that were major programs in fiscal year 2009, but not in fiscal years 2010 and 2011, including Adoption Assistance (CFDA 93.659), Substance Abuse (CFDA 93.959), and Children's Health Insurance Program (CFDA 93.767).

³⁵ Department of Management and Budget Policy 0102-01, *Internal Control*.

³⁶ U.S. Office of Management and Budget Circular A-133, § ____ .300(b).

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Recommendation

- *The department should continue to review and clearly document its risks, control activities, and internal control monitoring functions for its key business processes related to major federal programs.*

Minnesota Department of Human Services Response:

The department agrees with this finding and recommendation. We have begun the process of identifying and analyzing risks related to federal program compliance, building off work already completed in this area by Financial Operations. Once completed and documented, we believe this comprehensive risk assessment will guide us as we continue to monitor and improve our control environment in this area.

Person Responsible: Gregory Gray, Chief Compliance Officer

Estimated Completion Date: March 31, 2013

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Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.713	ARRA – Child Care and Development
93.714	ARRA – Emergency Contingency Fund for TANF

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-2 No documented internal control structure ensuring accurate eligibility determinations

2. Prior Finding Partially Resolved: The Department of Human Services did not fully implement controls to ensure it complied with eligibility requirements for two federal programs and did not monitor system overrides for three major programs.

The department designed but did not fully implement quality control reviews over eligibility as part of its oversight to ensure it provided federal program benefits only to eligible recipients for its fiscal year 2011 Child Care Cluster (CFDA 93.575, 93.596, and 93.713) and Temporary Assistance for Needy Families (CFDA 93.558 and 93.714) programs.³⁷ The department delegated to the counties the responsibility to meet with recipients applying for assistance and determine the appropriate benefits. To verify the accuracy of the county workers' benefit determinations and redeterminations, the department selected random statistical samples of recipient cases and verified the county workers had accurately determined eligibility; however, this oversight control was not in place until after fiscal year 2011. The department referred errors found during the quality control review back to the counties and referred any suspected fraud to the department's Office of Inspector General. Because the testing was not complete, the department continued to have a higher risk of noncompliance with federal eligibility requirements.

³⁷ See Appendix A, on page 17 of this report, for the federal award numbers for these programs. In our fiscal year 2010 audit report, we found that the department did not adequately monitor the counties eligibility determinations for the Medical Assistance (CFDA 93.778 and 93.778A) and Children's Health Insurance (CFDA 93.767) programs, and the department has since resolved this portion of the finding.

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Section III: Federal Program Audit Findings (Continued)

The objective of our testing was twofold: To see whether the department's quality control review was effective to identify errors made by the county workers and to see the extent of errors made by county workers. Because the department's oversight of eligibility determinations was not fully implemented, the following weaknesses existed:

- **Temporary Assistance for Needy Families:** As of November 2011, the department had selected 240 case files for eligibility review. The department began reviewing the cases in January 2012, when we began our testing, but it had not completed its reviews of the cases or reached conclusions about whether eligibility decisions made by county workers complied with the program's federal requirements.³⁸ We tested 25 of the case files the department had included in its testing sample, and three of the cases had errors. The errors resulted in the recipients receiving ineligible monthly benefits totaling \$1,586 per month.

Because the department had not yet reviewed many of the cases it had selected for testing and because our review of some of those cases identified that 12 percent had eligibility errors, we concluded that the department did not have adequate internal controls to ensure only eligible people received program benefits, and that the department had not complied with federal program eligibility requirements.

- **Child Care Cluster:** During fiscal year 2012, the department began reviewing county eligibility determinations for the period of July 2010 through June 2011 and selected 276 cases for review. As of January 2012, the department had not completed its review for all fiscal year 2011 cases. We reviewed 40 case files the department had selected for testing. Of those files, one recipient had received \$190 of ineligible monthly benefits. The department's initial quality control review did not detect the error, and the department had not done its second level of review.

In addition, the department did not monitor certain eligibility determination overrides done by county workers in the eligibility systems for the Child Care Assistance, Temporary Assistance for Needy Families, and Medical Assistance (CFDA 93.778 and 93.778A) programs.³⁹ When county workers encountered unusual or extenuating circumstances, they could override the automated system's benefit determinations. The automated systems provided override reports for the counties to review, but the Department of Human Services did not ensure counties reviewed the reports as a way to verify that the overrides were appropriate. The department also did not analyze the results of the reports to identify unusual trends, errors, or potential fraud.

Recommendations

- *The department should continue its quality review process to ensure compliance with federal eligibility requirements.*

³⁸ Office of Management and Budget A-133 Compliance Supplement, Temporary Assistance to Needy Families, part 4, letter E.

³⁹ The department used the MAXIS system for recipient eligibility determinations for the Medical Assistance and Temporary Assistance for Needy Families programs and used the MEC2 system for the Child Care Assistance Program.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

- *The department should monitor the specific eligibility overrides related to the Child Care Assistance, Temporary Assistance for Needy Families, and Medical Assistance programs.*

Minnesota Department of Human Services Response:

Agency Response to Audit Finding #2-1

The department agrees with this finding and recommendation. We will continue to refine and improve our process of conducting eligibility reviews for all federal programs, and will work diligently to resolve this issue for our Temporary Assistance for Needy Families and Child Care Assistance programs.

Person Responsible: Gary L. Johnson, Director of Internal Audits

Estimated Completion Date: March 31, 2012

Agency Response to Audit Finding #2-2

The department agrees with the finding and recommendation. Staff from our Child Care Assistance, Temporary Assistance for Needy Families, and Medical Assistance programs will do monthly sampling of override reports to ensure issues have been resolved appropriately, and to identify unusual trends, errors or potential fraud.

Persons Responsible: Mary Orr, Director of Community Partnerships and Child Care Services
Mark Toogood, Director of Transition to Economic Stability
Karen Gibson, Director of Health Care and Eligibility and Access

Estimated Completion Date: September 30, 2012

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Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.658	Foster Care
93.658	ARRA - Foster Care
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

Questioned Costs: \$3,639,325

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-3 Allocated some costs to federal programs that may not have been allowable for federal reimbursement

3. The Department of Human Services allocated some costs to federal programs that may not have been allowable for federal reimbursement.

The Department of Human Services allocated some costs to the federal government through its cost allocation process that may not have been allowable by federal regulations. Stated broadly, the federal allowable cost principles require that costs charged to federal programs be both ordinary and necessary for the performance and administration of the federal awards.⁴⁰ The department allocated some costs to federal programs that may not have been allowable, as explained below:

- **Contract settlement and related litigation costs** - The department allocated to the Medical Assistance Program (CFDA 93.778 and 93.778A)⁴¹ about \$3,209,213 of a \$7,250,000 contract settlement it paid in March 2011 and about \$115,859 of the \$552,569 related to litigation costs.⁴² The settlement payment and the related litigation costs may not have been allowable costs because they may not have been ordinary and necessary costs of the Medical Assistance Program. The settlement payment related to the department's termination of a contract for a failed software development project. The project, called HealthMatch, was

⁴⁰ 2 CFR Part 225, Appendix A, C.1.a, 1.b, 2.a, and 3.a.

⁴¹ See Appendix A for the federal award numbers for these programs.

⁴² The department also allocated \$12,796 of the settlement costs and \$116,695 of the litigation costs to other major and non-major federal programs.

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Section III: Federal Program Audit Findings (Continued)

intended to design a web-based computer system to automate eligibility determinations for nearly all the department's health care programs.

After the contract termination, the department and the software development company disagreed on the amount owed to the company for deliverables or services completed. The company claimed that the department owed it nearly \$19 million for unreimbursed services through the date of the contract termination; the department asserted that the value of unreimbursed deliverables totaled closer to \$3 million. Through mediation, they agreed to a payment of \$7,250,000, which the department paid to the contractor in March 2011. Department staff told us that the settlement payment was a reasonable amount and necessary to settle the contract dispute; however, they were unable to explain how the payment correlated to deliverables the state received, how the payment benefited the Medical Assistance Program, or how the payment was an ordinary and necessary cost of the program.

- **Emergency preparedness costs paid with fees** - The department did not comply with allowable cost requirements when it failed to reduce the cost reimbursements for its emergency preparedness plan by a grant it received related to the plan.

In state fiscal year 2011, the department expended \$270,917 for payroll, equipment, supplies, and other costs required to set up and manage radiological emergency reception centers in the state. The reception centers would provide radiological monitoring, decontamination, basic medical care, and evacuation information for citizens required to leave their homes due to a nuclear power plant emergency. Minnesota Statutes requires nuclear power plant owners to pay fees to the state for these costs.⁴³

The receipts from the nuclear power business met the federal definition of credits that should offset or reduce the amounts charged to federal programs;⁴⁴ however, the department included these costs in its cost allocation pool calculation. As a result, the department charged the Medical Assistance Program (CFDA 93.778 and 93.778A) \$57,908 and the Child Support Enforcement Program (CDFA 93.563 and 93.563A) \$15,250.⁴⁵

- **Capital expenditures fully expended** - The department allocated costs for computer equipment to the Title IV-E Foster Care Program (CFDA 93.658 and 93.658A)⁴⁶ that it should have depreciated over time. Specifically, the department charged these capital assets, totaling \$567,550, to a cost pool, resulting in an allocation to the Title IV-E Foster Care Program of \$241,095. Federal regulations only allow reimbursement to the state for equipment and other capital expenditures through depreciation or use allowances.⁴⁷

⁴³ *Minnesota Statutes* 2011, 12.14, requires that a person in the business of owning or operating a nuclear power plant or dry cask storage facility located in Minnesota shall pay quarterly assessments to cover the cost of nuclear power plant emergency response programs necessary to deal with incidents resulting from either facility.

⁴⁴ 2 CFR Part 225, Appendix A, C.4.a.

⁴⁵ See Appendix A for the federal award numbers for these programs.

⁴⁶ See Appendix A for the federal award numbers for these programs.

⁴⁷ 2 CFR Part 225, Appendix B, 15.b.(5).

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Section III: Federal Program Audit Findings (Continued)

Although the general capitalization threshold for federal programs was \$25,000,⁴⁸ the Foster Care Program had a threshold of \$5,000 for computer equipment.⁴⁹

Recommendations

- *The department should work with the federal government to determine the allowability of the contract settlement payment and related litigation costs.*
- *The department should reduce its fiscal year 2011 allocation of nuclear power plant emergency preparedness costs and any future cost allocation, by the fees it received from the nuclear power company for that purpose.*
- *The department should have adequate controls in place to ensure capital expenditures are not allocated to federal programs when purchased, but allocated through depreciation expenses or use allowances over their useful lives.*

Minnesota Department of Human Services Response:

The department will re-confirm with the federal government the allowability of the contract settlement payment and related litigation costs. The department will reduce its fiscal year 2011 allocation, and subsequent allocations, by funds the State receives from the nuclear power plant for that purpose. The department will implement controls to ensure capital expenditures are not allocated to federal programs when purchased, but allocated through depreciation expenses or use allowances over their useful lives.

Person Responsible: Marty Cammack, Financial Operations Director

Estimated Completion Date: June 30, 2012

⁴⁸ 45 CFR Section 95.705.

⁴⁹ US Department of Health and Human Services, Administration for Children and Families, Action Transmittal No. AT-94-5, dated July, 22, 1994.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.713	ARRA - Child Care and Development

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-4 *No monitoring of counties' efforts to detect fraudulent child care payments*

4. The Department of Human Services did not adequately monitor the counties efforts to detect fraudulent child care payments and ensure they properly recovered the payments.

The department did not have controls designed to monitor whether the counties identified and collected fraudulent payments from the Child Care Assistance Program (CFDA 93.575, 93.596, and 93.713). The department delegated the fraud detection and payment collection responsibilities to the counties but did not adequately monitor the counties to ensure they followed the department's procedures for detecting fraud and recovering wrongful payments.⁵⁰ Federal regulations require the state to recover fraudulent child care payments from the party responsible for committing the fraud.⁵¹ Without adequate monitoring controls, the department could not ensure the counties were complying with the federal regulations.

Recommendation

- *The department should ensure counties are making adequate efforts to identify and collect fraudulent child care payments.*

Minnesota Department of Human Services Response:

The department agrees with the finding and recommendation. The department will develop and implement a plan to monitor counties efforts to detect fraudulent child care payments and ensure

⁵⁰ Child Care Assistance Program Policy Manual, Chapters 4 and 14.

⁵¹ 45 CFR Section 98.60.

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counties engage in collection efforts to recover those payments. The plan will include development of reports to assist the state and counties in detecting possible fraud and to identify and monitor overpayments coded as fraud.

Persons Responsible: Mary Orr, Director of Community Partnerships and Child Care Services
Vicki Kunerth, Deputy Inspector General

Estimated Completion Date: September 30, 2012

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Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Agriculture

CFDA Numbers/Program Names:

10.551 Supplemental Nutrition Assistance Program (SNAP)

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-5 *No reconciliation of state's accounting system to bank account of federal funds related to EBT*

5. The Department of Human Services did not regularly reconcile the federal funds received for electronic benefit transfers, as shown on the bank statements to the state's accounting system.

The department did not regularly reconcile receipt transactions in the state's accounting system to the federal funds deposited in the bank account used to provide electronic food benefits. For the Supplemental Nutritional Assistance Program (CFDA 10.551), the department provided program participants with a debit card to purchase food.⁵² Although department staff told us that they periodically compared the bank account's federal deposits to the state accounting system's receipt transactions, they did not have documentation to show the frequency and completeness of the reconciliation. During fiscal year 2011, the department received about \$650 million from the federal government for food benefits. In October 2011, we alerted department staff to the lack of documented reconciliations; they reconciled fiscal year 2011 and identified an \$820,594 discrepancy for June 2011.

Recommendation

- *The department should regularly reconcile federal deposits for food benefits to receipt transactions in the state's accounting system.*

⁵² See Appendix A for the federal award numbers for these programs.

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Minnesota Department of Human Services Response:

The department agrees with the recommendation and will develop a regular reconciliation process.

Person Responsible: Marty Cammack, Financial Operations Director

Estimated Completion Date: June 30, 2012

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Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778	Medical Assistance
93.778	ARRA - Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-6 *Lack of logging or monitoring of all system files*

6. Prior Finding Partially Resolved: The Department of Human Services did not log or monitor all direct changes to critical Medicaid Management Information System files.

In response to a prior finding,⁵³ the department began logging and monitoring most changes employees made to critical payment files in the Medicaid Management Information System; however, the department did not turn on logging to include changes made by technical support staff at the department and the Office of Enterprise Technology who could directly access data in these files without going through the security controls established within the system. (This system processed payments for the Medical Assistance Program, CFDA 93.778 and 93.778A.)⁵⁴ These technical staff needed direct access to the data to support the system's continued operation and availability. For example, they may need to fix processing errors or modify data that would be time consuming to correct through a system change.

The Office of Enterprise Technology's policy requires agencies to "log system events of critical information assets for the purposes of security monitoring, investigation, and compliance activities."⁵⁵ To ensure appropriate response to logged events, best practices require review of the log by employees independent of the changes made. Without logging and monitoring all employees' access, the department had no assurance that employees only made authorized changes.

⁵³ Office of the Legislative Auditor's Financial Audit Division Report 10 – 34, Department of Human Services, Healthcare Provider Payment Controls – Finding 4.

⁵⁴ See Appendix A for the federal award numbers for these programs.

⁵⁵ Office of Enterprise Technology Policy TC03.

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Recommendation

- *The department should log and monitor all changes to critical Medicaid management information system files.*

Minnesota Department of Human Services Response:

The department agrees with this finding and has identified the logon ID which, because of the location within the ACF2 rule and the way the dataset name was masked, was not identified previously. The finding was resolved by moving the line in the rule and changing the dataset mask.

Person Responsible: Scott Peterson, Director of Medicaid Management Information Systems

Estimated Completion Date: March 1, 2012

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Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778 Medical Assistance
93.778 ARRA - Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-7 *Lack of documentation related to system changes*

7. Prior Finding Partially Resolved: The Department of Human Services did not consistently document all elements of the programming changes made to the Medicaid Management Information System.

The department did not have all documentation it required to support changes it made to the Medicaid Management Information System. (This system processed payments for the Medical Assistance Program, CFDA 93.778 and 93.778A.)⁵⁶ Three of 25 programming changes we reviewed did not have all of the required types of documentation; each of them was missing either a testing plan, the testing results, or the approval to implement the change. In response to a prior finding,⁵⁷ the department developed new policies that required those requesting system changes to attach additional documentation in the change request database to demonstrate that the change had been tested to ensure it worked as intended and final authorization for implementation in the system. The department frequently made changes to the system to improve business processes, to comply with new legislative mandates, to modify reports, or to change edits. Without the documentation, the department was unable to demonstrate that those changes had the intended impact.

Recommendation

- *The department should ensure that programming changes to the Medicaid Management Information System have sufficient documentation to move the change into the production environment.*

⁵⁶ See Appendix A for the federal award numbers for these programs.

⁵⁷ Office of the Legislative Auditor's Financial Audit Division Report 10 – 34, *Department of Human Services, Healthcare Provider Payment Controls – Finding 4.*

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Human Services Response:

The department agrees with this finding and is continuing to improve the process to ensure that documentation is provided for all changes. Clearquest changes have been implemented and staff will continue to be trained on the new process to ensure successful implementation.

Person Responsible: Scott Peterson, Director of Medicaid Management Information Systems

Estimated Completion Date: March 31, 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.658	Foster Care
93.658	ARRA - Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.713	ARRA – Child Care and Development
93.714	ARRA – Emergency Contingency Fund for TANF
93.767	Children’s Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.778	ARRA - Medical Assistance
93.959	Block Grants for Substance Abuse

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-8 *Insufficient review of payroll reports*

8. Prior Finding Not Resolved: The Department of Human Services did not sufficiently review a key payroll report.

The department did not sufficiently review the payroll register to ensure the accuracy of wages and verify that staff posted payroll expenditures to the correct accounts on the state’s accounting

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

system.⁵⁸ During fiscal year 2011, the payroll staff's review of the report did not include verification of adjustments, special pay rates, overtime, and benefit allocations. State policy requires agencies to review the payroll register to identify any errors in the hours or rates that the department may need to correct.⁵⁹ The payroll register report shows the current pay period's earnings codes, hours, pay rates, adjustments, lump-sum payments, and expense reimbursements. By not performing the level of review required by policy, the department may incorrectly charge payroll costs to federal programs.

Recommendation

- *The department should review the payroll register report each pay period to verify the accuracy of payroll transactions.*

Minnesota Department of Human Services Response:

The department agrees with the recommendation. DHS is currently reviewing and documenting payroll duties. As part of this documentation, DHS will review the process currently being followed when reviewing the payroll register and determine additional steps to be added to the review.

Person Responsible: Marty Cammack, Financial Operations Director

Estimated Completion Date: June 30, 2012

⁵⁸ This finding affects all major federal programs identified in Table 1. See Appendix A for the federal award numbers for these programs. It also applies to federal programs that were major programs in fiscal year 2009, but not in fiscal years 2010 and 2011, including Adoption Assistance (CFDA 93.659), Substance Abuse (CFDA 93.959), and Children's Health Insurance Program (CFDA 93.767).

⁵⁹ Department of Management and Budget's policy PAY0028 *Agency Verification of Payroll and Human Resources Transactions*.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778 Medical Assistance
93.778 ARRA - Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-9 *Inaccurate reporting of expenditures on SEFA and notes to Schedule of Expenditures of Federal Awards*

9. The departments of Human Services and Management and Budget did not accurately record the drug rebates in the preliminary *Schedule of Expenditures of Federal Awards* and notes to the schedules.

The departments of Human Services and Management and Budget did not have adequate internal controls in place to ensure they reported financial activity of the medical assistance program (CFDA 93.778 and 93.778A)⁶⁰ in the preliminary *Schedule of Expenditures of Federal Awards* consistent with the amounts reported in the state's financial statements. They recorded an amount for the rebates receivable from drug manufacturers that overstated the regular medical assistance expenditures by \$65 million and understated the American Recovery and Reinvestment Act medical assistance expenditures by \$2.3 million. In addition, the departments reported in the notes to the *Schedule of Expenditures of Federal Awards* an amount for the drug rebates that exceeded, by \$11.7 million, the drug rebate amounts used to calculate the programs' federal expenditures presented in the schedule. After our audit adjustments, the departments correctly reported the medical assistance expenditures and drug rebates in the fiscal year 2011, *Financial and Compliance Report on Federally Assisted Programs* report.

Recommendation

- *The departments of Human Services and Management and Budget should develop controls to ensure the accurate reporting on the Schedule of Expenditures of Federal Awards and corresponding notes.*

⁶⁰ See Appendix A for the federal award numbers for these programs.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Human Services Response:

The department agrees with the recommendation. The department will continue to work with MMB to evaluate our process for preparing and reviewing schedules of financial data submitted for preparation of the Schedule of Expenditures of Federal Awards and corresponding notes. The department will continue to evaluate our process for preparing these schedules to identify areas where additional reviews will improve internal controls over reports.

Person Responsible: Marty Cammack, Financial Operations Director

Estimated Completion Date: December 31, 2012

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.658	Foster Care
93.658	ARRA - Foster Care
93.667	Social Services Block Grant
93.713	ARRA – Child Care and Development
93.714	ARRA – Emergency Contingency for TANF
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-10 *Insufficient notification of federal award information to subrecipients*

10. Prior Finding Not Resolved: The Department of Human Services did not communicate all federal award information to the subrecipients and did not require subrecipients to provide the Data Universal Numbering System (DUNS) number.

The department did not identify to subrecipients at the time of the grant award the federal award name and number for the following programs: Medical Assistance (CFDA 93.777, 93.778 and 93.778A), Child Care Cluster (CFDA 93.575, 93.596, and 93.713), Child Support Enforcement (CFDA 93.563 and 93.563A), Social Services Block Grants (CFDA 93.667), Foster Care (CFDA 93.658 and 93.658A), Temporary Assistance for Needy Families (CFDA 93.558 and 93.714), and Supplemental Nutrition Assistance Program (CFDA 10.551 and 10.561).⁶¹ Federal

⁶¹ See Appendix A for the federal award numbers for these programs.

Minnesota Office of the Legislative Auditor
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Section III: Federal Program Audit Findings (Continued)

regulations require the department to provide the federal award name and number to all subrecipients as part of its subaward application process.⁶² The department had expected that the state's new accounting system, implemented in July 2011, would facilitate its notification responsibilities; however, it did not.

In addition, the department did not require subrecipients to submit their DUNS (Data Universal Numbering System) numbers as required by the federal regulations.⁶³

Recommendations

- *The department should identify to the subrecipient, at the time of the award, the federal award name and number.*
- *The department should require the DUNS numbers from subrecipients when making subawards.*

Minnesota Department of Human Services Response:

The department agrees with the recommendation to provide the federal award name and number to subrecipients through publication of that information in an annual bulletin effective January of 2012.

The department will require the DUNS numbers from subrecipients on grants where the federal agency has implemented OMB guidance through regulation or in policy and procedural issuances.

Person Responsible: Marty Cammack, financial Operations Director

Estimated Completion Date: June 30, 2012

⁶² 2 CFR section 176.210(c) and Office of Management and Budget A-133 Circular § .400(d).

⁶³ 2 CFR section 25.200 and Appendix A to 2 CFR part 25.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Federal Agency: U. S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.558	Temporary Assistance for Needy Families (TANF)
93.714	ARRA – Emergency Contingency for TANF
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 12-07 Appendix A

Finding 12-07-11 *Did not submit federal quarterly reports timely and error on quarterly report*

11. Prior Finding Partially Resolved: The Department of Human Services did not submit its Medical Assistance reports in a timely manner and had an error in its Temporary Assistance to Needy Families Financial Report.

The department did not ensure the timeliness of reports for its Medical Assistance Program (CFDA 93.778 and 93.778A).⁶⁴ The department did not meet the 30-day reporting requirement for filing the Quarterly Statement of Expenditures for the Medical Assistance Program reports to the federal government.⁶⁵ During fiscal year 2011, the department electronically filed the reports from 5 to 20 days after the due date. The federal government relies on the reports to ensure compliance with program objectives and ensure that the state is appropriately managing and monitoring the federal award.

⁶⁴ See Appendix A for the federal award numbers for these programs. In fiscal year 2011, the Children's Health Insurance Program (CFDA 93.767, federal award numbers 0905MN5021 and 1005MN5021) was not a major federal program; however, in fiscal year 2009, when it was a major federal program, we found that the department had not submitted reports to the federal government by the required date. We reported this finding in the Office of the Legislative Auditor, Financial Audit Division, reports 10-11, *Department of Human Services Federal Compliance Audit*, issued March 18, 2010, finding 8 and 11-13, *Department of Human Services Federal Compliance Audit*, issued May 6, 2011, finding 8. In our fiscal year 2011 audit, as part of our required follow-up of prior audit findings, we concluded that the department did not resolve the finding. The department submitted two quarterly CMS-21 reports late by 9 and 17 days.

⁶⁵ CMS-64 report.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

In addition, the department overstated the total June 30, 2011, expenditures in the June 30, 2011 Temporary Assistance to Needy Families Financial Report⁶⁶ by \$2.4 million (CFDA 93.558 and 93.714).⁶⁷ Because of an error in the electronic worksheet's formula, the department reported the expenditures on basic assistance at \$35.3 million when it should have reported \$32.9 million. An effective supervisory review of the worksheet could have detected the error.

Recommendations

- *The department should improve its reporting process to ensure prompt submission of it federal reports.*
- *The department should ensure it accurately completes the required reports.*

Minnesota Department of Human Services Response:

The department agrees with the recommendation and will continue to work at improving processes to complete and submit federal reports accurately and timely.

Person Responsible: Marty Cammack, Financial Operations Director

Estimated Completion Date: June 30, 2012

⁶⁶ ACF-196 report.

⁶⁷ See Appendix A for the federal award numbers for these programs.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-07

State Agency: Minnesota Department of Human Services

Appendix A
Major Federal Programs
Department of Human Services
Fiscal Year 2011

CFDA¹	Program Name	Federal Award Number		
	<u>Food and Nutrition Services Cluster²</u>			
10.551	Supplemental Nutrition Assistance Program Benefits	2011IS601842, 2010IS604542	2011IS604542,	2010IS601842,
10.551 A	Supplemental Nutrition Assistance Program Benefits – ARRA ³	2011ID282142, 2010ID281142	2011ID281142,	2010ID282142,
10.561	Supplemental Nutrition Assistance Program Administrative Funds	2011IS251442, 2011IS803642, 2010IS803642, 2010IQ270342, 2011IQ390342	2011IS251942, 2010IS252042, 2011IE251842, 2010IS251942,	2011IS252042, 2010IS251442, 2010IE251842, 2011IE251842,
	<u>Temporary Assistance for Needy Families Cluster</u>			
93.558	Temporary Assistance for Needy Families	1102MNTANF, 0802MNTANF	1002MNTANF,	0602MNTANF,
93.714	Temporary Assistance for Needy Families State Programs – ARRA	1001MNTAN2		
93.563	Child Support Enforcement	0904MN4004, 1004MN4004, 0804MN4004		
93.563 A	Child Support Enforcement – ARRA	1004MN4002, 1104MN4004		
	<u>Child Care Cluster</u>			
93.575	Child Care and Development Block Grant	1102MNCCDF, 1001MNCCDF		
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Same as above		
93.713	Child Care and Development Block Grant – ARRA	0901MNCCD7		
93.658	Foster Care – Title IV-E	1101MN1401, 1001MN1401		
93.658 A	Foster Care – Title IV-E – ARRA	1101MN1402, 1001MN1402, 1101MN1404		
93.667	Social Services Block Grant	1001MNSOSR , 1101MNSOSR		
	<u>Medicaid Cluster</u>			
93.777	State Survey and Certification of Health Care Providers and Suppliers	1005MN5001, 1105MN5001		
93.778	Medical Assistance Program	1005MN5028, 1105MN5028, 1005MN5048, 1105MN5048, 1105MN5078, 1005MN5038, 1105MN5038, 1005MNM5039, 1005MN5058, 1105MN5058, 1105MN5068		
93.778 A	Medical Assistance Program – ARRA			

¹The Catalog of Federal Domestic Assistance (CFDA) is a unique number assigned by the federal government to identify its programs.

²A cluster of programs is a group of closely related programs that have similar compliance requirements and are treated as a single program.

³The American Recovery and Reinvestment Act (ARRA) funds were segregated to fulfill transparency guidelines.

Source: Department of Human Services' staff.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-08

State Agency: Minnesota Department of Transportation

Federal Agency: U. S. Department of Transportation

CFDA Numbers/Program Names:

20.200	Highway Research and Program Development Program
20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program
20.205	R&D-Highway Planning and Construction Program

Questioned Costs: None - Procedural finding only.

Federal Project Nos./Award Year: See Report 12-08 Appendix A

Finding 12-08-1 *Inaccurate reporting on the draft schedule of expenditures*

1. Prior Year Finding Not Resolved: The Department of Transportation did not accurately report financial activity on the Schedule of Expenditures of Federal Awards.

The department overstated Highway Planning and Construction Program (CFDA 20.205) expenditures by \$6.5 million and Highway Research and Program Development Program (CFDA 20.200) expenditures by \$1.6 million. The department understated Highway Planning and Construction Research and Development⁶⁸ and American Recovery and Reinvestment Act⁶⁹ (ARRA) expenditures by \$8.1 million on the Schedule of Expenditures of Federal Awards (SEFA) submitted for audit. Table 2 displays the adjustments to the reported activity.

⁶⁸ OMB Circular A-133.310(b)(1) requires separate reporting of research and development expenditures.

⁶⁹ Title 2 Code of Federal Regulations, Part 215.21, requires disclosure of the financial results of each federally-sponsored project or program.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Table 2
Fiscal Year 2011 Adjustments
To the Department of Transportation's
Schedule of Expenditures of Federal Awards

<u>Program</u>	<u>CFDA</u>	<u>Adjustments</u>	<u>Net Adjustments</u>
Highway Planning and Construction	20.205	+1,600,000 -6,159,987 -2,031,141	(6,591,128)
Highway Planning and Construction Research and Development	20.205 R&D	+6,159,987	6,159,987
Highway Planning and Construction American Recovery and Reinvestment Act	20.205 ARRA	+2,031,141	2,031,141
Highway Research and Program Development	20.200	-1,600,000	(1,600,000)

Source: Auditor created.

These misstatements occurred because of the following internal control weaknesses, each of which contributed to the total amount of the error in the schedule:

- The department's financial reporting unit did not include expenditures related to projects that closed during the fiscal year on the schedule of expenditures because it was not aware that other department staff changed where it stored that information in the accounting system.
- The department's data gathering process to determine federal expenditure amounts was not complete; it did not include some transactions coded in the state's accounting system as research and development.
- The financial reporting unit did not separately report federal award payables coded in the state's new accounting system as ARRA expenditures because it was not familiar with the system's new data format.

Recommendation

- *The department should improve internal controls over the preparation of its Schedule of Expenditures of Federal Awards by:*
 - *Communicating to the financial reporting unit changes in the financial data processing and storage procedures;*

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

- *Documenting and maintaining an understanding of accounting system fields and codes of key importance to the federal award financial reporting process; and*
- *Incorporating secondary reviews and approvals to ensure the accuracy of the information used to prepare the schedule.*

Minnesota Department of Transportation Response:

MnDOT believes strongly in financial integrity and concurs with this finding. MnDOT is addressing this issue in the following manner:

- MnDOT finance staff will add a secondary finance office review of federal expenditures to ensure federal awards are accounted for properly.
- With the implementation of SWIFT, all appropriations with federal participation are set up with a CFDA number to ensure reporting accuracy.

Persons Responsible: Tracy Hatch, Chief Financial Officer
Gerald Wood, Accounting Director

Estimated Completion Date: September 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-08

State Agency: Minnesota Department of Transportation

Federal Agency: U. S. Department of Transportation

CFDA Numbers/Program Names:

20.200	Highway Research and Program Development Program
20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Questioned Costs: None - Procedural finding only.

Federal Project Nos./Award Year: See Report 12-08 Appendix A

Finding 12-08-2 *Inaccurate reporting of the status of prior audit findings*

2. The Department of Transportation did not accurately report the status of prior audit findings in the Summary Schedule of Prior Audit Findings.

The department reported it had resolved all prior audit findings; however, current year single audit results indicated that all prior findings remained either not corrected or only partially corrected. Although the department developed and implemented corrective action plans to address prior findings, it had not verified that the corrective actions had effectively resolved the underlying internal control weakness that had caused the noncompliance reported in prior findings. In addition, management did not consider the results of the fiscal year 2011 single audit when it determined if it had resolved the prior findings. The department is responsible for follow-up and corrective action on all audit findings and preparing a Summary Schedule of Prior Audit Findings.⁷⁰

Recommendations

- *To ensure the accuracy of the federal Summary Schedule of Prior Audit Findings, the department should:*
 - *Monitor the effectiveness of its corrective actions to determine whether it resolved the prior audit findings; and*
 - *Consider the results of the current year single audit to determine if similar findings occurred.*

⁷⁰ OMB Circular A-133.315(a).

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Transportation Response:

MnDOT believes strongly in financial integrity and takes all audit findings seriously. While MnDOT and our local partners accurately reported that we have addressed the specific findings previously identified by the Office of the Legislative Auditor (OLA) and MnDOT's internal audit staff, this finding refers to the overarching issue of repeated findings related primarily to materials testing on individual projects statewide, including projects on the State Aid system, which are performed by local units of government. MnDOT concurs with OLA that repeat findings of a similar nature indicates there is a weakness in the materials testing process. MnDOT has taken steps over the past few years to address this issue statewide and has shown particular improvement on trunk highway projects that are managed by MnDOT, as reported in the 2011 Single Audit Compliance Report 12-800-53. The department will continue to address this issue in the following manner:

- The agency continues to work with MnDOT staff and local units of government to review and improve existing project oversight and compliance procedures through statewide training and conferences.
- The agency has a questioned cost committee in place to deal with single audit issues related to FHWA. This process will continue and the committee role will expand.

Persons Responsible: Tracy Hatch, Chief Financial Officer
Division Directors

Estimated Completion Date: Fiscal year 2012 and ongoing

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report 12-08

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Numbers/Program Names:

20.106	Airport Improvement Program
20.106	ARRA-Airport Improvement Program
20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program
20.205	R&D-Highway Planning and Construction Program

Questioned Costs: None - Procedural finding only.

Federal Project Nos./Award Year: See Report 12-08 Appendix A

Finding 12-08-3 *Written management decisions not issued*

3. The Department of Transportation did not issue written management decisions on audit findings in subrecipient single audit reports.

The department did not comply with federal requirements to issue written management decisions for subrecipients' audit findings.⁷¹ The department, considered a pass-through entity, receives federal awards and then subgrants the funds to other entities, referred to as subrecipients, to carry out federal programs. Part of a pass-through entity's responsibilities include monitoring the subrecipient's compliance with federal program requirements by reviewing, following up, and issuing management decisions on findings included in subrecipient single audit reports.⁷² The federal government requires written management decisions to ensure subrecipient compliance with federal requirements. Although the department ensured that subrecipients had audits, assessed corrective action plans to resolve findings, and followed up on instances of continued noncompliance, it did not issue written management decisions on 3 material weaknesses and 10 significant deficiencies identified in 9 of 48 subrecipient audit reports for calendar year 2010.

Recommendation

- *The department should comply with federal requirements by issuing written management decisions on audit findings of its federal award recipients.*

⁷¹ OMB Circular A-133.400(d)(5).

⁷² OMB Circular A-133.105 provides definitions of pass-through entity, subrecipient, and management decision.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Transportation Response:

MnDOT believes strongly in financial integrity and concurs with this finding. MnDOT is addressing this issue in the following manner:

- Management will issue written management decisions to sub-recipients on material weaknesses and significant deficiencies.

Persons Responsible: Tracy Hatch, Chief Financial Officer
Dan Kahnke, Internal Audit
Gerald Wood, Accounting Director

Estimated Completion Date: Fall 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Appendix A
Department of Transportation
Fiscal Year 2011

Highway Planning and Construction (CFDA 20.205)
Research and Development Federal Awards⁷³

27Q5500001038004,	27Q5500001038027,	27Q5500001038088,	27Q5600001038004,
27Q5600001038027,	27Q5600001038088,	27Q5500001039004,	27Q5500001039014,
27Q5500001039018,	27Q5500001039023,	27Q5500001039027,	27Q5500001039043,
27Q5500001039048,	27Q5500001039059,	27Q5500001039065,	27Q5500001039077,
27Q5500001039079,	27Q5500001039088,	27Q5600001039004,	27Q5600001039014,
27Q5600001039018,	27Q5600001039023,	27Q5600001039027,	27Q5600001039043,
27Q5600001039048,	27Q5600001039059,	27Q5600001039065,	27Q5600001039077,
27Q5600001039079,	27Q5600001039088,	27Q5600001040004,	27Q5600001040011,
27Q5600001040016,	27Q5600001040018,	27Q5600001040023,	27Q5600001040027,
27Q5600001040032,	27Q5600001040033,	27Q5600001040048,	27Q5600001040049,
27Q5600001040055,	27Q5600001040059,	27Q5600001040069,	27Q5600001040073,
27Q5600001040077,	27Q5600001040079,	27Q5600001040085,	27Q5600001040088,
27Q5500001040004,	27Q5500001040011,	27Q5500001040016,	27Q5500001040018,
27Q5500001040023,	27Q5500001040027,	27Q5500001040032,	27Q5500001040033,
27Q5500001040048,	27Q5500001040049,	27Q5500001040055,	27Q5500001040059,
27Q5500001040069,	27Q5500001040073,	27Q5500001040077,	27Q5500001040079,
27Q5500001040085,	27Q5500001040088,	27Q5600001040004,	27Q5600001040011,
27Q5600001040016,	27Q5600001040018,	27Q5600001040023,	27Q5600001040027,
27Q5600001040032,	27Q5600001040033,	27Q5600001040048,	27Q5600001040049,
27Q5600001040055,	27Q5600001040059,	27Q5600001040069,	27Q5600001040073,
27Q5600001040077,	27Q5600001040079,	27Q5600001040085,	27Q5600001040088,
27Q2208800058088,	27Q5500001041009,	27Q5500001041014,	27Q5500001041016,
27Q5500001041023,	27Q5500001041027,		

⁷³ The federal award number format is “SSRRRRPPPPPPCCC” where:

- SS = State Code
- RRRR = Program Code
- PPPPPP = Project Number
- CCC = County Code

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)**

**Appendix A
Department of Transportation
Fiscal Year 2011**

**Highway Planning and Construction (CFDA 20.205)
Research and Development Federal Awards (Continued)**

27Q5500001041030,	27Q5500001041033,	27Q5500001041043,	27Q5500001041044,
27Q5500001041048,	27Q5500001041049,	27Q5500001041053,	27Q5500001041055,
27Q5500001041056,	27Q5500001041069,	27Q5500001041079,	27Q5500001041088,
27Q5600001041009,	27Q5600001041014,	27Q5600001041016,	27Q5600001041023,
27Q5600001041027,	27Q5600001041030,	27Q5600001041033,	27Q5600001041043,
27Q5600001041044,	27Q5600001041048,	27Q5600001041049,	27Q5600001041053,
27Q5600001041055,	27Q5600001041056,	27Q5600001041069,	27Q5600001041079,
27Q5600001041088,	27Q5500001042003,	27Q5500001042005,	27Q5500001042009,
27Q5500001042011,	27Q5500001042013,	27Q5500001042014,	27Q5500001042018,
27Q5500001042027,	27Q5500001042029,	27Q5500001042030,	27Q5500001042031,
27Q5500001042036,	27Q5500001042038,	27Q5500001042043,	27Q5500001042044,
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27Q5500001042077,	27Q5500001042086,	27Q5500001042088,	27Q5600001042003,
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27Q5600001042088,	27Q2208802263088,	27Q5500001043002,	27Q5500001043005,
27Q5500001043010,	27Q5500001043011,	27Q5500001043013,	27Q5500001043018,
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27Q5500001043088,	27Q5600001043002,	27Q5600001043005,	27Q5600001043010,
27Q5600001043011,	27Q5600001043013,	27Q5600001043018,	27Q5600001043027,
27Q5600001043028,	27Q5600001043029,	27Q5600001043031,	27Q5600001043036,
27Q5600001043038,	27Q5600001043043,	27Q5600001043052,	27Q5600001043055,
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Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Appendix A
Department of Transportation
Fiscal Year 2011

Highway Planning and Construction (CFDA 20.205)
Research and Development Federal Awards (Continued)

27H5500001044029,	27H5500001044038,	27H5500001044043,	27H5500001044049,
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27H5600001044010,	27H5600001044011,	27H5600001044018,	27H5600001044029,
27H5600001044038,	27H5600001044043,	27H5600001044049,	27H5600001044052,
27H5600001044069,	27H5600001044071,	27H5600001044082,	27H5600001044086,
27H5600001044088,	27H5500001045003,	27H5500001045004,	27H5500001045010,
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27H5500001045073,	27H5500001045082,	27H5500001045086,	27H5500001045088,
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27H5600001045082,	27H5600001045086,	27H5600001045088,	27H8808805160088,
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27L5500001046056,	27L5500001046062,	27L5500001046066,	27L5500001046077,
27L5500001046086,	27L5500001046088,	27H240IT02402088,	27QT80IT02402088,
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27H560MPR6008088,	27L56EMPR6008088,	27H560MPR6019,	27L560MPR6019,
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27L560MPR6022088,	27L560MPR6024086,	27L560MPR6024088,	27L560MPR6027086,
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Section III: Federal Program Audit Findings (Continued)

Appendix A
Department of Transportation
Fiscal Year 2011

Highway Planning and Construction (CFDA 20.205)
Research and Development Federal Awards (Continued)

27QD40MPR6029088,	27QR50MPR6029088,	27Q240IT07610088,	27QT80IT07610088,
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27L5500001048069,	27L5500001048070,	27L5500001048073,	27L5500001048081,
27L5500001048085,	27L5500001048086,	27L5500001048088,	27L2408809084,
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27L5500009049085,	274L10MPR6011088,	27H560MPR6011088,	27LS308810103088,
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27L55E0001050013,	27L55E0001050025,	27L55E0001050027,	27L55E0001050031,
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27L55E0001050064,	27L55E0001050079,	27L55E0001050085,	27L55E0001050088,
27L55EMPR0001088,	27L560MPR6032088,	27L56EMPR9004,	2737T08805113088,
27L5500001051088,	27L55E0001051088,	27L55ECR11001002,	27L55ECR11001004,
27L55ECR11001013,	27L55ECR11001025,	27L55ECR11001027,	27L55ECR11001036,
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27L55ECR11001085			

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report CLA-11

State Agency: Minnesota State Colleges and Universities

Federal Agency: U. S. Department of Education

CFDA Numbers/Program Names:

84.007	Federal Supplemental Education Opportunity Grants
84.033	Federal Work Study Program
84.038	Federal Perkins Loans
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
84.376	National Science and Mathematics Talent Grants
84.379	Teacher Education Assistance for College and Higher Education Grants

Questioned Costs: None

Federal Project Nos./Award Year:

	Century	Lake Superior	Inver Hills
SEOG (84.007)	P007A102209	P007A102140	P007A102160
PELL (84.063)	P063P103354	P063P102781	P063P103233
ACG (84.375)	P375A103354	P375A102781	P375A103233
FWS (84.033)	P033A102209	P033A102140	P033A102160
Direct Loan (84.268)	P268K113354	P268K112781	P268K113233

Finding CLA-11-1 *Three colleges did not timely report changes in governance within the required ten days*

Condition – Reporting Changes to the Department of Education:

Century College, Lake Superior College, and Inver Hills Community College did not timely report changes in governance within the required 10 days.

Criteria:

Changes in governance must be reported to the Department of Education within 10 days of the change.

Questioned Costs:

None.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Possible Asserted Effect:

Changes in governance are not being reported to the Department of Education timely.

Auditors' Recommendation:

We recommend the College or University implement procedures to assure required communications to the Department of Education occur within the required timeframes.

Minnesota State Colleges and Universities Response:

The colleges agree with the auditors' recommendation and will review their procedures to assure that required communications to the Department of Education occur within the required timeframes.

Persons Responsible:

Century College	Pam Engebretson, Financial Aid Director
Lake Superior College	LaNita Robinson, Financial Aid Director
Inver Hills Community College	Steve Yang, Financial Aid Director

Estimated Completion Date: March 1, 2012

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Section III: Federal Program Audit Findings (Continued)

Report CLA-11

State Agency: Minnesota State Colleges and Universities

Federal Agency: U. S. Department of Education

CFDA Numbers/Program Names:

84.007	Federal Supplemental Education Opportunity Grants
84.033	Federal Work Study Program
84.038	Federal Perkins Loans
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
84.376	National Science and Mathematics Talent Grants
84.379	Teacher Education Assistance for College and Higher Education Grants

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year:

	St. Paul
SEOG (84.007)	P007A102206
PELL (84.063)	P063P102736
FWS (84.033)	P033A102206
Direct Loan (84.268)	P268K112736

Finding CLA-11-2 *Return of Title IV Funds*

Condition – Return of Title IV Funds:

We noted in our testing of 40 MnSCU students that Saint Paul College was late in returning Title IV funds for one student when a return of Title IV fund was calculated for the withdrawn student. Saint Paul College returned the funds 58 days after determining the student withdrew, which was 13 days late.

Criteria:

Under Federal regulations, colleges are required to return funds within 45 days of the date an institution becomes aware that a student withdrew.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Questioned Costs:

Interest accrued between the date the funds should have been returned versus the actual date funds were returned.

Possible Asserted Effect:

The colleges may not be returning funds within the required 45 days of becoming aware of the student withdrawing.

Auditors' Recommendation:

We recommend that the college implement procedures to properly identify students who withdraw and complete the refund calculation and return the funds within the required 45 days.

Minnesota State Colleges and Universities Response:

The college agrees with the auditors' recommendation and will review their procedure to properly identify students who withdraw and complete the refund calculation within the required 45 days.

Person Responsible:

Saint Paul College

Susan Pixley, Financial Aid Director

Estimated Completion Date: March 1, 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Report CLA-11

State Agency: Minnesota State Colleges and Universities

Federal Agency: U. S. Department of Education

CFDA Numbers/Program Names:

84.268 – Federal Direct Student Loans

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year:

	St. Paul
Direct Loan (84.268)	P268K112736

Finding CLA-11-3 *One college did not provide proof that exit counseling was provided for all students*

Condition – Exit Counseling:

During our testing of exit counseling for 60 MnSCU students, we noted Saint Paul College was not able to provide proof that exit counseling requirements was provided for 2 students when they terminated attendance at the College.

Criteria:

Under Federal regulations, schools are required to conduct exit counseling for all students who have obtained Federal loans under the Federal Student Aid programs.

Questioned Costs:

None.

Possible Asserted Effect:

Students could possibly not be given the proper information regarding their responsibilities related to their loans obtained.

Auditors' Recommendation:

We recommend that the college implement procedures to ensure all students are receiving the proper exit counseling materials.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota State Colleges and Universities Response:

The college agrees with the auditors' recommendation and will review their procedures to ensure that all students are receiving the proper exit counseling materials.

Persons Responsible:

Saint Paul College

Susan Pixley, Financial Aid Director

Estimated Completion Date: March 1, 2012

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

MnDOT Office of Audit Report 12-800-53

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction Program

Questioned Costs: Included in Finding DOT-12-III

Federal Project Nos./Award Year: 3610(127)/2010
8810(166)/2010

Finding DOT-12-I *Contractor intentional noncompliance with requirements*

- I. The contractor intentionally incorporated materials and work into the project that did not comply with requirements. Finding DOT-11-III includes applicable questioned costs.**
- The engineer notified the contractor that aggregate base class 6 did not meet requirements; the contractor subsequently placed the aggregate base class 6 into the roadway. The contractor also provided a certification and quality control gradations to the engineer proving that the aggregate base class did not meet requirements.
 - The engineer repeatedly instructed the contractor to correct national pollutant discharge elimination system (NPDES) permit deficiencies, and withheld \$234,000 in payment. The contractor did not follow the engineer's instructions. Project files included statements suggesting the contractor's noncompliance with NPDES permit requirements was intentional.
 - Contractor test results for material passing the No. 200 sieve for concrete mix coarse aggregates met requirements. Contractor testing was performed by personnel who since had their technical certification revoked due to intentional alteration of bituminous trial mix testing data in a manner not permitted by specification. Agency test results for material passing the No. 200 sieve for concrete mix coarse aggregates did not meet requirements.

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Recommendations

- *Department management should closely monitor future contractor work.*
- *Department management should determine if additional action is needed to address intentional noncompliance with requirements by the contractor.*

Minnesota Department of Transportation Response:

The Operations Division Director will instruct district engineers, at an upcoming operations division meeting, to continue monitoring contractor actions to determine if intentional noncompliance with requirements is occurring and develop additional processes to accomplish this as needed. The Engineering Services Division and Office of Construction and Innovative Contracting (OCIC) will remind project engineers/supervisors at upcoming state wide meetings of their responsibility to stop the contractor from placing failing material. Material that does not conform to the requirements of the Contract is to be considered “Unacceptable and Unauthorized Work” per specification 1512. Specification 1503 has been rewritten to empower the project engineer/supervisor to suspend operations and classify materials and workmanship as “Unacceptable and Unauthorized Work” that are consistently of borderline quality.

Operations Division and Engineering Services Division Directors will consult with Chief Counsel to determine if additional action is needed to address intentional noncompliance with requirements by the Contractor. They will also consult with and advise State Aid for Local Transportation Division Director as needed.

Persons Responsible: Operations Division Director and Engineering Services
Division Director

Estimated Completion Date: 1st quarter 2012 and ongoing

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

MnDOT Office of Audit Report 12-800-53

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction Program
20.205 ARRA-Highway Planning and Construction Program

Questioned Costs: \$3,961,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

Federal Project Nos./Award Year: 09ES(106)/2009
6910(123)/2010

Finding DOT-12-II *Noncompliance with materials control for bridge and paving concrete*

II. Prior Audit Finding Not Resolved: Agency testing was not done and properly documented on Bridge and Paving Concrete.

For two of six projects audited, exceptions to requirements were noted for bridge and paving concrete testing requirements.

- Agency testing for material passing the No. 200 sieve for concrete mix coarse aggregates was not done for three of four months as required.
- Agency air and slump testing was not performed. Based on contractor testing, some concrete was rejected.

Recommendation

- *Department management should act to ensure that testing for bridge and paving concrete is performed as required.*

Minnesota Department of Transportation Response:

Operations Division management discussed this issue with the entire Duluth Resident Office prior to the 2011 Construction season at the annual kick off meeting. Each year, District 1 management also talks about other audit findings across the state.

The 2010 Schedule of Materials Testing had not yet been approved at the time the plan documents were bid, so the project proposal contained the “2009 Schedule of Materials Control,”

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

which detailed the testing rate for cleanliness of coarse aggregate as directed by the Engineer. The City of Rochester did sample and test the aggregates, which met the requirements of the specification and contract. The subsequent “2010 Schedule of Materials Control” was revised to testing each fraction once per month, which the City of Rochester acknowledges. State Aid will continue to inform local agency personnel to test the cleanliness of coarse aggregate material in accordance with the applicable Schedule of Materials Control.

State Aid staff has a concern with the high level of questioned costs associated with this finding. The Questioned Cost Committee will meet to evaluate those questioned costs during the spring of 2012.

Persons Responsible: Operations Division Director and State Aid for Local
Transportation Division Director

Estimated Completion Date: 1st quarter 2012 and ongoing

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

MnDOT Office of Audit Report 12-800-53

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction Program
20.205 ARRA-Highway Planning and Construction Program

Questioned Costs: \$2,455,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

Federal Project Nos./Award Year: 3610(127)/2010
6310(245)/2010
1810(232)/2010
10ES(075)/2010
09ES(105)/2009

Finding DOT-12-III *Noncompliance with grading and base materials control requirements*

III. Prior Audit Finding Not Resolved: The department did not comply with materials control requirements for grading and base.

The department did not comply with grading and base materials control requirements for five of ten projects tested.

- Agency gradation, dynamic cone penetration, moisture content, quality, laboratory proctor, and percent crushing tests were not done as required.
- Contractor certifications, gradations, and percent crushing tests were not done as required.

Recommendation

- *Department management should work with cities, counties and districts to ensure compliance with requirements for grading and base materials control.*

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Transportation Response:

None of the subject personnel were involved in repeated occurrences of noncompliance (the previous incident occurred in a different county in another district). Operations Division and State Aid for Local Transportation will continue to stress the importance of holding preconstruction meetings for each project to discuss project personnel expectations and review all applicable Schedule of Materials Control testing rates. When deemed necessary, recertification of individuals will be required to assure that proper quality assurance measures are achieved.

State Aid for Local Transportation has placed additional emphasis on compliance for grading and base materials control during city and county field technician training seminars for 2012. Moreover, 2011 audit results were reviewed at the 2012 Minnesota County Engineers Association (1/19/2012) and City Engineers Association of Minnesota (1/27/2012) Conferences.

State Aid staff has a concern with the high level of questioned costs associated with this finding. The Questioned Cost Committee will meet to evaluate those questioned costs during the spring of 2012.

Persons Responsible: Operations Division Director and State Aid for Local
Transportation Division Director

Estimated Completion Date: 1st quarter 2012 and ongoing

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

MnDOT Office of Audit Report 12-800-53

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Questioned Costs: \$665,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

Federal Project Nos./Award Year: 10ES(051)/2010

Finding DOT-12-IV *Noncompliance with materials control requirements for stabilized bituminous pavement reclamation*

IV. Prior Audit Finding Not Resolved: The department did not comply with materials control requirements for stabilized bituminous pavement reclamation.

- Agency and contractor material sizing did not include the No. 200 sieve. The mix design engineer deemed testing on the No. 200 sieve necessary to verify stability.
- Agency material sizing did not include a comparison of gradation results to mix design requirements.
- The contractor did not check cross slope/smoothness.

Recommendation

- *The State Aid for Local Transportation Division Director should advise cities and counties to comply with materials control requirements for stabilized bituminous pavement reclamation.*

Minnesota Department of Transportation Response:

State Aid for Local Transportation will recommend that city and county engineers consult with fellow city and county engineers who have experienced success with stabilized full depth reclamation and/or stabilized cold in-place recycle, as well as the MnDOT Pavement Design Unit and Bituminous office, when considering and preparing project documents for future stabilized bituminous reclamation projects.

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

State Aid staff has a concern with the high level of questioned costs associated with this finding. The Questioned Cost Committee will meet to evaluate those questioned costs during the spring of 2012.

Person Responsible: State Aid for Local Transportation Division Director

Estimated Completion Date: 1st quarter 2012 and ongoing

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Section III: Federal Program Audit Findings (Continued)

MnDOT Office of Audit Report 12-800-53

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Questioned Costs: \$458,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

Federal Project Nos./Award Year: 09ES(105)/2009

Finding DOT-12-V *Need to improve internal controls for agency sampling*

V. The department needs to improve internal controls for agency sampling.

The engineer allowed the contractor to select agency verification sample locations and take samples. The schedule of materials control requires the agency to select agency verification sample locations and take samples. The Code of Federal Regulations describes the need for independent agency sampling and testing to validate contractor sampling and testing.

- Project personnel acknowledged that during technical certification training, they were instructed not to allow the contractor to select agency verification sample locations.
- Project personnel explained that they allowed the contractor to select agency verification sample locations and take samples contrary to agency and federal guidelines that require sample selection and testing be performed independent of the contractor for verification purposes.

Recommendation

- *State Aid Division Director should identify and communicate agency sampling methods that are consistent with the schedule of materials control requirements and Code of Federal Regulations guidance.*

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

Minnesota Department of Transportation Response:

State Aid for Local Transportation has consulted with the MnDOT Bituminous Office regarding agency verification sampling requirements. MnDOT Bituminous Office staff will be invited to participate in local agency field technician training events this spring to announce new requirements and review recent audit findings. In addition to the field technician training events, State Aid for Local Transportation will include bituminous related audit findings from the 2011 construction season and the associated requirements in the 2012 Construction Reminders. The 2012 Construction Reminders will be distributed to all local agency partners and posted on the SALT website.

State Aid staff has a concern with the high level of questioned costs associated with this finding. The Questioned Cost Committee will meet to evaluate those questioned costs during the spring of 2012.

Person Responsible: State Aid for Local Transportation Division Director

Estimated Completion Date: 1st quarter 2012 and ongoing

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Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

MnDOT Office of Audit Report 12-800-53

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction Program
20.205 ARRA-Highway Planning and Construction Program

Questioned Costs: \$88,000 (This represents the sum of the cited bid item and includes both Federal and State funds.)

Federal Project Nos./Award Year: 09ES(106)/2009
09ES(101)/2009

Finding DOT-12-VI *Bridge removal requirements were not met*

VI. Prior Audit Finding Not Resolved: The department needs to comply with bridge removal requirements.

- Project files did not document proper disposition of abutment piling caps described in an inspection report as typically containing lead.
- Project personnel did not ensure that proper notification was provided to the Minnesota Pollution Control Agency prior to bridge demolition.

Recommendation

- *State Aid Division Director should advise cities and counties to comply with bridge removal requirements.*

Minnesota Department of Transportation Response:

State Aid for Local Transportation staff will consult with appropriate project staff and request that additional testing be completed to verify the type of material of which the pile caps consist. In the event that the pile caps are found to be lead, staff will be directed to follow the proper procedures for disposal. These procedures include obtaining proper documentation that the regulated waste has been disposed of at a permitted landfill/recycling center. State Aid for Local Transportation staff has discussed the importance of the MPCA Notification of Intent to Perform a Bridge Demolition and proper submittal timelines associated with said documentation. Additional emphasis has been included in State Aid facilitated training seminars conducted

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Section III: Federal Program Audit Findings (Continued)

throughout the state to inform field technicians of requirements related to managing regulated wastes. City and county personnel will be reminded of the resources available to aid them during project design, such as Office of Environmental Services (OES) staff and the OES Regulated Waste Manual for structure demolition, as well as important deadlines and notifications required by rules and regulations.

State Aid staff has a concern with the high level of questioned costs associated with this finding. The Questioned Cost Committee will meet to evaluate those questioned costs during the spring of 2012.

Person Responsible: State Aid for Local Transportation Division Director

Estimated Completion Date: 1st quarter 2012 and ongoing



State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
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**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Agriculture							
10.551	Supplemental Nutrition Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
10.551	Supplemental Nutrition Assistance Program (1)	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
10.551	Supplemental Nutrition Assistance Program (1)	Human Services	No independent review of payroll reports	2	10-11	10	2009
10.551	Supplemental Nutrition Assistance Program (1)	Human Services	Unnecessary employee access to program subsystem	1	10-34	5	2009
10.551	Supplemental Nutrition Assistance Program (1)	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
10.551	Supplemental Nutrition Assistance Program (1)	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
10.551	Supplemental Nutrition Assistance Program (1)	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
10.551	Supplemental Nutrition Assistance Program (1)	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.553	School Breakfast Program	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
10.553	School Breakfast Program	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
10.553	School Breakfast Program	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
10.553	School Breakfast Program	Education	Noncompliance with subrecipient monitoring and notification requirements	2	11-12	2	2010
10.553	School Breakfast Program	Education	Insufficient supporting documentation for reporting two federal programs	1	11-12	3	2010
10.553	School Breakfast Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.555	National School Lunch Program	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
10.555	National School Lunch Program	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
10.555	National School Lunch Program	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
10.555	National School Lunch Program	Education	Noncompliance with subrecipient monitoring and notification requirements	2	11-12	2	2010
10.555	National School Lunch Program	Education	Insufficient supporting documentation for reporting two federal programs	1	11-12	3	2010
10.555	National School Lunch Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.556	Special Milk Program for Children	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
10.556	Special Milk Program for Children	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
10.556	Special Milk Program for Children	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
10.556	Special Milk Program for Children	Education	Noncompliance with subrecipient monitoring and notification requirements	2	11-12	2	2010
10.556	Special Milk Program for Children	Education	Insufficient supporting documentation for reporting two federal programs	1	11-12	3	2010
10.556	Special Milk Program for Children	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.557	Special Supp. Nutrition Program for WIC	Health	No documented internal control structure ensuring compliance	1	09-06	1	2008
10.557	Special Supp. Nutrition Program for WIC	Health	No documented internal control structure ensuring compliance	1	10-03	1	2009
10.557	Special Supp. Nutrition Program for WIC	Health	No documented internal control structure ensuring compliance	1	11-09	1	2010
10.557	Special Supp. Nutrition Program for WIC	Health	Did not accurately record the liability date in the state's accounting system	1	11-09	4	2010
10.557	Special Supp. Nutrition Program for WIC	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.558	Child and Adult Care Food Program	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
10.558	Child and Adult Care Food Program	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
10.558	Child and Adult Care Food Program	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
10.558	Child and Adult Care Food Program	Education	Noncompliance with subrecipient monitoring and notification requirements	2	11-12	2	2010
10.558	Child and Adult Care Food Program	Education	Insufficient supporting documentation for reporting two federal programs	1	11-12	3	2010
10.558	Child and Adult Care Food Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.559	Summer Food Service Program for Children	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
10.559	Summer Food Service Program for Children	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
10.559	Summer Food Service Program for Children	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
10.559	Summer Food Service Program for Children	Education	Noncompliance with subrecipient monitoring and notification requirements	2	11-12	2	2010
10.559	Summer Food Service Program for Children	Education	Insufficient supporting documentation for reporting two federal programs	1	11-12	3	2010
10.559	Summer Food Service Program for Children	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.561	State Admin. Matching Grants for Supp. Nutr.	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
10.561	ARRA-State Admin. Matching Grants for Supp. Nutr.	Human Services	No documented internal control structure ensuring compliance	4	10-11	1	2009
10.561	State Admin. Matching Grants for Supp. Nutr.	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
10.561	ARRA-State Admin. Matching Grants for Supp. Nutr.	Human Services	No independent review of payroll reports	4	10-11	10	2009

Note 1: Beginning in Fiscal Year 2010, the regularly appropriated and Recovery Act funded benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551) are no longer separately reported per federal requirements. Therefore, prior audit findings for this program, regardless of funding source, are being reported under CFDA 10.551, Supplemental Nutrition Assistance Program.

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

3 - Corrective action taken was significantly different than previously reported.

For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

2 - Findings are not corrected or are only partially corrected.

4 - Audit findings are no longer valid or do not warrant further action.

**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Agriculture (continued)							
10.561	State Admin. Matching Grants for Supp. Nutr.	Human Services	No independent review of payroll reports	2	10-11	10	2009
10.561	ARRA-State Admin. Matching Grants for Supp. Nutr.	Human Services	No documented internal control structure ensuring compliance	4	11-13	2	2010
10.561	State Admin. Matching Grants for Supp. Nutr.	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
10.561	ARRA-State Admin. Matching Grants for Supp. Nutr.	Human Services	Insufficient review of payroll reports	4	11-13	5	2010
10.561	State Admin. Matching Grants for Supp. Nutr.	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
10.561	ARRA-State Admin. Matching Grants for Supp. Nutr.	Human Services	Insufficient notification of federal award information to subrecipients	4	11-13	6	2010
10.561	State Admin. Matching Grants for Supp. Nutr.	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
10.561	ARRA-State Admin. Matching Grants for Supp. Nutr.	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
10.561	State Admin. Matching Grants for Supp. Nutr.	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
U.S. Department of Defense							
12.401	ARRA-National Guard Military Operations and Maint.	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
12.401	National Guard Military Operations and Maint.	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
U.S. Department of Labor							
17.225	Unemployment Insurance	Employment and Economic Development	No documented internal control structure ensuring compliance	1	09-09	1	2008
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.225	Unemployment Insurance	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	No identification and recovery of overpaid \$25 supplement and certain benefit extensions	2	11-06	1	2010
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.225	Unemployment Insurance	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.225	ARRA-Unemployment Insurance	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.225	Unemployment Insurance	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.258	WIA Adult Program	Employment and Economic Development	No documented internal control structure ensuring compliance	1	09-09	1	2008
17.258	ARRA-WIA Adult Program	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.258	WIA Adult Program	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.258	ARRA-WIA Adult Program	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.258	WIA Adult Program	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.258	ARRA-WIA Adult Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.258	WIA Adult Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.259	WIA Youth Activities	Employment and Economic Development	No documented internal control structure ensuring compliance	1	09-09	1	2008
17.259	ARRA-WIA Youth Activities	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.259	WIA Youth Activities	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.259	ARRA-WIA Youth Activities	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.259	WIA Youth Activities	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.259	ARRA-WIA Youth Activities	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.259	WIA Youth Activities	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.260	WIA Dislocated Workers	Employment and Economic Development	No documented internal control structure ensuring compliance	1	09-09	1	2008
17.260	ARRA-WIA Dislocated Workers	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.260	WIA Dislocated Workers	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
17.260	ARRA-WIA Dislocated Workers	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.260	WIA Dislocated Workers	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
17.260	ARRA-WIA Dislocated Workers	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
17.260	WIA Dislocated Workers	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

3 - Corrective action taken was significantly different than previously reported.

For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

2 - Findings are not corrected or are only partially corrected.

4 - Audit findings are no longer valid or do not warrant further action.

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*CATEGORY OF CORRECTIVE ACTION TAKEN

2 - Findings are not corrected or are only partially corrected.

4 - Audit findings are no longer valid or do not warrant further action.

For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Education							
84.007	Federal Supp. Educational Opportunity Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.007	Federal Supp. Educational Opportunity Grants	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.007	Federal Supp. Educational Opportunity Grants	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.010	Title I Grants to Local Educational Agencies	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
84.010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
84.010	Title I Grants to Local Educational Agencies	Education	Noncompliance with subrecipient monitoring and notification requirements	1	11-12	2	2010
84.010	Title I Grants to Local Educational Agencies	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.027	Special Education Grants to States	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.027	Special Education Grants to States	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
84.027	Special Education Grants to States	Education	Insufficient monitoring of subrecipient activity	1	10-08	3	2009
84.027	Special Education Grants to States	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
84.027	Special Education Grants to States	Education	Noncompliance with subrecipient monitoring and notification requirements	1	11-12	2	2010
84.027	Special Education Grants to States	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.032	Federal Family Education Loans	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
			Incorrect calculation of refunds of federal awards at two higher-education institutions	1	LA-10	1	2010
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.033	Federal Work-Study Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.033	Federal Work-Study Program	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.033	Federal Work-Study Program	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
			College did not meet minimum requirement for involvement in community service jobs	1	LA-10	4	2010
84.038	Federal Perkins Loan Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.038	Federal Perkins Loan Program	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.038	Federal Perkins Loan Program	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.063	Federal Pell Grant Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.126	Rehab. Services_Vocational Rehab. Grants	Employment and Economic Development	No documented internal control structure ensuring compliance	1	09-09	1	2008
84.126	Rehab. Services_Vocational Rehab. Grants	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
84.126	Rehab. Services_Vocational Rehab. Grants	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
84.126	Rehab. Services_Vocational Rehab. Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.173	Special Education_Preschool Grants	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.173	Special Education_Preschool Grants	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
84.173	Special Education_Preschool Grants	Education	Insufficient monitoring of subrecipient activity	1	10-08	3	2009
84.173	Special Education_Preschool Grants	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
84.173	Special Education_Preschool Grants	Education	Noncompliance with subrecipient monitoring and notification requirements	1	11-12	2	2010
84.173	Special Education_Preschool Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.268	Federal Direct Student Loans	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.367	Improving Teacher Quality State Grants	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.367	Improving Teacher Quality State Grants	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
84.367	Improving Teacher Quality State Grants	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
84.367	Improving Teacher Quality State Grants	Education	Noncompliance with subrecipient monitoring and notification requirements	1	11-12	2	2010
84.367	Improving Teacher Quality State Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.375	Academic Competitiveness Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

3 - Corrective action taken was significantly different than previously reported.

For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

2 - Findings are not corrected or are only partially corrected.

4 - Audit findings are no longer valid or do not warrant further action.

**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Education (continued)							
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.376	Natl. Science and Math. Access to Retain Talent	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.376	Natl. Science and Math. Access to Retain Talent	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.376	Natl. Science and Math. Access to Retain Talent	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.379	Teacher Ed. Assist. for College and Higher Ed. Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.379	Teacher Ed. Assist. for College and Higher Ed. Grants	Minnesota State Colleges and Universities	College did not return Title IV funds for reduced enrollment	1	LA-10	2	2010
84.379	Teacher Ed. Assist. for College and Higher Ed. Grants	Minnesota State Colleges and Universities	Three colleges did not return Title IV funds timely	1	LA-10	3	2010
84.389	ARRA-Title I Grants to Local Education Agencies	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
84.389	ARRA-Title I Grants to Local Education Agencies	Education	Noncompliance with subrecipient monitoring and notification requirements	4	11-12	2	2010
84.389	ARRA-Title I Grants to Local Education Agencies	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.390	ARRA-Rehab. Services_Vocational Rehab. Grants	Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009
84.390	ARRA-Rehab. Services_Vocational Rehab. Grants	Employment and Economic Development	No identification and monitoring of internal controls ensuring compliance	2	11-06	2	2010
84.390	ARRA-Rehab. Services_Vocational Rehab. Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.391	ARRA-Special Education Grants to States	Education	No documented internal control structure ensuring compliance	4	11-12	1	2010
84.391	ARRA-Special Education Grants to States	Education	Noncompliance with subrecipient monitoring and notification requirements	1	11-12	2	2010
84.391	ARRA-Special Education Grants to States	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.392	ARRA-Special Education - Preschool Grants	Education	No documented internal control structure ensuring compliance	4	11-12	1	2010
84.392	ARRA-Special Education - Preschool Grants	Education	Noncompliance with subrecipient monitoring and notification requirements	1	11-12	2	2010
84.392	ARRA-Special Education - Preschool Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.394	ARRA-State Fiscal Stabilization Fd. - Education	Education	No documented internal control structure ensuring compliance	4	11-12	1	2010
84.394	ARRA-State Fiscal Stabilization Fd. - Education	Education	Noncompliance with subrecipient monitoring and notification requirements	4	11-12	2	2010
84.394	ARRA-State Fiscal Stabilization Fd. - Education	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
84.397	ARRA-State Fiscal Stabilization Fd. - Government	Human Services	No documented internal control structure ensuring compliance	4	11-13	2	2010
84.397	ARRA-State Fiscal Stabilization Fd. - Government	Human Services	Insufficient review of payroll reports	4	11-13	5	2010
84.397	ARRA-State Fiscal Stabilization Fd. - Government	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
U.S. Department of Health and Human Services							
93.069	Public Health Emergency Preparedness	Health	No documented internal control structure ensuring compliance	1	10-03	1	2009
93.069	Public Health Emergency Preparedness	Health	No documented internal control structure ensuring compliance	1	11-09	1	2010
93.069	Public Health Emergency Preparedness	Health	Inappropriately charged federal program costs to prior grant award period	1	11-09	3	2010
93.069	Public Health Emergency Preparedness	Health	Did not accurately record the liability date in the state's accounting system	1	11-09	4	2010
93.069	Public Health Emergency Preparedness	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.268	Immunization Grants	Health	No documented internal control structure ensuring compliance	1	09-06	1	2008
93.268	Immunization Grants	Health	No documented internal control structure ensuring compliance	1	10-03	1	2009
93.268	Immunization Grants	Health	No documented internal control structure ensuring compliance	1	11-09	1	2010
93.268	Immunization Grants	Health	Inappropriately charged federal program costs to prior grant award period	1	11-09	3	2010
93.268	Immunization Grants	Health	Did not accurately record the liability date in the state's accounting system	1	11-09	4	2010
93.268	Immunization Grants	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.283	Centers for Disease Control and Prevention_Assistance	Health	No documented internal control structure ensuring compliance	1	09-06	1	2008
93.283	Centers for Disease Control and Prevention_Assistance	Health	No documented internal control structure ensuring compliance	1	10-03	1	2009
93.364	Nursing Student Loans	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.558	Temporary Assistance for Needy Families	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.558	Temporary Assistance for Needy Families	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

3 - Corrective action taken was significantly different than previously reported.

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2 - Findings are not corrected or are only partially corrected.

4 - Audit findings are no longer valid or do not warrant further action.

**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Health and Human Services (continued)							
93.558	Temporary Assistance for Needy Families	Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.558	Temporary Assistance for Needy Families	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.558	Temporary Assistance for Needy Families	Human Services	Unnecessary employee access to program subsystem	1	10-34	5	2009
93.558	Temporary Assistance for Needy Families	Human Services	No documented internal control structure ensuring accurate eligibility determinations	2	11-13	1	2010
93.558	Temporary Assistance for Needy Families	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.558	Temporary Assistance for Needy Families	Human Services	Did not submit federal quarterly reports timely	1	11-13	8	2010
93.558	Temporary Assistance for Needy Families	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.563	ARRA-Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.563	ARRA-Child Support Enforcement	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.563	Child Support Enforcement	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.563	ARRA-Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.563	ARRA-Child Support Enforcement	Human Services	Unnecessary employee access to program subsystem	1	11-13	3	2010
93.563	Child Support Enforcement	Human Services	Unnecessary employee access to program subsystem	1	11-13	3	2010
93.563	Child Support Enforcement	Human Services	Excessive federal cash balances	1	11-13	4	2010
93.563	ARRA-Child Support Enforcement	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.563	Child Support Enforcement	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.563	ARRA-Child Support Enforcement	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.563	Child Support Enforcement	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.563	ARRA-Child Support Enforcement	Human Services	Did not submit federal quarterly reports timely	1	11-13	8	2010
93.563	Child Support Enforcement	Human Services	Did not submit federal quarterly reports timely	1	11-13	8	2010
93.563	ARRA-Child Support Enforcement	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.563	Child Support Enforcement	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.568	Low-Income Home Energy Assistance	Commerce	Overcharge of indirect costs to federal programs	1	11-10	2	2010
93.568	Low-Income Home Energy Assistance	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.575	Child Care and Development Block Grant	Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.575	Child Care and Development Block Grant	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring accurate eligibility determinations	2	11-13	1	2010
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.575	Child Care and Development Block Grant	Human Services	Excessive federal cash balances	1	11-13	4	2010
93.575	Child Care and Development Block Grant	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.575	Child Care and Development Block Grant	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.575	Child Care and Development Block Grant	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.596	Child Care Mandatory and Matching Funds	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.596	Child Care Mandatory and Matching Funds	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.596	Child Care Mandatory and Matching Funds	Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.596	Child Care Mandatory and Matching Funds	Human Services	No independent review of payroll reports	2	10-11	10	2009

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

3 - Corrective action taken was significantly different than previously reported.

For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

2 - Findings are not corrected or are only partially corrected.

4 - Audit findings are no longer valid or do not warrant further action.

**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Health and Human Services (continued)							
93.596	Child Care Mandatory and Matching Funds	Human Services	No documented internal control structure ensuring accurate eligibility determinations	2	11-13	1	2010
93.596	Child Care Mandatory and Matching Funds	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.596	Child Care Mandatory and Matching Funds	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.596	Child Care Mandatory and Matching Funds	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.596	Child Care Mandatory and Matching Funds	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.658	Foster Care_ Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.658	ARRA-Foster Care_ Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.658	Foster Care_ Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.658	ARRA-Foster Care_ Title IV-E	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.658	Foster Care_ Title IV-E	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.658	ARRA-Foster Care_ Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.658	Foster Care_ Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.658	ARRA-Foster Care - Title IV-E	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.658	Foster Care_ Title IV-E	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.658	ARRA-Foster Care - Title IV-E	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.658	Foster Care_ Title IV-E	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.658	ARRA-Foster Care - Title IV-E	Human Services	Did not submit federal quarterly reports timely	1	11-13	8	2010
93.658	Foster Care_ Title IV-E	Human Services	Did not submit federal quarterly reports timely	1	11-13	8	2010
93.658	ARRA-Foster Care - Title IV-E	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.658	Foster Care_ Title IV-E	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.659	Adoption Assistance	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.667	Social Services Block Grant	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.667	Social Services Block Grant	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.667	Social Services Block Grant	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.667	Social Services Block Grant	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.712	ARRA-Immunization	Health	No documented internal control structure ensuring compliance	1	11-09	1	2010
93.712	ARRA-Immunization	Health	Did not accurately report ARRA funds or notify subrecipients of ARRA requirements	1	11-09	2	2010
93.712	ARRA-Immunization	Health	Did not accurately record the liability date in the state's accounting system	1	11-09	4	2010
93.712	ARRA-Immunization	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.712	ARRA-Immunization	Management and Budget	Did not accurately report ARRA funds	1	11-14	2	2010
93.713	ARRA-Child Care and Development	Human Services	No documented internal control structure ensuring accurate eligibility determinations	2	11-13	1	2010
93.713	ARRA-Child Care and Development	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.713	ARRA-Child Care and Development	Human Services	Excessive federal cash balances	1	11-13	4	2010
93.713	ARRA-Child Care and Development	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.713	ARRA-Child Care and Development	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.713	ARRA-Child Care and Development	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Unnecessary employee access to program subsystem	1	10-34	5	2009
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented internal control structure ensuring accurate eligibility determinations	2	11-13	1	2010
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

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2 - Findings are not corrected or are only partially corrected.

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**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Health and Human Services (continued)							
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Did not submit federal quarterly reports timely	1	11-13	8	2010
93.714	ARRA-Emergency Contingency Fund for TANF	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.767	Children's Health Insurance Program	Human Services	Did not submit quarterly reports timely	2	07-08	5	2006
93.767	Children's Health Insurance Program	Human Services	Did not submit quarterly reports timely	2	08-12	6	2007
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.767	Children's Health Insurance Program	Human Services	Did not submit quarterly reports timely	2	09-10	6	2008
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.767	Children's Health Insurance Program	Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	1	10-11	2	2009
93.767	Children's Health Insurance Program	Human Services	Did not submit quarterly reports timely	2	10-11	8	2009
93.767	Children's Health Insurance Program	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring accurate eligibility determinations	1	11-13	1	2010
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.767	Children's Health Insurance Program	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.767	Children's Health Insurance Program	Human Services	Did not submit federal quarterly reports timely	2	11-13	8	2010
93.775	State Medicaid Fraud Control Units	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.777	State Survey and Cert. of Health Care Providers	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.777	State Survey and Cert. of Health Care Providers	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.777	State Survey and Cert. of Health Care Providers	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.777	State Survey and Cert. of Health Care Providers	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.777	State Survey and Cert. of Health Care Providers	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.777	State Survey and Cert. of Health Care Providers	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.778	Medical Assistance Program	Human Services	Did not submit quarterly reports timely	2	07-08	5	2006
93.778	Medical Assistance Program	Human Services	Did not submit quarterly reports timely	2	08-12	6	2007
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.778	Medical Assistance Program	Human Services	Did not submit quarterly reports timely	2	09-10	6	2008
93.778	ARRA-Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.778	ARRA-Medical Assistance Program	Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	1	10-11	2	2009
93.778	Medical Assistance Program	Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	1	10-11	2	2009
93.778	ARRA-Medical Assistance Program	Human Services	Did not submit quarterly reports timely	2	10-11	8	2009
93.778	Medical Assistance Program	Human Services	Did not submit quarterly reports timely	2	10-11	8	2009
93.778	ARRA-Medical Assistance Program	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.778	Medical Assistance Program	Human Services	No independent review of payroll reports	2	10-11	10	2009
93.778	ARRA-Medical Assistance Program	Human Services	No documented internal control structure ensuring licensure of healthcare providers	1	10-34	1	2009
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring licensure of healthcare providers	1	10-34	1	2009
93.778	ARRA-Medical Assistance Program	Human Services	Lack of adequate separation of duties	2	10-34	2	2009
93.778	Medical Assistance Program	Human Services	Lack of adequate separation of duties	2	10-34	2	2009
93.778	ARRA-Medical Assistance Program	Human Services	Lack of system change control standards	2	10-34	3	2009
93.778	Medical Assistance Program	Human Services	Lack of system change control standards	2	10-34	3	2009
93.778	ARRA-Medical Assistance Program	Human Services	Lack of logging or monitoring of system files	2	10-34	4	2009
93.778	Medical Assistance Program	Human Services	Lack of logging or monitoring of system files	2	10-34	4	2009
93.778	ARRA-Medical Assistance Program	Human Services	Unnecessary employee access to program subsystem	2	10-34	5	2009

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

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2 - Findings are not corrected or are only partially corrected.

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**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2011**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
U.S. Department of Health and Human Services (continued)							
93.778	Medical Assistance Program	Human Services	Unnecessary employee access to program subsystem	2	10-34	5	2009
93.778	ARRA-Medical Assistance Program	Human Services	Lack of reconciliation of subsystem data	1	10-34	6	2009
93.778	Medical Assistance Program	Human Services	Lack of reconciliation of subsystem data	1	10-34	6	2009
93.778	ARRA-Medical Assistance Program	Human Services	Lack of controls to limit certain unallowable payments	1	10-34	7	2009
93.778	Medical Assistance Program	Human Services	Lack of controls to limit certain unallowable payments	1	10-34	7	2009
93.778	ARRA-Medical Assistance Program	Human Services	Lack of controls to limit certain unallowable payments	1	10-34	8	2009
93.778	Medical Assistance Program	Human Services	Lack of controls to limit certain unallowable payments	1	10-34	8	2009
93.778	ARRA-Medical Assistance Program	Human Services	No documented internal control structure ensuring accurate eligibility determinations	1	11-13	1	2010
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring accurate eligibility determinations	1	11-13	1	2010
93.778	ARRA-Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.778	ARRA-Medical Assistance Program	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.778	Medical Assistance Program	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
93.778	ARRA-Medical Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.778	Medical Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010
93.778	ARRA-Medical Assistance Program	Human Services	Lack of verification of compliance with federal health and safety standards	1	11-13	7	2010
93.778	Medical Assistance Program	Human Services	Lack of verification of compliance with federal health and safety standards	1	11-13	7	2010
93.778	ARRA-Medical Assistance Program	Human Services	Did not submit federal quarterly reports timely	2	11-13	8	2010
93.778	Medical Assistance Program	Human Services	Did not submit federal quarterly reports timely	2	11-13	8	2010
93.778	ARRA-Medical Assistance Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.778	Medical Assistance Program	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010
93.959	Block Grants - Prevention,Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.959	Block Grants - Prevention,Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.959	Block Grants - Prevention,Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.959	Block Grants - Prevention,Treatment of Substance Abuse	Human Services	Insufficient review of payroll reports	2	11-13	5	2010
U.S. Department of Homeland Security							
97.036	Disaster Grants - Public Assistance	Public Safety	Inadequate internal control structure over single audit requirements	1	09-11	1	2008
97.036	Disaster Grants - Public Assistance	Public Safety	Inadequate internal control structure over single audit requirements	1	10-04	1	2009
97.036	Disaster Grants - Public Assistance	Public Safety	Inadequate internal control structure over single audit requirements	1	11-07	1	2010
97.036	Disaster Grants - Public Assistance	Management and Budget	SEFA not prepared in a timely manner	1	11-14	1	2010

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State of Minnesota

Financial and Compliance Report on Federally Assisted Programs Fiscal Year Ended June 30, 2011

Supplemental Information Status of Prior Federal Program Audit Findings

Below are explanations for findings not fully corrected or where the corrective action taken differs significantly from the previously-stated corrective action plan.

Report 06-12

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding 06-12-2 *Project oversight procedures need improvement.*

2. Prior Finding Not Resolved: The department did not adequately follow certain project oversight procedures.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Findings II and III, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 07-08

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.767 Children's Health Insurance Program

93.778 Medical Assistance Program

Finding 07-08-5 *Did not submit quarterly reports timely.*

- 5. Some reports the Department of Human Services submitted to the federal government were inaccurate and late.**

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 11, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 07-09

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding 07-09-1 *Project oversight procedures need improvement.*

1. Prior Finding Partially: The Department of Transportation did not adequately follow certain project oversight procedures. (Prior Finding 06-12-2)

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Findings II and III, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 08-12

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.767 Children's Health Insurance Program
93.778 Medical Assistance

Finding 08-12-6 *Did not submit quarterly reports timely.*

6. Prior Finding Not Resolved: The Department of Human Services submitted reports late to the federal government for three federal programs. (Prior Finding 07-08-5)

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 11, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 08-13

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding 08-13-1 *Project oversight procedures not adequately followed.*

1. Prior Finding Not Resolved: MnDOT did not adequately follow certain project oversight procedures. (Prior Findings 06-12-2 and 07-09-1)

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Findings II and III, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 09-08

State Agency: Minnesota Department of Education

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Education

CFDA Numbers/Program Names:

10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
84.010	Title 1 - Grant to Local Education Agencies
84.027	Special Education – State Grants
84.173	Special Education – Preschool Grants
84.367	Improving Teacher Quality State Grants

Finding 09-08-1 *Inadequate internal control structure over single audit requirements.*

1. The Department of Education did not identify, analyze, and document its internal controls over compliance with federal single audit requirements.

This finding is repeated in the current audit report. See Section III, Report 12-04, Finding 1, for the Department of Education's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 09-10

State Agency: Minnesota Department of Human Services

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care and Development - Mandatory and Matching
93.658	Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children's Health Insurance Program
93.777	State Health Care Provider Survey
93.778	Medical Assistance
93.959	Substance Abuse

Finding 09-10-1 *No documented internal control structure ensuring compliance.*

- 1. The Department of Human Services did not identify, analyze, and document its internal controls related to business operations and the schedules of federal expenditures.**

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 1 for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 09-10

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.767	State Children's Health Insurance Program
93.778	Medical Assistance

Finding 09-10-6 *Did not submit quarterly reports timely.*

- 6. Prior Finding Not Resolved: The Department of Human Services submitted reports to the federal government late for three federal programs. (Prior Finding 07-08-5 and 08-12-6)**

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 11, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 09-800-71

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding DOT 09-I *Noncompliance with materials control for grading and base construction.*

I. Prior Finding Not Resolved: The department did not comply with materials control requirements for grading and base construction.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding III, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 09-800-71

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding DOT 09-III *Noncompliance with concrete materials control requirements.*

III. Prior Finding Not Resolved: The department did not comply with materials control requirements for concrete.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding II, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-08

State Agency: Minnesota Department of Education

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Education

CFDA Numbers/Program Names:

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
84.010	Title 1- Grant to Local Education Agencies
84.027	Special Education - State Grants
84.173	Special Education - Preschool Grants
84.367	Improving Teacher Quality State Grants

Finding 10-08-1 *No documented internal control structure ensuring compliance.*

1. Prior Finding Partially Resolved: The Department did not identify, analyze, and document its internal controls over compliance with federal single audit requirements. (Prior Finding 09-08-1)

This finding is repeated in the current audit report. See Section III, Report 12-04, Finding 1, for the Minnesota Department of Education's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-11

State Agency: Minnesota Department of Human Services

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.563	ARRA Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care
93.658	ARRA Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.777	State Health Care Provider Survey
93.778	Medical Assistance
93.778	ARRA Medical Assistance
93.959	Block Grants for Substance Abuse

Finding 10-11-1 *No documented internal control structure ensuring compliance.*

1. Prior Finding Partially Resolved: The Department of Human Services did not identify, analyze, and document its internal controls related to business operations and the schedules of federal expenditures. (Prior Finding 09-10-1)

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 1, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-11

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.558	Temporary Assistance for Needy Families
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development - Mandatory and Matching

Finding 10-11-2 *Inadequately addressing responsibility for monitoring accurate eligibility determinations.*

- 2. The Department of Human Services did not adequately address its responsibility to monitor and ensure accurate eligibility determinations for some major federal programs.**

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 2, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-11

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.767	Children's Health Insurance Program
93.778	Medical Assistance
93.778	ARRA Medical Assistance

Finding 10-11-8 *Did not submit quarterly reports timely.*

8. Prior Finding Not Resolved: The Department of Human Services submitted reports to the federal government late for three federal programs. (Prior Finding 07-08-5, 08-12-6, and 09-10-6)

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 11, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-11

State Agency: Minnesota Department of Human Services

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.563	ARRA Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development - Mandatory and Matching
93.658	Foster Care
93.658	ARRA Foster Care
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.778	Medical Assistance
93.778	ARRA Medical Assistance

Finding 10-11-10 *No independent review of payroll reports.*

10. The Department of Human Services did not independently review two key payroll reports.

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 8, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-34

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778 Medical Assistance

93.778 ARRA Medical Assistance

Finding 10-34-2 *Lack of adequate separation of duties.*

- 2. The Department of Human Services did not adequately separate incompatible duties in its process for enrolling service providers.**

This finding is repeated in the current audit report. See Section II for more information. Report 12-03 contains the Department of Human Services' response for Finding 2.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-34

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778 Medical Assistance

93.778 ARRA Medical Assistance

Finding 10-34-3 *Lack of system change control standards.*

- 3. The Department of Human Services did not establish standards to ensure the sufficiency of testing done for changes to the Medical Assistance system and did not adequately document testing and authorization for those changes.**

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 7, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-34

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778 Medical Assistance

93.778 ARRA Medical Assistance

Finding 10-34-4 *Lack of logging or monitoring of system files.*

4. The Department of Human Services did not log or monitor direct changes to critical Medical Assistance system files.

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 6, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 10-34

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.778 Medical Assistance

93.778 ARRA Medical Assistance

Finding 10-34-5 *Unnecessary employee access to program subsystem.*

- 5. Prior Finding Partially Resolved: The Department of Human Services did not have sufficient controls to limit, monitor, or prevent incompatible or unnecessary access to the Medical Assistance system and the cash and food benefits system.**

This finding is repeated in the current audit report. See Section II for more information. Report 12-03 contains the Department of Human Services' response for Finding 2.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 10-800-60

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding DOT 10-I *Noncompliance with materials control for grading and base construction.*

I. Prior Finding Not Resolved: The department did not comply with materials control requirements for grading and base construction. (Prior Finding DOT-09-I)

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding III, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 10-800-60

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 Highway Planning and Construction

Finding DOT 10-III *Noncompliance with concrete materials control requirements.*

III. Prior Finding Not Resolved: The department did not comply with materials control requirements for concrete. (Prior Finding DOT-09-III)

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding II, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-06

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Labor

CFDA Number/Program Name:

17.225 ARRA Unemployment Insurance

Finding 11-06-1 *No identification and recovery of overpaid \$25 supplement and certain benefit extensions.*

- 1. The Department of Employment and Economic Development did not identify and recover up to \$3.2 million of estimated overpaid unemployment insurance benefits for the Federal Additional Compensation Program and \$19,660 of other benefit extensions.**

This finding is repeated in the current audit report. See Section II for more information. Report 12-03 contains the Department of Employment and Economic Development's response for Finding 3.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-06

State Agency: Minnesota Department of Employment and Economic Development

Federal Agencies: U.S. Department of Education
U.S. Department of Labor

CFDA Numbers/Program Names:

17.225	Unemployment Insurance
17.225	ARRA Unemployment Insurance
17.258	Workforce Investment Act - Adult
17.258	ARRA Workforce Investment Act - Adult
17.259	Workforce Investment Act - Youth
17.259	ARRA Workforce Investment Act - Youth
17.260	Workforce Investment Act – Dislocated Worker
17.260	ARRA Workforce Investment Act – Dislocated Worker
84.126	Vocational Rehabilitation
84.390	ARRA Vocational Rehabilitation

Finding 11-06-2 *No identification and monitoring of internal controls ensuring compliance.*

2. Prior Finding Partially Resolved: The Department of Employment and Economic Development did not fully identify and monitor its internal controls to ensure compliance with federal regulations.

This finding is repeated in the current audit report. See Section III, Report 12-05, Finding 1, for the Department of Employment and Economic Development's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-10

State Agency: Minnesota Department of Commerce

Federal Agency: U.S. Department of Energy

CFDA Numbers/Program Names:

81.042 ARRA Weatherization Assistance for Low Income Persons

Finding 11-10-1 *Inadequate monitoring of service provider compliance with certain federal requirements.*

- 1. The Department of Commerce did not adequately perform certain monitoring procedures designed to ensure that local service providers complied with federal requirements of the Weatherization Assistance for Low-Income Persons Program.**

This finding is repeated in the current audit report. See Section III, Report 12-06, Finding 2, for the Department of Commerce's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-10

State Agency: Minnesota Department of Commerce

Federal Agency: U.S. Department of Energy

CFDA Number/Program Name:

81.042 Weatherization Assistance for Low Income Persons

81.042 ARRA Weatherization Assistance for Low Income Persons

Finding 11-10-4 No update of inventory records for equipment purchased with federal program funds.

4. The Department of Commerce did not adequately track equipment inventory purchased by local service providers with funds from the federal Weatherization Assistance for Low-Income Persons Program.

This finding is repeated in the current audit report. See Section III, Report 12-06, Finding 3, for the Department of Commerce's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-11

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Numbers/Program Names:

20.200	Highway Research and Program Development Program
20.205	Highway Planning and Construction Program

Finding 11-11-1 *Inaccurate reporting on the draft schedule of expenditures.*

- 1. The Department of Transportation overstated Highway Planning and Construction Program (CFDA 20.205) expenditures by \$18.9 million and understated Highway Research and Program Development Program (CFDA 20.200) expenditures by the same amount on the Schedule of Expenditures of Federal Awards submitted for audit.**

This finding is repeated in the current audit report. See Section III, Report 12-08, Finding 1, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-12

State Agency: Minnesota Department of Education

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Education

CFDA Numbers/Program Names:

10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
84.010	Title I – Grant to Local Education Agencies
84.027	Special Education – State Grants
84.173	Special Education – Preschool Grants
84.367	Improving Teacher Quality State Grants
84.389	ARRA – Title I – Grants to Local Education Agencies

Finding 11-12-1 *No documented internal control structure ensuring compliance.*

- 1. Prior Finding Partially Resolved: The Department of Education did not identify, analyze, and document its internal controls over compliance with federal single audit requirements.**

This finding is repeated in the current audit report. See Section III, Report 12-04, Finding 1, for the Department of Education's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-12

State Agency: Minnesota Department of Education

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Education

CFDA Numbers/Program Names:

10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children

Finding 11-12-2 Noncompliance with federal subrecipient monitoring and notification requirements.

2. Prior Finding Not Resolved: The Department of Education did not comply with federal subrecipient monitoring and notification requirements for federal programs.

This finding is repeated in the current audit report. See Section III, Report 12-04, Finding 2, for the Department of Education's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-13

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Matching
93.713	ARRA - Child Care and Development – Discretionary
93.714	ARRA – Emergency Contingency Fund for TANF

Finding 11-13-1 *No documented internal control structure ensuring accurate eligibility determinations.*

- 1. Prior Finding Not Resolved: The Department of Human Services did not adequately address its responsibility to monitor and ensure accurate recipient eligibility determinations for three major federal programs.**

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 2, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-13

State Agency: Minnesota Department of Human Services

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Matching
93.658	Foster Care
93.658	ARRA - Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.713	ARRA – Child Care and Development
93.714	ARRA – Emergency Contingency Fund for TANF
93.767	Children’s Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.778	ARRA - Medical Assistance
93.959	Block Grants for Substance Abuse

Finding 11-13-2 *No documented internal control structure ensuring compliance.*

2. Prior Finding Partially Resolved: The Department of Human Services did not fully identify, analyze, and document its internal controls related to compliance with federal single audit requirements.

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 1, for the Department of Human Services’ response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-13

State Agency: Minnesota Department of Human Services

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Matching
93.658	Foster Care
93.658	ARRA - Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.713	ARRA - Child Care and Development
93.714	ARRA – Emergency Contingency Fund for TANF
93.767	Children’s Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.778	ARRA - Medical Assistance
93.959	Block Grants for Substance Abuse

Finding 11-13-5 *Insufficient review of payroll reports.*

5. Prior Finding Partially Resolved: The Department of Human Services did not fully sufficiently review a key payroll report.

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 8, for the Department of Human Services’ response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-13

State Agency: Minnesota Department of Human Services

Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Matching
93.658	Foster Care
93.658	ARRA - Foster Care
93.667	Social Services Block Grant
93.713	ARRA – Child Care and Development
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

Finding 11-13-6 *Insufficient notification of federal award information to subrecipients.*

6. The Department of Human Services did not communicate all federal award information to subrecipients for seven major federal programs.

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 10, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

Report 11-13

State Agency: Minnesota Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

CFDA Numbers/Program Names:

93.767	State Children's Health Insurance Program
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

Finding 11-13-8 *Did not submit federal quarterly reports timely.*

8. Prior Finding Partially Resolved: The Department of Human Services submitted reports to the federal government late for four federal programs.

This finding is repeated in the current audit report. See Section III, Report 12-07, Finding 11, for the Department of Human Services' response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 11-800-51

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Numbers/Program Names:

20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Finding DOT-11-I *Noncompliance with materials control for bridge concrete and steel.*

I. Prior Audit Finding Not Resolved: Agency testing was not done and properly documented on Bridge Concrete and Steel.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding II, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 11-800-51

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Numbers/Program Names:

20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Finding DOT-11-II *Noncompliance with concrete materials control requirements.*

II. Prior Audit Finding Not Resolved: The department did not comply with materials control requirements for paving concrete.

This finding is repeated in the current audit report See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding II, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 11-800-51

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Numbers/Program Names:

20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Finding DOT-11-III *Noncompliance with materials control for grading and base construction.*

III. Prior Audit Finding Not Resolved: The department did not comply with materials control requirements for grading and base construction.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding III, for the Department of Transportation's response.

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 11-800-51

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Number/Program Name:

20.205 ARRA-Highway Planning and Construction Program

Finding DOT-11-IV *Noncompliance with materials control requirements for stabilized full depth bituminous pavement reclamation.*

IV. The department did not comply with materials control requirements for stabilized full depth bituminous pavement reclamation.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding IV, for the Department of Transportation's response

Supplemental Information (continued)
Status of Prior Federal Program Audit Findings

MnDOT Office of Audit Report 11-800-51

State Agency: Minnesota Department of Transportation

Federal Agency: U.S. Department of Transportation

CFDA Numbers/Program Names:

20.205	Highway Planning and Construction Program
20.205	ARRA-Highway Planning and Construction Program

Finding DOT-11-V *Noncompliance with bridge and building removal requirements.*

V. The department did not comply with requirements for bridge and building removals.

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 12-800-53, Finding VI, for the Department of Transportation's response.