State of Minnesota

Financial and Compliance Report on Federally Assisted Programs

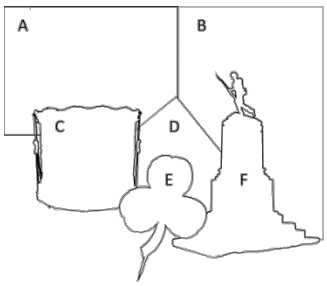
For the Year Ended June 30, 2013

2013 marks the 150th commemoration of the Battle of Gettysburg, Pennsylvania. Here on July 2, 1863, the heroic action of a small regiment of Minnesota volunteers, the 1st Minnesota, has been considered by some historians as a turning point for the battle, and by extension, the entire Civil War.

The story of the 1st Minnesota began in April 1861. When war between the Northern states of the Union and the Southern states of the Confederacy was threatened, Minnesota was the first state to offer volunteers to President Abraham Lincoln and the 1st Minnesota was formed. In the course of the war, the organization sustained high degrees of casualties at the Battles of First Bull Run (20%) and Antietam (28%) before the path took them to Gettysburg.

At Gettysburg, the two armies of Generals George Meade and Robert E. Lee converged and a three day battle ensued. On the second day of the battle, the 1st Minnesota, numbering less than 300, found themselves at the middle of a broken Union line. Seeing the break, field General Winfield Scott Hancock yelled to the regiment's commander, "My God, is this all there are of you?", then immediately ordered them to charge forward to stop the 1700 Confederates rushing to crash through the blue line. The 1st moved forward in the face of certain death to hold the line just long enough for Hancock to bring up reinforcements, pushing the Confederate forces back and ultimately ending Lee's plan of Northern invasion. All but 43 of the brave Minnesotans were killed or wounded, making their casualty count of 83%, the greatest proportionately in the battle, and one of the greatest losses of any regiment in the war.

Speaking about the 1st Minnesota after the war, U.S. President Calvin Coolidge praised their gallantry for the famed attack, noting "…those eight companies of the 1st Minnesota are entitled to rank as the saviors of their country."



A. Officers of the 1st Minnesota. Their fate is tantamount to the whole of the regiment: two were killed and one wounded at Gettysburg, two died of wounds sustained in other battles and only one survived the Civil War unscathed.

B. *Attack of the 1st Minnesota at Gettysburg* painting by Don Troiani. Courtesy of the National Guard.

C. Drum used by the 1st Minnesota.

D. Typical discharge paper issued to the Union soldiers at the end of the war (1865).

E. United States Army infantry corps badge worn during the Civil War by members of the 1st Minnesota Volunteer Infantry Regiment, Company C.

F. Monument to the 1st Minnesota on the battlefield at Gettysburg.

Images A, C, D and E – used with the permission of the Minnesota Historical Society
Image B – This file is licensed under the Creative Commons Attribution 2.0 Generic license, Flikr.com
Image F – used with the permission of Donald Rowan, photographer

Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2013

State of Minnesota

2013 Minnesota Financial and Compliance Report on Federally Assisted Programs

State of Minnesota

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, 2013

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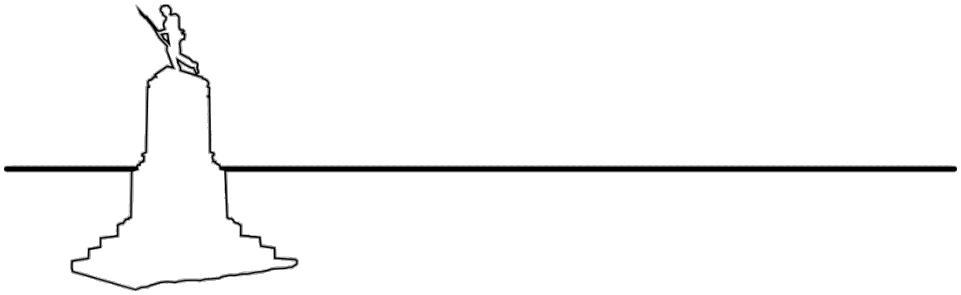


March 20, 2014

The Honorable Mark Dayton, Governor
Members of the Legislature

RE: **2013 Financial and Compliance Report on Federally Assisted Programs Transmittal Letter from the Commissioner of Minnesota Management and Budget**

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2013. 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 Statewide Integrated Financial Tools System (SWIFT), 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, 2013.

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 2013, the state of Minnesota received approximately $11 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. 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, 2013.

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, 2013, and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

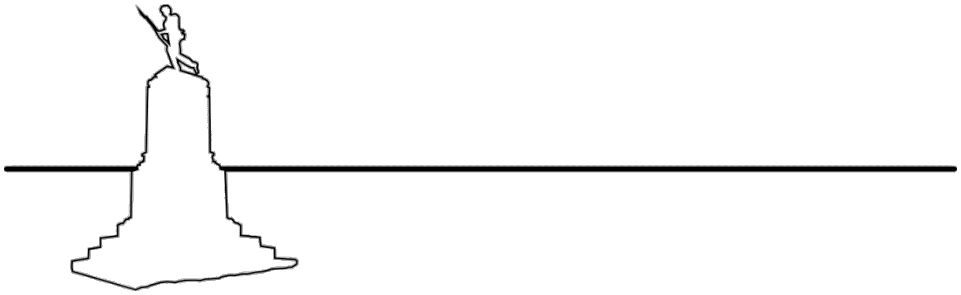
The Office of the Legislative Auditor is responsible for preparing the auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance, the summary of auditor's results, and the schedules of audit findings and questioned costs for federal 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,

James Schowalter
Commissioner



Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Members of the Minnesota Legislature

The Honorable Mark Dayton, Governor

Mr. James Schowalter, Commissioner of Minnesota Management and Budget

Report on Compliance for Each Major Federal Program

The Office of the Legislative Auditor (OLA) has audited the State of Minnesota's compliance with the compliance requirements contained in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the State of Minnesota's major federal programs for the year ended June 30, 2013. The state's major federal programs are identified in Section I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Officials in the executive branch of Minnesota state government are responsible for compliance with the federal requirements laws, regulations, contracts, and grants applicable to these federal programs.

Auditor's Responsibility

OLA's responsibility is to express an opinion on compliance for each of the State of Minnesota's major federal programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 on compliance for each major federal program, except for the disclaimer on the State Planning and Establishment Grants for the Affordable Care Act Exchanges program as described in the following paragraph. However, our audit does not provide a legal determination of the State of Minnesota's compliance.

Basis for Disclaimer of Opinion on State Planning and Establishment Grants for the Affordable Care Act Exchanges (CFDA 93.525)

Our audit of the federal compliance requirements for the State Planning and Establishment Grants for the Affordable Care Act Exchanges (CFDA[1] 93.525) as of June 30, 2013 has not been completed. Given the problems that have occurred in the development and the initial operations of the state's health insurance exchange (MNsure), we are engaged in a broader examination of the State of Minnesota's development and implementation of its health insurance exchange. The scope of that examination has multiple objectives that go beyond federal compliance requirements, covers a time period that extends beyond fiscal year 2013, and includes all funding sources. We will report the results of our examination of MNsure to the federal government when it is completed.

Disclaimer of Opinion on State Planning and Establishment Grants for the Affordable Care Act Exchanges (CFDA 93.525)

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on federal compliance for the State Planning and Establishment Grants for the Affordable Care Act Exchanges (CFDA 93.525) program. Accordingly, we do not express an opinion on federal compliance for that program.

Basis for Qualified Opinion on Medical Assistance (CFDA 93.778) and Temporary Assistance for Needy Families (CFDA 93.558)

As described in the findings in Section III of the accompanying Schedule of Findings and Questioned Costs and identified below, the State of Minnesota did not comply with certain federal requirements that are applicable to two of its major federal programs. These federal requirements included verifying program eligibility for recipients of assistance, assessing the types of activities allowed or unallowed under the grant awards, and determining the validity of specific allowable costs charged to the federal programs with the requirements of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments.* Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to the following major federal programs:

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

- Medical Assistance – (CFDA 93.778)
  – Findings 2013-010 and 2013-014.
- Temporary Assistance for Needy Families – (CFDA 93.558)
  – Findings 2013-010 and 2013-014.

Qualified Opinion on Medical Assistance (CFDA 93.778) and Temporary Assistance for Needy Families (CFDA 93.558)

In our opinion, except for the material noncompliance described in the Basis for Qualified Opinion 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 Medical Assistance (CFDA 93.778) and Temporary Assistance for Needy Families (CFDA 93.558) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133, and which are described in Section III of the accompanying Schedule of Findings and Questioned Costs. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Officials in the executive branch of Minnesota state government are responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal control over compliance with the 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 for each major federal program 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 deficiencies[2] in the State of Minnesota's internal control over compliance that might be significant deficiencies[3] or material weaknesses[4] 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 2013-010 and 2013-014 in Section III of the accompanying Schedule of Findings and Questioned 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and have issued our report thereon dated December 18, 2013, which contained an unmodified opinion on those financial statements. 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 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 for the year ended June 30, 2013. 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, 2013. 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.

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[2] A *deficiency* in internal control over compliance 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.

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

[4] 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.

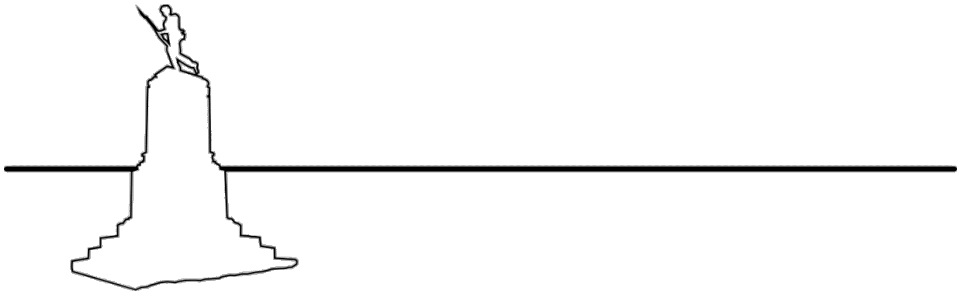
The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

The State of Minnesota's responses to the findings identified in our audit are described 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.

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

March 20, 2014



STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

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	$	757,302,203
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	EDUCATION	$	291,833
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	HUMAN SERVICES	$	57,361,017
		Supplemental Nutrition Assistance Program (SNAP) Cluster Total:	**$**	**814,955,053**
Child Nutrition Cluster				
10.553	SCHOOL BREAKFAST PROGRAM	EDUCATION	$	39,563,686
10.555	NATIONAL SCHOOL LUNCH PROGRAM	EDUCATION	$	173,573,918
10.556	SPECIAL MILK PROGRAM FOR CHILDREN	EDUCATION	$	750,927
10.559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	EDUCATION	$	6,591,893
		Child Nutrition Cluster Total:	**$**	**220,480,424**
10.557	SPECIAL SUPP. NUTRITION PROGRAM FOR WOMEN, INFANTS (4)	HEALTH	$	108,613,595
10.558	CHILD AND ADULT CARE FOOD PROGRAM	EDUCATION	$	63,497,802
U.S. DEPARTMENT OF DEFENSE				
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	MILITARY AFFAIRS	$	34,201,677
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	NATURAL RESOURCES	$	89,121
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	WATER & SOIL RESOURCES BOARD	$	730,181
		Program 12.401 Total:	**$**	**35,020,979**
U.S. DEPARTMENT OF LABOR				
Workforce Investment Act (WIA) Cluster				
17.258	WIA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	$	10,641,265
17.258	WIA ADULT PROGRAM	STATE COLLEGES & UNIVERSITIES	$	1,358
17.259	WIA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	$	10,654,735
17.260	ARRA-WIA DISLOCATED WORKERS	EMPLOYMENT & ECONOMIC	$	51,324
17.260	WIA DISLOCATED WORKERS	EMPLOYMENT & ECONOMIC	$	101,674

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF LABOR (Continued)				
17.260	WIA DISLOCATED WORKERS	STATE COLLEGES & UNIVERSITIES	$	9,653
17.278	WIA DISLOCATED WORKER FORMULA GRANTS	EMPLOYMENT & ECONOMIC	$	11,900,870
		Workforce Investment Act (WIA) Cluster Total:	**$**	**33,360,879**
17.225	UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	$	1,104,532,108
17.225	ARRA-UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	$	400,021
		Program 17.225 Total:	**$**	**1,104,932,129**
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction Cluster				
20.205	ARRA-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	$	4,096,000
20.205	HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	$	612,175,000
20.205	R&D-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	$	11,551,000
20.219	RECREATIONAL TRAILS PROGRAM	NATURAL RESOURCES	$	2,007,375
		Highway Planning and Construction Cluster Total:	**$**	**629,829,375**
20.106	AIRPORT IMPROVEMENT PROGRAM (9)	TRANSPORTATION	$	52,001,000
U.S. DEPARTMENT OF EDUCATION				
Title I, Part A Cluster				
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	$	154,494,712
		Title I, Part A Cluster Total:	**$**	**154,494,712**
Student Financial Assistance Cluster				
84.007	FEDERAL SUPP. EDUCATIONAL OPPORTUNITY GRANTS	STATE COLLEGES & UNIVERSITIES	$	6,451,325
84.033	FEDERAL WORK-STUDY PROGRAM	STATE COLLEGES & UNIVERSITIES	$	6,698,056
84.038	FEDERAL PERKINS LOAN (2)	STATE COLLEGES & UNIVERSITIES	$	29,924,080
84.063	FEDERAL PELL GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	$	296,890,308
84.268	FEDERAL DIRECT STUDENT LOANS (3)	STATE COLLEGES & UNIVERSITIES	$	736,667,111
84.375	ACADEMIC COMPETITIVENESS GRANTS	STATE COLLEGES & UNIVERSITIES	$	43,500

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)				
84.376	NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN	STATE COLLEGES & UNIVERSITIES	$	31,680
84.379	TEACHER ED. ASSIST. FOR COLLEGE AND HIGHER ED. GRANTS	STATE COLLEGES & UNIVERSITIES	$	498,304
93.364	NURSING STUDENT LOANS (2)	STATE COLLEGES & UNIVERSITIES	$	46,293
		Student Financial Assistance Cluster Total:	**$**	**1,077,250,657**
Special Education Cluster (IDEA)				
84.027	SPECIAL EDUCATION_GRANTS TO STATES	EDUCATION	$	175,173,389
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	EDUCATION	$	7,152,048
		Special Education Cluster (IDEA) Total:	**$**	**182,325,437**
84.126	REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	$	53,002,608
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	EDUCATION	$	38,564,519
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Temporary Assistance for Needy Families (TANF) Cluster				
93.558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	HUMAN SERVICES	$	220,127,155
93.714	ARRA-EMERGENCY CONTINGENCY FUND FOR TANF	HUMAN SERVICES	$	1,571,529
		Temporary Assistance for Needy Families (TANF) Cluster Total:	**$**	**221,698,684**
Medicaid Cluster				
93.775	STATE MEDICAID FRAUD CONTROL UNITS	ATTORNEY GENERAL	$	1,088,245
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HEALTH	$	11,076,549
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HUMAN SERVICES	$	3,258,697
93.778	MEDICAL ASSISTANCE PROGRAM (4)	HUMAN SERVICES	$	5,044,067,967
		Medicaid Cluster Total:	**$**	**5,059,491,458**
Child Care and Development Fund (CCDF) Cluster				
93.575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	HUMAN SERVICES	$	80,644,374
93.596	CHILD CARE MANDATORY AND MATCHING FUNDS	HUMAN SERVICES	$	53,762,817
		Child Care and Development Fund (CCDF) Cluster Total:	**$**	**134,407,191**
93.268	IMMUNIZATION COOPERATIVE AGREEMENTS	HEALTH	$	45,754,217

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)				
93.525	STATE PLANNING, ESTABLSHMT GRANTS FOR ACA EXCHANGES	COMMERCE	$	40,448,923
93.563	CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	$	114,782,405
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	COMMERCE	$	118,321,503
93.658	FOSTER CARE_TITLE IV-E	HUMAN SERVICES	$	40,181,278
93.658	ARRA-FOSTER CARE_TITLE IV-E	STATE COLLEGES & UNIVERSITIES	$	206,762
		Program 93.658 Total:	**$**	**40,388,040**
93.667	SOCIAL SERVICES BLOCK GRANT	HUMAN SERVICES	$	33,716,690
		Major Program Total:	**$**	**10,377,338,280**

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Forest Service Schools and Roads Cluster				
10.665	SCHOOLS AND ROADS - GRANTS TO STATES	MN MANAGEMENT & BUDGET	$	2,327,537
		Forest Service Schools and Roads Cluster Total:	**$**	**2,327,537**
Food Distribution Cluster				
10.565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	HEALTH	$	1,157,218
10.568	EMERGENCY FOOD ASSISTANCE (ADMINISTRATIVE COSTS)	HUMAN SERVICES	$	889,264
		Food Distribution Cluster Total:	**$**	**2,046,482**
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	AGRICULTURE	$	999,598
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	ANIMAL HEALTH BOARD	$	607,705
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	NATURAL RESOURCES	$	14,655
		Program 10.025 Total:	**$**	**1,621,958**
10.072	WETLANDS RESERVE PROGRAM	WATER & SOIL RESOURCES BOARD	$	227,443
10.093	VOLUNTARY PUBLIC ACCESS & HABITAT INCENTIVE PROGRAM	NATURAL RESOURCES	$	30,470
10.156	FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM	AGRICULTURE	$	30,626
10.162	INSPECTION GRADING AND STANDARDIZATION	AGRICULTURE	$	110,496
10.163	MARKET PROTECTION AND PROMOTION	AGRICULTURE	$	496,963
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	AGRICULTURE	$	570,743
10.171	ORGANIC CERTIFICATION COST SHARE	AGRICULTURE	$	440,370
10.307	ORGANIC AG RESEARCH AND EXT INITIATIVE	AGRICULTURE	$	54,301
10.314	NEW ERA RURAL TECHNOLOGY GRANTS	STATE COLLEGES & UNIVERSITIES	$	28,622
10.319	FARM BUSINESS MANAGEMENT GRANTS	STATE COLLEGES & UNIVERSITIES	$	88,511
10.443	OUTREACH AND ASSIST. FOR DISADVANTAGED FARMERS	STATE COLLEGES & UNIVERSITIES	$	126,041
10.456	PARTNERSHIP AGREEMENTS TO DEV NON-INS RISK MGMT TOOLS	AGRICULTURE	$	5,887
10.475	COOP AGMNTS WITH STATES FOR INTRASTATE MEAT, POULTRY	AGRICULTURE	$	1,171,394
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	AGRICULTURE	$	224,535
10.500	COOPERATIVE EXTENSION SERVICE	STATE COLLEGES & UNIVERSITIES	$	189,167

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE (Continued)				
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	EDUCATION	$	3,445,045
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	AGRICULTURE	$	368,881
10.574	TEAM NUTRITION GRANTS	EDUCATION	$	160,842
10.576	SENIOR FARMERS' MARKET NUTRITION PROGRAM	AGRICULTURE	$	139,325
10.578	ARRA-WIC GRANTS TO STATES (WGS)	HEALTH	$	1,006,040
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	EDUCATION	$	2,810,484
10.603	EMERGING MARKETS PROGRAM	AGRICULTURE	$	90,008
10.652	FORESTRY RESEARCH	NATURAL RESOURCES	$	5,000
10.664	COOPERATIVE FORESTRY ASSISTANCE	AGRICULTURE	$	242,344
10.664	COOPERATIVE FORESTRY ASSISTANCE	NATURAL RESOURCES	$	1,582,654
		Program 10.664 Total:	**$**	**1,824,998**
10.668	ADDITIONAL LANDS-GRANTS	MN MANAGEMENT & BUDGET	$	6,150,000
10.675	URBAN AND COMMUNITY FORESTRY PROGRAM	NATURAL RESOURCES	$	160,519
10.676	FOREST LEGACY PROGRAM	NATURAL RESOURCES	$	34,964
10.678	FOREST STEWARDSHIP PROGRAM	NATURAL RESOURCES	$	297,664
10.680	FOREST HEALTH PROTECTION	AGRICULTURE	$	86,018
10.680	FOREST HEALTH PROTECTION	NATURAL RESOURCES	$	318,385
		Program 10.680 Total:	**$**	**404,403**
10.861	PUBLIC TELEVISION STATION DIGITAL TRANSITION GRANT	STATE COLLEGES & UNIVERSITIES	$	95,689
10.902	SOIL AND WATER CONSERVATION	AGRICULTURE	$	19,813
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	AGRICULTURE	$	45,059
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	WATER & SOIL RESOURCES BOARD	$	239,003
		Program 10.912 Total:	**$**	**284,062**
10.950	AGRICULTURAL STATISTICS REPORTS	AGRICULTURE	$	13,618

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF COMMERCE				
Economic Development Cluster				
11.300	INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEV FACILITIES	STATE COLLEGES & UNIVERSITIES	$	362,420
		Economic Development Cluster Total:	**$**	**362,420**
11.413	FISHERY PRODUCTS INSPECTION AND CERTIFICATION	AGRICULTURE	$	31,832
11.419	COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	NATURAL RESOURCES	$	814,920
11.463	HABITAT CONSERVATION	NATURAL RESOURCES	$	175,157
11.557	ARRA-BROADBAND TECHNOLOGY OPPORTUNITIES	STATE COLLEGES & UNIVERSITIES	$	29,582
U.S. DEPARTMENT OF DEFENSE				
12.113	REIMBURSEMENT OF TECHNICAL SERVICES	POLLUTION CONTROL AGENCY	$	263,179
12.217	ELECTRONIC ABSENTEE SYSTEMS FOR ELECTIONS	SECRETARY OF STATE	$	88,643
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	STATE COLLEGES & UNIVERSITIES	$	22,336
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	MILITARY AFFAIRS	$	21,445,538
12.404	NATIONAL GUARD CHALLENGE PROGRAM	MILITARY AFFAIRS	$	1,045,000
12.630	R&D-BASIC, APPLIED, AND ADV RES IN SCIENCE, ENGINEER	STATE COLLEGES & UNIVERSITIES	$	9,293
12.902	INFORMATION SECURITY GRANT	STATE COLLEGES & UNIVERSITIES	$	36,188
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
CDBG - State-Administered CDBG Cluster				
14.228	CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	$	15,494,453
		CDBG - State-Administered CDBG Cluster Total:	**$**	**15,494,453**
CDBG - Entitlement Grants Cluster				
14.218	COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT	STATE COLLEGES & UNIVERSITIES	$	5,085
		CDBG - Entitlement Grants Cluster Total:	**$**	**5,085**
14.227	COMMUNITY DEV BLOCK GRANT/TECHNICAL ASSISTANCE	STATE COLLEGES & UNIVERSITIES	$	7,007
14.231	EMERGENCY SOLUTIONS GRANTS PROGRAM	HUMAN SERVICES	$	2,247,148

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (Continued)				
14.900	LEAD-BASED PAINT HAZARD CNTRL PRIVATELY-OWNED HOUSING	HEALTH	$	539,100
14.914	ASTHMA INTERVENTIONS IN PUBLIC HOUSING	HEALTH	$	173,749
U.S. DEPARTMENT OF INTERIOR				
Fish and Wildlife Cluster				
15.605	SPORT FISH RESTORATION PROGRAM	NATURAL RESOURCES	$	14,062,639
15.611	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	NATURAL RESOURCES	$	12,391,641
		Fish and Wildlife Cluster Total:	**$**	**26,454,280**
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	NATURAL RESOURCES	$	128,222
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	NATURAL RESOURCES	$	25,572
15.616	CLEAN VESSEL ACT	NATURAL RESOURCES	$	11,841
15.623	NORTH AMERICAN WETLANDS CONSERVATION FUND	NATURAL RESOURCES	$	90,003
15.626	ENHANCED HUNTER EDUCATION AND SAFETY PROGRAM	NATURAL RESOURCES	$	182,550
15.633	LANDOWNER INCENTIVE	NATURAL RESOURCES	$	3,265
15.634	STATE WILDLIFE GRANTS	NATURAL RESOURCES	$	1,452,720
15.647	MIGRATORY BIRD CONSERVATION	NATURAL RESOURCES	$	26,023
15.655	MIGRATORY BIRD MONITORING, ASMT, CONSERVATION	NATURAL RESOURCES	$	17,832
15.657	ENDANGERED SPECIES CONSERVATION - REC IMPLEMENT	NATURAL RESOURCES	$	7,437
15.662	GREAT LAKES RESTORATION	NATURAL RESOURCES	$	657,693
15.662	GREAT LAKES RESTORATION	STATE COLLEGES & UNIVERSITIES	$	31,430
		Program 15.662 Total:	**$**	**689,123**
15.808	US GEOLOGICAL SURVEY_RESEARCH AND DATA COLLECTION	NATURAL RESOURCES	$	78,712
15.809	NATIONAL SPATIAL DATA INFRASTRUCTURE COOP AGREEMENTS	ADMINISTRATION	$	30,675
15.916	OUTDOOR RECREATION ACQUISITION, DEVELOPMT, PLANNING	NATURAL RESOURCES	$	489,662
15.941	MISSISSIPPI NATIONAL RIVER AND REC AREA	TRANSPORTATION	$	103,000

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF INTERIOR (Continued)				
15.945	COOPERATIVE RESEARCH AND TRAINING	STATE COLLEGES & UNIVERSITIES	$	12,417
15.978	UPPER MISSISSIPPI RIVER SYSTEM LT RESOURCE MONITORING	NATURAL RESOURCES	$	457,483
U.S. DEPARTMENT OF JUSTICE				
JAG Program Cluster				
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	PUBLIC SAFETY	$	3,512,191
16.803	ARRA-EDWARD BYRNE MEMORIAL JUSTICE	PUBLIC SAFETY	$	944,157
		JAG Program Cluster Total:	**$**	**4,456,348**
16.004	LAW ENFORCEMENT ASSIST. NARCOTICS, DANGEROUS DRUGS	PUBLIC SAFETY	$	7,918
16.013	VIOLENCE AGAINST WOMEN ACT TRAINING	TRIAL COURTS	$	42,601
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	PUBLIC SAFETY	$	316,652
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	PUBLIC SAFETY	$	485,683
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	PUBLIC SAFETY	$	602,764
16.541	R&D-PART E - DEVELOP, TEST AND DEMO NEW PROGRAMS	STATE COLLEGES & UNIVERSITIES	$	287,148
16.543	MISSING CHILDREN'S ASSISTANCE	PUBLIC SAFETY	$	77,472
16.548	TITLE V_DELINQUENCY PREVENTION PROGRAM	PUBLIC SAFETY	$	74,200
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS	PUBLIC SAFETY	$	99,220
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	PUBLIC SAFETY	$	343,878
16.560	NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEV	PUBLIC SAFETY	$	534,401
16.575	CRIME VICTIM ASSISTANCE	PUBLIC SAFETY	$	6,532,015
16.576	CRIME VICTIM COMPENSATION	PUBLIC SAFETY	$	1,247,179
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	TRIAL COURTS	$	753,011
16.588	ARRA-VIOLENCE AGAINST WOMEN	PUBLIC SAFETY	$	69
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	PUBLIC SAFETY	$	2,546,683
		Program 16.588 Total:	**$**	**2,546,752**

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)				
16.590	ARREST POLICIES AND ENFORCEMT OF PROTECTION ORDERS	PUBLIC SAFETY	$	342,117
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT STATE PRISONERS	PUBLIC SAFETY	$	174,304
16.606	STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	CORRECTIONS	$	448,742
16.607	BULLETPROOF VEST PARTNERSHIP	PUBLIC SAFETY	$	92,622
16.609	PROJECT SAFE NEIGHBORHOODS	PUBLIC SAFETY	$	112,620
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	PUBLIC SAFETY	$	158,630
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	PUBLIC SAFETY	$	173,171
16.740	STATEWIDE AUTOMATED VICTIM INFORMATION NOTIFICATION	PUBLIC SAFETY	$	150,993
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC SAFETY	$	869,780
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT	PUBLIC SAFETY	$	315,986
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH	CORRECTIONS	$	92,757
16.750	SUPPORT FOR ADAM WALSH ACT	PUBLIC SAFETY	$	9,454
16.753	CONGRESSIONALLY RECOMMENDED AWARDS	TRIAL COURTS	$	49,703
16.754	HAROLD ROGERS PRESCRIPTION DRUG MONITORING	PHARMACY BOARD	$	61,872
16.801	ARRA-STATE VICTIM ASSISTANCE	PUBLIC SAFETY	$	741
16.812	SECOND CHANCE ACT PRISONER REENTRY INITIATIVE	CORRECTIONS	$	500,213
U.S. DEPARTMENT OF LABOR				
Employment Service Cluster				
17.207	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	EMPLOYMENT & ECONOMIC	$	21,963,463
17.801	DISABLED VETERANS' OUTREACH PROGRAM (DVOP)	EMPLOYMENT & ECONOMIC	$	1,945,874
17.804	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM	EMPLOYMENT & ECONOMIC	$	1,114,137
		Employment Service Cluster Total:	**$**	**25,023,474**

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF LABOR (Continued)				
17.002	LABOR FORCE STATISTICS	EMPLOYMENT & ECONOMIC	$	1,429,687
17.002	LABOR FORCE STATISTICS	STATE COLLEGES & UNIVERSITIES	$	1,016,272
		Program 17.002 Total:	**$**	**2,445,959**
17.005	COMPENSATION AND WORKING CONDITIONS	LABOR AND INDUSTRY	$	179,856
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	$	2,248,997
17.245	TRADE ADJUSTMENT ASSISTANCE	EMPLOYMENT & ECONOMIC	$	19,607,772
17.261	WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	EMPLOYMENT & ECONOMIC	$	391,368
17.267	INCENTIVE GRANTS - WIA SECTION 503	EMPLOYMENT & ECONOMIC	$	2,366,700
17.268	H-1B JOB TRAINING GRANTS	EMPLOYMENT & ECONOMIC	$	242,858
17.269	COMMUNITY BASED JOB TRAINING GRANTS	STATE COLLEGES & UNIVERSITIES	$	1,170,238
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	EMPLOYMENT & ECONOMIC	$	156,818
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	EMPLOYMENT & ECONOMIC	$	127,933
17.275	ARRA-WORKER TRAINING IN EMERGING INDUSTRY SECTORS	EMPLOYMENT & ECONOMIC	$	3,643,323
17.277	WORKFORCE INVESTMENT ACT (WIA) NAT'L EMERGENCY GRANTS	EMPLOYMENT & ECONOMIC	$	730,393
17.280	WORKFORCE INVESTMENT ACT (WIA) DISL WORKER	EMPLOYMENT & ECONOMIC	$	4,234
17.282	TRADE ADJ ASSIST COMM CLG AND CAREER TRAINING	STATE COLLEGES & UNIVERSITIES	$	3,473,410
17.503	OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	$	4,361,024
17.504	CONSULTATION AGREEMENTS	LABOR AND INDUSTRY	$	1,007,319
17.505	OSHA DATA INITIATIVE	LABOR AND INDUSTRY	$	14,375
17.600	MINE HEALTH AND SAFETY GRANTS	STATE COLLEGES & UNIVERSITIES	$	96,263
U.S. DEPARTMENT OF STATE				
19.009	ACADEMIC EXCHANGE PROGRAMS	STATE COLLEGES & UNIVERSITIES	$	132,419

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

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	$	1,825,000
20.516	JOB ACCESS_REVERSE COMMUTE	TRANSPORTATION	$	797,000
20.521	NEW FREEDOM PROGRAM	TRANSPORTATION	$	560,000
		Transit Services Programs Cluster Total:	**$**	**3,182,000**
Highway Safety Cluster				
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	PUBLIC SAFETY	$	8,888,229
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	TRANSPORTATION	$	6,251,000
20.601	ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE	PUBLIC SAFETY	$	4,671,468
20.602	OCCUPANT PROTECTION INCENTIVE GRANTS	PUBLIC SAFETY	$	284,478
20.609	SAFETY BELT PERFORMANCE GRANTS	PUBLIC SAFETY	$	1,880,737
20.609	SAFETY BELT PERFORMANCE GRANTS	TRANSPORTATION	$	346,000
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	PUBLIC SAFETY	$	232,407
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	TRANSPORTATION	$	14,000
20.612	INCENTIVE GRANT PROGRAM TO INCREASE MOTORCYCLIST SAFETY	PUBLIC SAFETY	$	563,473
20.613	CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE	PUBLIC SAFETY	$	56,345
		Highway Safety Cluster Total:	**$**	**23,188,137**
Federal Transit Cluster				
20.500	FEDERAL TRANSIT_CAPITAL INVESTMENT GRANTS	TRANSPORTATION	$	1,315,000
		Federal Transit Cluster Total:	**$**	**1,315,000**
20.200	R&D-HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM	TRANSPORTATION	$	1,348,000
20.218	NATIONAL MOTOR CARRIER SAFETY	PUBLIC SAFETY	$	4,190,096
20.218	NATIONAL MOTOR CARRIER SAFETY	TRANSPORTATION	$	1,350,000
		Program 20.218 Total:	**$**	**5,540,096**
20.232	COMMERCIAL DRIVER'S LICENSE PROG IMPROVEMENT	PUBLIC SAFETY	$	702,977
20.233	BORDER ENFORCEMENT GRANTS	PUBLIC SAFETY	$	408,965

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (Continued)				
20.314	RAILROAD DEVELOPMENT	TRANSPORTATION	$	245,000
20.317	INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	$	168,000
20.317	ARRA-INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	$	146,000
		Program 20.317 Total:	**$**	**314,000**
20.319	RAIL CORRIDORS AND SERVICE CAP ASSISTANCE	TRANSPORTATION	$	19,202,000
20.320	RAIL LINE RELOCATION AND IMPROVEMENT	TRANSPORTATION	$	2,413,000
20.505	METROPOLITAN TRANSPORTATION PLANNING	TRANSPORTATION	$	3,600,000
20.509	ARRA-OTHER THAN URBANIZED AREAS	TRANSPORTATION	$	395,000
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	TRANSPORTATION	$	13,514,000
		Program 20.509 Total:	**$**	**13,909,000**
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	PUBLIC SAFETY	$	5,303,320
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	HEALTH	$	32,807
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	PUBLIC SAFETY	$	68,993
		Program 20.614 Total:	**$**	**101,800**
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	PUBLIC SAFETY	$	1,435,808
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	PUBLIC SAFETY	$	547,696
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	STATE COLLEGES & UNIVERSITIES	$	25,064
		Program 20.703 Total:	**$**	**572,760**
20.720	STATE DAMAGE PREVENTION PROGRAM GRANTS	PUBLIC SAFETY	$	95,000
20.721	PHMSA PIPELINE SAFETY PROGRAM	PUBLIC SAFETY	$	34,593
20.932	ARRA-SURFACE TRANSP-DISCRETIONARY GRANTS	TRANSPORTATION	$	3,135,000
U.S. OFFICE OF PERSONNEL MANAGEMENT				
27.011	INTERGOVERNMENTAL PERSONNEL ACT MOBILITY	STATE COLLEGES & UNIVERSITIES	$	1,629

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. GENERAL SERVICES ADMINISTRATION				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	ADMINISTRATION	$	201,160
39.011	ELECTION REFORM PAYMENTS	SECRETARY OF STATE	$	780,426
U.S. NATIONAL AERONAUTICS & SPACE ADMINISTRATION				
43.001	SCIENCE	STATE COLLEGES & UNIVERSITIES	$	53,930
43.008	EDUCATION GRANTS	STATE COLLEGES & UNIVERSITIES	$	146,065
U.S. NATIONAL FOUNDATION ARTS & HUMANITIES				
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	ARTS BOARD	$	1,075,942
45.160	PROMOTION OF THE HUMANITIES	STATE COLLEGES & UNIVERSITIES	$	624
45.310	GRANTS TO STATES	EDUCATION	$	3,716,326
U.S. NATIONAL SCIENCE FOUNDATION				
47.041	ENGINEERING GRANTS	STATE COLLEGES & UNIVERSITIES	$	16,793
47.049	R&D-MATHEMATICAL AND PHYSICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	$	288,127
47.050	GEOSCIENCES	STATE COLLEGES & UNIVERSITIES	$	167,490
47.074	R&D-BIOLOGICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	$	19,596
47.076	R&D-EDUCATION AND HUMAN RESOURCES	STATE COLLEGES & UNIVERSITIES	$	2,774,814
47.082	ARRA R&D-TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	STATE COLLEGES & UNIVERSITIES	$	33,637
U.S. SMALL BUSINESS ADMINISTRATION				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	EMPLOYMENT & ECONOMIC	$	2,342,726
59.058	FEDERAL AND STATE TECHNOLOGY PARTNERSHIP	SCIENCE & TECHNOLOGY AUTHORITY	$	38,500
59.059	CONGRESSIONAL GRANTS	STATE COLLEGES & UNIVERSITIES	$	29,096
59.061	STATE TRADE AND EXPORT PROMOTION PILOT GRANT	EMPLOYMENT & ECONOMIC	$	434,807

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF VETERANS AFFAIRS				
64.005	STATE HOME FACILITIES CONSTRUCTION	VETERANS AFFAIRS	$	728,246
64.203	STATE CEMETERY GRANTS	VETERANS AFFAIRS	$	793,363
U.S. ENVIRONMENTAL PROTECTION AGENCY				
66.032	STATE INDOOR RADON GRANTS	HEALTH	$	407,107
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	HEALTH	$	41,344
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	POLLUTION CONTROL AGENCY	$	589,575
		Program 66.034 Total:	**$**	**630,919**
66.040	STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	$	607,968
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	HEALTH	$	90,803
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	POLLUTION CONTROL AGENCY	$	536,782
		Program 66.419 Total:	**$**	**627,585**
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	HEALTH	$	2,822,944
66.454	WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	$	274,348
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	POLLUTION CONTROL AGENCY	$	3,406,535
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLV	HEALTH	$	2,401,046
66.469	GREAT LAKES PROGRAM	HEALTH	$	369,672
66.469	GREAT LAKES PROGRAM	NATURAL RESOURCES	$	203,686
66.469	GREAT LAKES PROGRAM	POLLUTION CONTROL AGENCY	$	1,710,554
		Program 66.469 Total:	**$**	**2,283,912**
66.472	BEACH MONITORING AND NOTIFICATION PROGRAM GRANTS	HEALTH	$	249,063
66.475	GULF OF MEXICO PROGRAM	POLLUTION CONTROL AGENCY	$	178,765
66.605	PERFORMANCE PARTNERSHIP GRANTS	AGRICULTURE	$	580,357
66.605	PERFORMANCE PARTNERSHIP GRANTS	POLLUTION CONTROL AGENCY	$	11,267,460
		Program 66.605 Total:	**$**	**11,847,817**
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT	MN.IT SERVICES	$	29,771

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY (Continued)				
66.700	CONSOLIDATED PESTICIDE ENFORCEMENT COOP AGREEMENTS	AGRICULTURE	$	6,210
66.700	CONSOLIDATED PESTICIDE ENFORCEMENT COOP AGREEMENTS	NATURAL RESOURCES	$	614
		Program 66.700 Total:	**$**	**6,824**
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION	HEALTH	$	286,110
66.716	RESEARCH, DEVELOPMENT, MONITORING, EDUCATION	AGRICULTURE	$	14,924
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE	POLLUTION CONTROL AGENCY	$	476,612
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION	POLLUTION CONTROL AGENCY	$	930,291
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	$	1,028,218
66.808	SOLID WASTE MANAGEMENT ASSISTANCE	POLLUTION CONTROL AGENCY	$	29,078
66.817	STATE AND TRIBAL RESPONSE PROGRAM GRANTS	POLLUTION CONTROL AGENCY	$	547,821
66.818	BROWNFIELDS ASSESSMENT AND CLEANUP COOP AGREEMENTS	EMPLOYMENT & ECONOMIC	$	103,799
66.953	BUILDING CAPACITY TO IMPLEMENT EPA GUIDELINES	HEALTH	$	42,165
U.S. NUCLEAR REGULATORY COMMISSION				
77.008	NUCLEAR EDUCATION GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	$	49,400
U.S. DEPARTMENT OF ENERGY				
81.041	ARRA-STATE ENERGY PROGRAM	COMMERCE	$	8,143,032
81.041	STATE ENERGY PROGRAM	COMMERCE	$	877,655
81.041	STATE ENERGY PROGRAM	STATE COLLEGES & UNIVERSITIES	$	23,875
		Program 81.041 Total:	**$**	**9,044,562**
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	COMMERCE	$	4,024,821
81.042	ARRA-WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	COMMERCE	$	3,677,397
		Program 81.042 Total:	**$**	**7,702,218**
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY	COMMERCE	$	232,566
81.119	STATE ENERGY PROGRAM SPECIAL PROJECTS	COMMERCE	$	237,430
81.122	ARRA-ELECTRICITY DELIVERY AND ENERGY RELIABILITY	COMMERCE	$	140,025

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF ENERGY (Continued)				
81.128	ARRA-ENERGY EFFICIENCY AND CONSERVATION	COMMERCE	$	918,743
U.S. DEPARTMENT OF EDUCATION				
TRIO Cluster				
84.042	TRIO_STUDENT SUPPORT SERVICES	STATE COLLEGES & UNIVERSITIES	$	6,990,865
84.044	TRIO_TALENT SEARCH	STATE COLLEGES & UNIVERSITIES	$	1,585,973
84.047	TRIO_UPWARD BOUND	STATE COLLEGES & UNIVERSITIES	$	6,289,323
84.066	TRIO_EDUCATIONAL OPPORTUNITY CENTERS	STATE COLLEGES & UNIVERSITIES	$	740,105
84.217	TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT	STATE COLLEGES & UNIVERSITIES	$	306,142
		TRIO Cluster Total:	**$**	**15,912,408**
Statewide Data Systems Cluster				
84.384	ARRA-STATEWIDE DATA SYSTEMS	EDUCATION	$	4,075,503
		Statewide Data Systems Cluster Total:	**$**	**4,075,503**
School Improvement Grants Cluster				
84.377	SCHOOL IMPROVEMENT GRANTS	EDUCATION	$	7,272,772
84.388	ARRA-SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT	EDUCATION	$	2,369,604
		School Improvement Grants Cluster Total:	**$**	**9,642,376**
Early Intervention Services (IDEA) Cluster				
84.181	SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	EDUCATION	$	9,137,143
84.393	ARRA-SPECIAL ED - GRANTS FOR INFANTS AND FAMILIES	EDUCATION	$	303,071
		Early Intervention Services (IDEA) Cluster Total:	**$**	**9,440,214**
Centers for Independent Living Cluster				
84.132	CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	$	1,158,571
		Centers for Independent Living Cluster Total:	**$**	**1,158,571**

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)				
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	EDUCATION	$	6,417,122
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	$	7,569
		Program 84.002 Total:	**$**	**6,424,691**
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	EDUCATION	$	1,859,230
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	$	6,082
		Program 84.011 Total:	**$**	**1,865,312**
84.013	TITLE I STATE AGENCY PROG FOR NEGLECTED, DELINQ CHILDREN	EDUCATION	$	459,867
84.031	HIGHER EDUCATION_INSTITUTIONAL AID	STATE COLLEGES & UNIVERSITIES	$	1,508,886
84.048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	$	18,137,237
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	STATE COLLEGES & UNIVERSITIES	$	628,523
84.144	MIGRANT EDUCATION_COORDINATION PROGRAM	EDUCATION	$	91,447
84.169	INDEPENDENT LIVING_STATE GRANTS	EMPLOYMENT & ECONOMIC	$	1,931,311
84.177	REHABILITATION SERVICES_IND LIVING SVS OLDER INDIVIDUALS	EMPLOYMENT & ECONOMIC	$	655,865
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NAT'L	EDUCATION	$	465
84.187	SUPPORTED EMPLOYMENT SERVICES	EMPLOYMENT & ECONOMIC	$	410,538
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	$	592,074
84.224	ASSISTIVE TECHNOLOGY	ADMINISTRATION	$	465,849
84.265	REHABILITATION TRAINING-STATE VOC REHAB	EMPLOYMENT & ECONOMIC	$	86,350
84.282	CHARTER SCHOOLS	EDUCATION	$	2,270,696
84.283	COMPREHENSIVE CENTERS	STATE COLLEGES & UNIVERSITIES	$	198
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	EDUCATION	$	9,266,715
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	EDUCATION	$	906,134
84.326	SPEC EDUC_TO IMPROVE SERVICES FOR DISABLED CHILDREN	EDUCATION	$	164,730
84.330	ADVANCED PLACEMENT INCENTIVE PROGRAM	EDUCATION	$	1,386
84.331	GRANTS TO STATES FOR WORKPLACE AND COMM TRANSITION	CORRECTIONS	$	4,945
84.334	GAIN EARLY AWARENESS AND READINESS FOR UNDERGRADUATE	STATE COLLEGES & UNIVERSITIES	$	261,310

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)				
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	STATE COLLEGES & UNIVERSITIES	$	191,249
84.350	TRANSITION TO TEACHING	STATE COLLEGES & UNIVERSITIES	$	69,141
84.358	RURAL EDUCATION	EDUCATION	$	438,252
84.361	VOLUNTARY PUBLIC SCHOOL CHOICE	EDUCATION	$	1,116,978
84.365	ENGLISH LANGUAGE ACQUISITION GRANTS	EDUCATION	$	9,915,535
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	EDUCATION	$	1,543,742
84.368	GRANTS FOR ENHANCED ASSESSMENT INSTRUMENTS	EDUCATION	$	305,333
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	EDUCATION	$	4,478,579
84.371	STRIVING READERS	EDUCATION	$	39,203
84.378	COLLEGE ACCESS CHALLENGE GRT PROGRAM	STATE COLLEGES & UNIVERSITIES	$	4,093
84.400	ARRA-CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	$	240,749
84.407	TRANSITION PROG-STUDENTS WITH INTELLECTUAL DISABILITIES	STATE COLLEGES & UNIVERSITIES	$	433,211
84.410	ARRA-EDUCATION JOBS FUND (8)	GOVERNOR'S OFFICE	$	23,169,990
84.412	RACE TO THE TOP-EARLY LEARNING CHALLENGE	EDUCATION	$	4,414,428
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Head Start Cluster				
93.600	HEAD START	EDUCATION	$	90,352
93.708	ARRA-HEAD START	EDUCATION	$	525,953
		Head Start Cluster Total:	**$**	**616,305**
Aging Cluster				
93.044	SPEC PROG FOR THE AGING_TITLE III, PART B_GRANTS	HUMAN SERVICES	$	10,828,657
93.045	SPEC PROG FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	HUMAN SERVICES	$	5,171,415
93.053	NUTRITION SERVICES INCENTIVE PROGRAM	HUMAN SERVICES	$	2,235,448
		Aging Cluster Total:	**$**	**18,235,520**

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)				
93.016	POSTAL MODEL FOR MEDICAL COUNTERMEASURES	HEALTH	$	33,465
93.041	SPEC PROG FOR THE AGING_TITLE VII, CHAP 3	HUMAN SERVICES	$	61,692
93.042	SPEC PROG FOR THE AGING_TITLE VII, CHAP 2_LONG TERM CARE	HUMAN SERVICES	$	298,624
93.043	SPEC PROG FOR THE AGING_TITLE III, PART D	HUMAN SERVICES	$	377,283
93.048	SPEC PROG FOR THE AGING_TITLE IV_AND TITLE II	HUMAN SERVICES	$	1,201,617
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	HUMAN SERVICES	$	460,362
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	HUMAN SERVICES	$	2,237,933
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	HEALTH	$	15,728,281
93.070	ENVIRON PUBLIC HEALTH & EMERG RESPONSE	HEALTH	$	1,988,781
93.072	LIFESPAN RESPITE CARE PROGRAM	HUMAN SERVICES	$	115,859
93.090	GUARDIANSHIP ASSISTANCE	HUMAN SERVICES	$	386,498
93.092	ACA PERSONAL RESPONSIBILITY EDUCATION	HEALTH	$	559,657
93.103	FOOD AND DRUG ADMINISTRATION_RESEARCH	AGRICULTURE	$	815,654
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROG	HEALTH	$	216,565
93.116	PROJECT GRANTS AND COOP AGREEMENTS FOR TUBERCULOSIS	HEALTH	$	1,152,750
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	EMERGENCY MEDICAL SERVICES BD	$	131,536
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES	HEALTH	$	217,458
93.136	INJURY PREVENTION AND CONTROL RESEARCH	HEALTH	$	921,409
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS	HUMAN SERVICES	$	809,494
93.161	HEALTH PROGRAM FOR TOXIC SUBSTANCES AND DISEASE	HEALTH	$	589,772
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	HEALTH	$	102,900
93.235	AFFORDABLE CARE ACT (ACA) ABSTINENCE EDUCATION	HEALTH	$	207,787
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	HEALTH	$	567,423
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	STATE COLLEGES & UNIVERSITIES	$	91,699
		Program 92.236 Total:	**$**	**659,122**

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, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)				
93.240	STATE CAPACITY BUILDING	HEALTH	$	430,793
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	HEALTH	$	939,436
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	HUMAN SERVICES	$	1,934,790
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	STATE COLLEGES & UNIVERSITIES	$	193,210
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	TRIAL COURTS	$	308,708
		Program 92.243 Total:	**$**	**2,436,708**
93.251	UNIVERSAL NEWBORN HEARING SCREENING	HEALTH	$	414,822
93.256	STATE HEALTH ACCESS PROGRAM	HUMAN SERVICES	$	106,069
93.262	OCCUPATIONAL SAFETY & HEALTH GRANTS	HEALTH	$	132,961
93.267	STATE GRANTS FOR PROTECTION AND ADVOCACY	HUMAN SERVICES	$	246,871
93.270	ADULT VIRAL HEPATITIS PREVENTION, CONTROL	HEALTH	$	219,330
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_ASSISTANCE	HEALTH	$	17,970,452
93.296	STATE PARTNERSHIP TO IMPROVE MINORITY HEALTH	HEALTH	$	128,055
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	HEALTH	$	772,581
93.414	ARRA-STATE PRIMARY CARE OFFICES	HEALTH	$	185,198
93.448	FOOD SAFETY AND SECURITY MONITORING PROJECT	AGRICULTURE	$	568,465
93.500	PREGNANCY ASSISTANCE FUND PROGRAM	HEALTH	$	2,190,197
93.505	ACA MATERNAL, INFANT, EARLY CHILDHOOD HOME VISIT	HEALTH	$	4,467,941
93.506	ACA NATIONWIDE PROGRAM-BACKGROUND CHECKS	HUMAN SERVICES	$	46,642
93.507	STRENGTHENING PUBLIC HEALTH INFRASTRUCTURE	HEALTH	$	1,064,799
93.511	ACA GRANTS FOR HEALTH INSURANCE PREMIUM REVIEW	COMMERCE	$	341,271
93.518	ACA: MEDICARE IMPROVMTS FOR PATIENTS, PROVIDERS	HUMAN SERVICES	$	5,835
93.520	CDC-ACA-COMM PUTTING PREVENTION TO WORK	HEALTH	$	32,540
93.521	ACA: BUILDING EPIDEMIOLOGY AND LAB CAPACITY	HEALTH	$	1,946,846
93.531	PPHF 2012: COMMUNITY TRANSFORMATION GRANTS	HEALTH	$	3,886,892

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
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CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)				
93.536	ACA MEDICAID INCENT FOR PREVENT OF CHRONIC DISEASE	HUMAN SERVICES	$	629,897
93.538	ACA-NAT'L ENVIRON HEALTH PUBLIC HEALTH TRACKING	HEALTH	$	727,866
93.539	PPHF 2012-CAPACITY BUILDING ASSISTANCE	HEALTH	$	764,571
93.544	ACA COORDINATED CHRONIC DISEASE PREVENTION	HEALTH	$	31,567
93.546	EARLY RETIREE REINSURANCE PROGRAM	MN MANAGEMENT & BUDGET	$	3,946,709
93.550	TRANSITIONAL LIVING FOR HOMELESS YOUTH	HUMAN SERVICES	$	176,748
93.556	PROMOTING SAFE AND STABLE FAMILIES	HUMAN SERVICES	$	3,783,012
93.564	CHILD SUPPORT ENFORCEMENT RESEARCH	HUMAN SERVICES	$	68,783
93.566	REFUGEE AND ENTRANT ASSISTANCE_STATE PROGRAMS	HUMAN SERVICES	$	5,327,216
93.569	COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	$	7,108,100
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HEALTH	$	147,659
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HUMAN SERVICES	$	604,844
		Program 93.576 Total:	**$**	**752,503**
93.584	REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE	HUMAN SERVICES	$	737,007
93.586	STATE COURT IMPROVEMENT PROGRAM	SUPREME COURT	$	604,323
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	HUMAN SERVICES	$	1,362,996
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	HUMAN SERVICES	$	133,092
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS	HUMAN SERVICES	$	590,215
93.603	ADOPTION INCENTIVE PAYMENTS	HUMAN SERVICES	$	572,500
93.617	VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES	SECRETARY OF STATE	$	13,037
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY	ADMINISTRATION	$	964,942
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	HUMAN SERVICES	$	202,174
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES	HUMAN SERVICES	$	3,962,487
93.659	ADOPTION ASSISTANCE	HUMAN SERVICES	$	28,397,554
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	HUMAN SERVICES	$	303,564

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)			
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES	PUBLIC SAFETY	$ 1,606,350
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	HUMAN SERVICES	$ 1,382,527
93.719	ARRA-HEALTH INFORMATION TECHNOLOGY	HEALTH	$ 3,677,484
93.721	ARRA-HEALTH INFO TECH PROF IN HEALTH CARE	STATE COLLEGES & UNIVERSITIES	$ 82,041
93.723	ARRA-PREVENTION AND WELLNESS	HEALTH	$ 177,683
93.724	ARRA-PREVENT AND WELLNESS FUNDING OPPORTUNITY	HEALTH	$ 1,015,031
93.725	ARRA-COMMUNITIES PUTTING PREVENTION TO WORK	HUMAN SERVICES	$ 31,873
93.729	ARRA-HEALTH INFO TECH AND PUBLIC HEALTH	HEALTH	$ 155,016
93.733	CAPACITY BUILDING ASSISTANCE	HEALTH	$ 431,696
93.735	STATE PUBLIC HEALTH APPROACHES	HEALTH	$ 254,907
93.736	PREVENTION PUBLIC HEALTH FUND	HEALTH	$ 53,961
93.745	HEALTH CARE SURVEILLANCE/HEALTH STATS	HEALTH	$ 104,791
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	HUMAN SERVICES	$ 24,876,426
93.768	MEDICAID INFRASTRUCTURE GRANTS	HUMAN SERVICES	$ 678,447
93.779	CENTERS FOR MEDICARE AND MEDICAID SERV (CMS) RESEARCH	HUMAN SERVICES	$ 795,918
93.791	MONEY FOLLOWS THE PERSON REBALANCING DEMO	HUMAN SERVICES	$ 1,818,048
93.822	HEALTH CAREERS OPPORTUNITY PROGRAM	STATE COLLEGES & UNIVERSITIES	$ 19,527
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING	STATE COLLEGES & UNIVERSITIES	$ 68,046
93.865	CHILD HEALTH AND HUMAN DEVELOPMENT RESEARCH	STATE COLLEGES & UNIVERSITIES	$ 1,601
93.888	SPECIALLY SELECTED HEALTH PROJECTS	STATE COLLEGES & UNIVERSITIES	$ 23,963
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	HEALTH	$ 6,190,576
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES RURAL HEALTH	HEALTH	$ 183,646
93.917	HIV CARE FORMULA GRANTS	HUMAN SERVICES	$ 7,479,824
93.938	COOPERATIVE AGREEMENTS TO PREVENT HIV SPREAD	EDUCATION	$ 343,138

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
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CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)				
93.940	HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	HEALTH	$	2,995,337
93.944	HIV/AIDS SURVEILLANCE	HEALTH	$	497,699
93.946	COOP AGREEMTS TO SUPPORT SAFE MOTHERHOOD	HEALTH	$	152,047
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	HUMAN SERVICES	$	7,086,177
93.959	BLOCK GRANTS - PREVENTION, TREATMENT OF SUBSTANCE ABUSE	HUMAN SERVICES	$	25,231,251
93.969	GERIATRIC EDUCATION CENTERS	STATE COLLEGES & UNIVERSITIES	$	7,720
93.970	HEALTH PROFESSIONS RECRUITMENT FOR INDIANS	STATE COLLEGES & UNIVERSITIES	$	60,669
93.977	PREVENTIVE HLTH SERVICES_SEXUALLY TRANSMITTED DISEASES	HEALTH	$	1,131,671
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	HEALTH	$	1,690,513
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT	HEALTH	$	9,922,515
U.S. CORPORATION FOR NATIONAL & COMMUNITY SERVICE COMMISSION				
94.004	LEARN AND SERVE AMERICA_SCHOOL AND COMMUNITY BASED	EDUCATION	$	15,401
U.S. SOCIAL SECURITY ADMINISTRATION				
Disability Insurance/SSI Cluster				
96.001	SOCIAL SECURITY_DISABILITY INSURANCE	EMPLOYMENT & ECONOMIC	$	23,701,337
		Disability Insurance/SSI Cluster Total:	**$**	**23,701,337**
U.S. DEPARTMENT OF HOMELAND SECURITY				
97.008	NON-PROFIT SECURITY PROGRAM	PUBLIC SAFETY	$	55,123
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	NATURAL RESOURCES	$	3,048,222
97.023	COMMUNITY ASSISTANCE	NATURAL RESOURCES	$	143,452
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE	PUBLIC SAFETY	$	28,686,622

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STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
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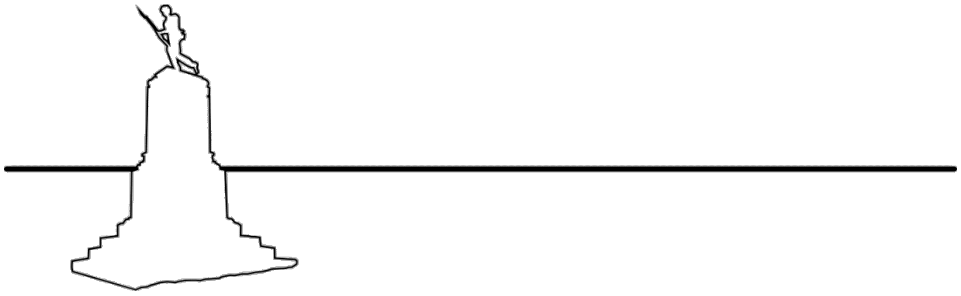
YEAR ENDED JUNE 30, 2013

CFDA Number	Federal Program Name	State Agency		Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)				
97.039	HAZARD MITIGATION GRANT	NATURAL RESOURCES	$	33,862
97.039	HAZARD MITIGATION GRANT	PUBLIC SAFETY	$	2,821,669
		Program 97.039 Total:	**$**	**2,855,531**
97.041	NATIONAL DAM SAFETY PROGRAM	NATURAL RESOURCES	$	96,946
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	PUBLIC SAFETY	$	5,486,604
97.043	STATE FIRE TRAINING SYSTEMS GRANTS	STATE COLLEGES & UNIVERSITIES	$	22,000
97.045	COOPERATING TECHNICAL PARTNERS	NATURAL RESOURCES	$	447,753
97.047	PRE-DISASTER MITIGATION	PUBLIC SAFETY	$	1,694,993
97.052	EMERGENCY OPERATIONS CENTER	PUBLIC SAFETY	$	807,765
97.055	INTEROPERABLE EMERGENCY COMMUNICATIONS	PUBLIC SAFETY	$	915,056
97.056	PORT SECURITY GRANT PROGRAM	PUBLIC SAFETY	$	6,351,691
97.067	HOMELAND SECURITY GRANT PROGRAM	PUBLIC SAFETY	$	22,476,475
97.078	BUFFER ZONE PROTECTION PROGRAM (BZPP)	PUBLIC SAFETY	$	558,644
97.089	DRIVER'S LICENSE SECURITY GRANT	PUBLIC SAFETY	$	120,193
97.091	HOMELAND SECURITY BIOWATCH PROGRAM	POLLUTION CONTROL AGENCY	$	918,309
		Non Major Program Total:	**$**	**815,964,558**

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



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 2013 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, 2013. 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 2013 basic edition catalog identifies federal programs. The schedules are presented in numeric CFDA order within each federal agency, except for clusters of programs.

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 educational 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 Statewide Integrated Financial Tools (SWIFT) 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 2013. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	NSL
Loans Receivable, Beginning	$ 32,550,197	$ 6,505
Loan Repayments	(4,094,376)	(3,160)
Loan Cancellations	(437,963)	(9,754)
New Loans Issued	4,705,628	52,702
Loans Receivable, Ending	$ 32,723,486	$ 46,293
Allowance for doubtful accounts	(2,799,406)	
Total Loans Receivable	$ 29,924,080	$ 46,293

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 2013.

Federal Direct Student Loans Issued:	
Direct Federal Subsidized Stafford	$ 335,594,439
Direct Federal Unsubsidized Stafford	386,291,997
Direct Federal Graduate PLUS	191,788
Direct Federal Parent Loans for Undergraduate Students	14,588,887
Total Federal Direct Student Loans	$ 736,667,111

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 2013, the state of Minnesota recognized a total rebate of about $28,135,000 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 2013, the state of Minnesota reduced expenditures by $138,668,026 for the federal share of the uncollected rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2013, 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:

	Non-ARRA Funds	ARRA Funds	Total
State Unemployment Expenditures	$ 813,241,995	$ -	$ 813,241,995
Federal Unemployment Expenditures	236,517,013	-	236,517,013
Federal Administrative Expenditures	54,773,100	400,021	55,173,121
Total Expenditures	$ 1,104,532,108	$ 400,021	$ 1,104,932,129

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 2013 is shown below.

	TLP	AG BMP	CWP
Loans Receivable, Beginning	$ 36,613	$ 42,059,158	$ 20,773,485
Loan Repayments	(13,121)	(13,888,103)	(3,294,246)
New Loans Issued	65,000	4,747,533	1,937,429
Interest Capitalized	-	-	37,480
Loans Receivable, Ending	$ 88,492	$ 32,918,588	$ 19,454,148

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 7.79 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2013.

Note 8 – 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 $23,169,990 for program purposes.

Note 9 – Airport Improvement Program

Minnesota Department of Transportation (MnDOT) is channeling Airport Improvement Program grants from the Federal Aviation Administration (FAA) to primary airports in accordance with Act 345, P.A. 1945. The FAA determined that MnDOT has no oversight responsibility for these grants to primary airports. The FAA agreed with MnDOT that primary airport expenditures will not be reported in the Schedule of Expenditures of Federal Awards (SEFA) due to primary airports, not MnDOT, having compliance responsibilities. However, other expenditures of the Airport Improvement Program are included in the Schedule of Expenditures of Federal Awards (SEFA) under CFDA 20.106.

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, 2013

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?	X	Yes		No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	No
Noncompliance material to financial statements noted?	X	Yes		No
Schedule of Expenditures of Federal Awards				
Internal control over financial reporting:				
Material weakness identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	No
Federal Awards				
Internal control over major programs:				
Material weakness identified?	X	Yes		No
Significant deficiencies identified not considered to be material weaknesses?	X	Yes		No
Type of auditor's report issued on compliance for major programs:	Disclaimer on State Planning and Establishment Grants for Affordable Care Act Exchanges (CFDA 93.525); Unqualified for all major programs, except for Temporary Assistance for Needy Families (CFDA 93.558) and Medical Assistance (93.778), which were qualified.			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	X	Yes		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?		Yes	X	No

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2013

Section I: (continued)

Major Programs Audited

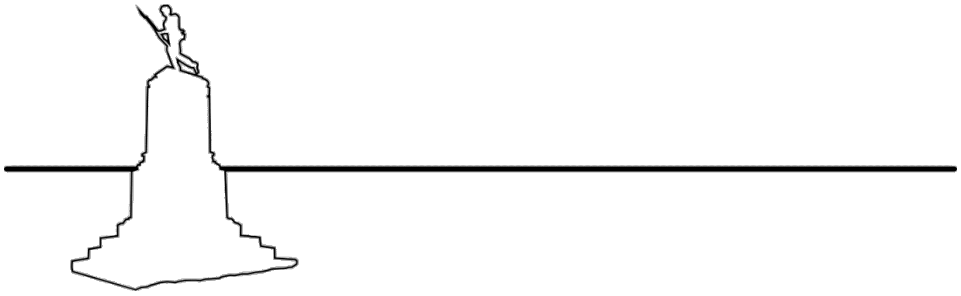
Federal Agency and Major Program Name	CFDA#
U. S. Department of Agriculture	
Supplemental Nutrition Assistance Program (SNAP) Cluster	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grant for Supplemental Nutrition Program	10.561
Child Nutrition Cluster	
School 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
U. S. Department of Labor	
Workforce Investment Act (WIA) Cluster	
WIA-Adult Program	17.258
WIA-Youth Activities	17.259
WIA-Dislocated Workers	17.260
ARRA - WIA- Dislocated Workers	17.260
WIA-Dislocated Workers Formula Grants	17.278
Unemployment Insurance	17.225
ARRA - Unemployment Insurance	17.225
U. S. Department of Transportation	
Highway Planning and Construction Cluster	
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
Airport Improvement Program	20.106
U. S. Department of Education	
Special Education Cluster	
Special Education – Grants to States	84.027
Special Education - Preschool Grants	84.173

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2013

Section I: (continued)

Major Programs Audited

Federal Agency and Major Program Name	CFDA#
U. S. Department of Education (continued)	
Student Financial Assistance Cluster	
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
Title I, Part A Cluster	
Title 1 Grants to Local Education Agencies	84.010
Vocational Rehabilitation Cluster	
Rehabilitation Services - Vocational Rehabilitation Grants	84.126
Improving Teacher Quality State Grants	84.367
U. S. Department of Health & Human Services	
Child Care and Development Fund (CCDF) Cluster	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds	93.596
Medical Assistance Cluster	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777
Medical Assistance Program	93.778
Temporary Assistance for Needy Families (TANF) Cluster	
Temporary Assistance for Needy Families	93.558
ARRA – Emergency Contingency Fund for TANF	93.714
Immunization Cluster	
Immunization Grants	93.268
State Planning Grants for Affordable Care Act Exchanges	93.525
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, 2013

Section II:

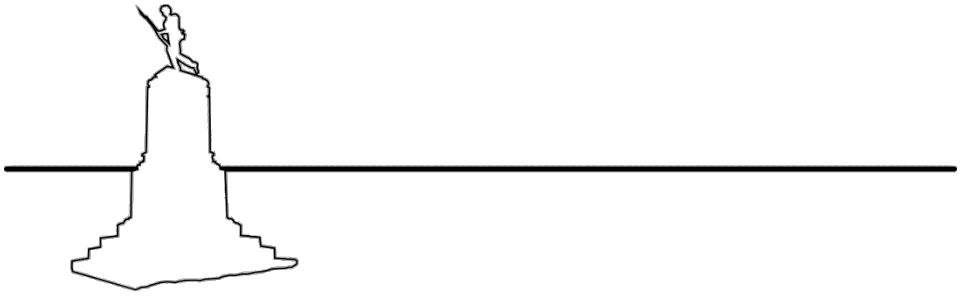
Financial Statement Audit Findings

On February 14, 2014, we separately issued our *Report on Internal Control Over Statewide Financial Reporting* for the year ended June 30, 2013 in accordance with *Government Auditing Standards.* (Office of the Legislative Auditor, Financial Audit Division, Report 14-04). This report may also be accessed electronically at: **http://www.auditor.leg.state.mn.us/fad/pdf/fad1404.pdf.** The report also includes responses from the individual agencies cited in the report.

The report contains four 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*. One of those findings related to federal awards.

Finding 3 related to employees having inappropriate access to the state's business systems or having the ability to perform incompatible duties without mitigating controls. One section of this finding related specifically to the Child Support Enforcement program (CFDA 93.563) administered at the Minnesota Department of Human Services. A portion of this finding also related to the Minnesota Department of Education and could impact their administration of federal programs.

On November 22, 2013, 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/2013systemwide.pdf



Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2013

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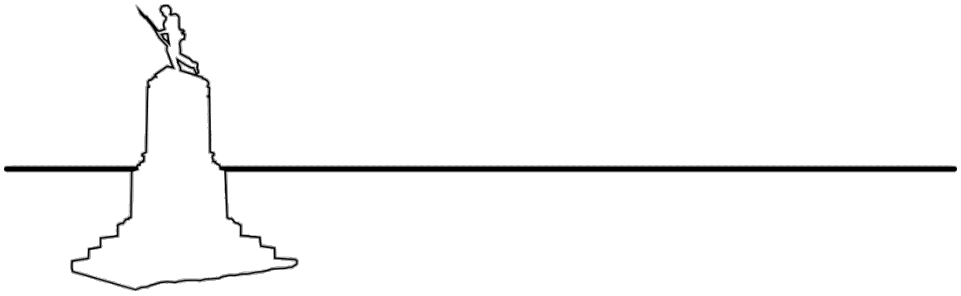


MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Agriculture (Note 4)			(Note 2)		(Note 2)				
10.551	Supplemental Nutrition Assistance Program (Note 5)	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
10.551	Supplemental Nutrition Assistance Program (Note 5)	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
10.551	Supplemental Nutrition Assistance Program (Note 5)	Human Services	14-11	5	2013-014	M	A,B,E	Insufficient monitoring of resolution of income discrepancies	P
10.553	School Breakfast Program	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
10.553	School Breakfast Program	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
10.553	School Breakfast Program	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
10.555	National School Lunch Program	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
10.555	National School Lunch Program	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
10.555	National School Lunch Program	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
10.556	Special Milk Program for Children	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
10.556	Special Milk Program for Children	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
10.556	Special Milk Program for Children	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
10.558	Child and Adult Care Food Program	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
10.558	Child and Adult Care Food Program	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
10.558	Child and Adult Care Food Program	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
10.559	Summer Food Service Program	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
10.559	Summer Food Service Program	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
10.559	Summer Food Service Program	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	14-11	7	2013-016	S	M	Did not obtain required information from subrecipients prior to award	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	14-11	8	2013-017	S	M	Insufficient notification of federal award information to subrecipients	P
U.S. Department of Defense									
12.401	National Guard Military Operations and Maintenance	Military Affairs	14-05	1	2013-001	S	B	Insufficient review of payroll reports	P
U.S. Department of Energy									
81.041	State Energy Program	Commerce	14-08	2	2013-004	S	B	Noncompliance with approved indirect cost plans	$1,046
81.041	ARRA - State Energy Program	Commerce	14-08	2	2013-004	S	B	Noncompliance with approved indirect cost plans	$11,120
81.042	Weatherization for Low-Income Persons	Commerce	14-08	2	2013-004	S	B	Noncompliance with approved indirect cost plans	$1,117
81.042	ARRA - Weatherization for Low-Income Persons	Commerce	14-08	2	2013-004	S	B	Noncompliance with approved indirect cost plans	$3,195
81.128	ARRA - Energy Efficiency and Cons Block Grant	Commerce	14-08	2	2013-004	S	B	Noncompliance with approved indirect cost plans	$382
U.S. Department of Labor									
17.225	Unemployment Insurance	Employment and Economic Development	14-10	1	2013-008	S	F	Insufficient monitoring of equipment purchased with federal funds	P
17.258	Workforce Investment Act-Adult	Employment and Economic Development	14-10	1	2013-008	S	F	Insufficient monitoring of equipment purchased with federal funds	P
17.259	Workforce Investment Act-Youth	Employment and Economic Development	14-10	1	2013-008	S	F	Insufficient monitoring of equipment purchased with federal funds	P
17.278	WIA - Dislocated Worker Formula Grants	Employment and Economic Development	14-10	1	2013-008	S	F	Insufficient monitoring of equipment purchased with federal funds	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Education			(Note 3)						
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
84.010	Title I - Grant to Local Education Agencies	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
84.010	Title I - Grant to Local Education Agencies	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
84.010	Title I - Grant to Local Education Agencies	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
84.027	Special Education - State Grants	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
84.027	Special Education - State Grants	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
84.027	Special Education - State Grants	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
84.126	Vocational Rehabilitation	Employment and Economic Development	14-10	1	2013-008	S	F	Insufficient monitoring of equipment purchased with federal funds	P
84.126	Vocational Rehabilitation	Employment and Economic Development	14-10	2	2013-009	S	M	Insufficient monitoring of subrecipients use of federal funds	P
84.173	Special Education - Preschool Grants	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
84.173	Special Education - Preschool Grants	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
84.173	Special Education - Preschool Grants	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	$24
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-13	2	2013-019	S	N	Three colleges did not timely conduct exit counseling	P
84.367	Improving Teacher Quality State Grants	Education	14-09	1	2013-005	S		No documented internal control structure ensuring compliance	P
84.367	Improving Teacher Quality State Grants	Education	14-09	2	2013-006	S	B	Noncompliance with federal standards for payroll cost allocations	P
84.367	Improving Teacher Quality State Grants	Education	14-09	3	2013-007	S	L	Noncompliance with single audit FFATA reporting requirements	P
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
84.376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
84.379	Teacher Education Assistance for College and Higher E	Minnesota State Colleges and Universities	CLA-13	1	2013-018	S	N	One college did not accurately calculate the return of Title IV funds	P
U.S. Department of Health & Human Services									
93.558	Temporary Assistance for Needy Families	Human Services	14-11	1	2013-010	M	A,B,E	No documented internal control structure ensuring compliance	P
93.558	Temporary Assistance for Needy Families	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.558	Temporary Assistance for Needy Families	Human Services	14-11	3	2013-012	S	N	Department did not follow federal requirements for reducing cash assistance for noncooperation	P
93.558	Temporary Assistance for Needy Families	Human Services	14-11	5	2013-014	M	A,B,E	Insufficient monitoring of resolution of income discrepancies	P
93.558	Temporary Assistance for Needy Families	Human Services	14-11	7	2013-016	S	M	Did not obtain required information from subrecipients prior to award	P
93.558	Temporary Assistance for Needy Families	Human Services	14-11	8	2013-017	S	M	Insufficient notification of federal award information to subrecipients	P
93.563	Child Support Enforcement	Human Services	14-04	3	2013-020	M		Insufficient controls to ensure appropriate access to state business systems	P
93.563	Child Support Enforcement	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
93.563	Child Support Enforcement	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.568	Low-Income Home Energy Assistance	Commerce	14-08	1	2013-003	S	B	Insufficient controls to ensure complete and accurate federal financial reports	P
93.568	Low-Income Home Energy Assistance	Commerce	14-08	2	2013-004	S	B	Noncompliance with approved indirect cost plans	$8,833
93.575	Child Care and Development Block Grant	Human Services	14-11	1	2013-010	M	A,B,E	No documented internal control structure ensuring compliance	P
93.575	Child Care and Development Block Grant	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.575	Child Care and Development Block Grant	Human Services	14-11	4	2013-013	S	N	Not adequately monitoring program activities	P
93.575	Child Care and Development Block Grant	Human Services	14-11	7	2013-016	S	M	Did not obtain required information from subrecipients prior to award	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services (continued)									
93.596	Child Care Mandatory and Matching Fund	Human Services	14-11	1	2013-010	M	A,B,E	No documented internal control structure ensuring compliance	P
93.596	Child Care Mandatory and Matching Fund	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.596	Child Care Mandatory and Matching Fund	Human Services	14-11	4	2013-013	S	N	Not adequately monitoring program activities	P
93.596	Child Care Mandatory and Matching Fund	Human Services	14-11	7	2013-016	S	M	Did not obtain required information from subrecipients prior to award	P
93.658	Foster Care - Title IV-E	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
93.658	Foster Care - Title IV-E	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.658	Foster Care - Title IV-E	Human Services	14-11	7	2013-016	S	M	Did not obtain required information from subrecipients prior to award	P
93.659	Adoption Assistance	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
93.667	Social Services Block Grant	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	14-11	1	2013-010	M	A,B,E	No documented internal control structure ensuring compliance	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	14-11	8	2013-017	S	M	Insufficient notification of federal award information to subrecipients	P
93.767	Children's Health Insurance Program	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
93.777	State Health Care Providers Survey	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
93.777	State Health Care Providers Survey	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.778	Medical Assistance Program	Human Services	14-11	1	2013-010	M	A,B,E	No documented internal control structure ensuring compliance	P
93.778	Medical Assistance Program	Human Services	14-11	2	2013-011	S		Incompatible system access without mitigating controls	P
93.778	Medical Assistance Program	Human Services	14-11	5	2013-014	M	A,B,E	Insufficient monitoring of resolution of income discrepancies	P
93.778	Medical Assistance Program	Human Services	14-11	6	2013-015	S	N	Did not perform required percentage of long-term care facility audits	P
93.778	Medical Assistance Program	Human Services	14-11	7	2013-016	S	M	Did not obtain required information from subrecipients prior to award	P
93.959	Block Grants for Substance Abuse	Human Services	14-11	1	2013-010	M		No documented internal control structure ensuring compliance	P
U.S. Department of Homeland Security									
97.036	Disaster Grants - Public Assistance Program	Public Safety	14-07	1	2013-002	S	B, M	Insufficient notification of federal award information to subrecipients	P

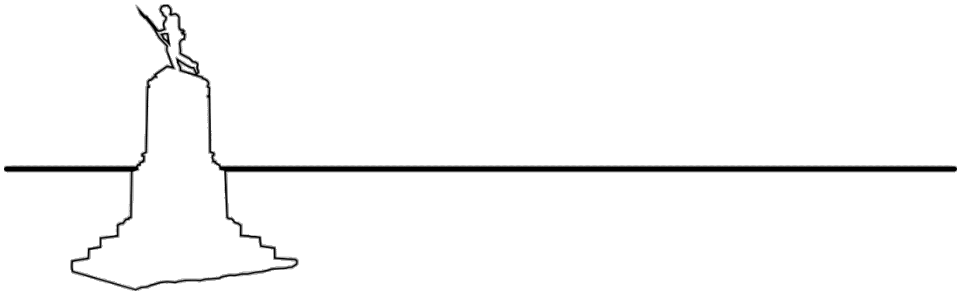
Notes:
(Note 1) - This summary schedule highlights federal program audit findings presented in the Minnesota Office of the Legislative Auditor's federal compliance reports to the applicable state agencies.
These reports may be accessed at www.auditor.leg.state.mn.us.

(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. The SF-SAC FIND REF is the new Single Audit finding number for fiscal year 2013.

(Note 3) - CliftonLarsonAllen, LLP (CLA) audited the Minnesota State Colleges and Universities financial statements and the federal financial aid cluster.
The "RPT NO" for CliftonLarsonAllen federal program findings are reported in CLA-13; and the "FIND NO" are finding numbers within CliftonLarsonAllen's report.

(Note 4) - Programs funded by the American Recovery and Reinvestment Act include "ARRA" in the Program Name.

(Note 5) - 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 14-04

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

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Federal Compliance Report 14-11.

Finding 2013-020 (14-04-3): *Insufficient controls to ensure appropriate access to state business systems.*

3. The departments of Education and Human Services had weaknesses in their internal controls to ensure appropriate access to certain state business systems. This is a repeat finding.

Financial statement Finding 3 reported in Report on Internal Control Over Financial Reporting. See Section II for details related to the Minnesota Department of Education and 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 14-05

State Agency: Minnesota Department of Military Affairs

Federal Agency: U.S. Department of Defense

CFDA Numbers/Program Names:

12.401 National Guard Military Operations and Maintenance Projects

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: # W912LM-10-2-1000

Finding 2013-001 (14-05-1): *Insufficient review of payroll reports.*

1. **The Department of Military Affairs did not review a key report to ensure the accuracy of payroll transactions it charged to the federal National Guard Military Operations and Maintenance Projects program.**[1]

   The department did not review the payroll register report to ensure the accuracy of payroll transactions. This report shows the payroll and personnel data used to process employees' paychecks for each biweekly pay period, such as hours worked, leave taken, and pay rates.

   One of the Department of Management and Budget's statewide payroll policies (PAY0028) requires, "Agency payroll and human resources designees must review the payroll register to verify that time and amounts were paid at the correct rate and any necessary adjustments were processed." Without a review of the report, there is an increased risk that payroll costs charged to the federal grant could be incorrect. The Department of Military Affairs used about 45 percent of its National Guard Military Operations and Maintenance Projects grant for payroll costs.

   Recommendation

   - *The Department of Military Affairs should review the payroll register each pay period to ensure the accuracy of payroll transactions.*

[1] CFDA 12.401, Grant W912LM-10-2-1000.

Minnesota Department of Military Affairs Response:

The department concurs with the recommendation. The agency will implement a payroll process to ensure that the payroll personnel will conduct a comprehensive review of the "Payroll Register" report. Also, the report will be reviewed by the agency's military auditor during the auditor's internal payroll audits.

Person Responsible:	CPT Eric Athman, Military Auditor, Department of Military Affairs
Expected Completion Date:	March 30, 2014

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

Report 14-07

State Agency: Minnesota Department of Public Safety

Federal Agency: U. S. Department of Homeland Security

CFDA Numbers/Program Names:

97.036 Disaster Grants – Public Assistance Program

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: 1648DRMNP00000001, 1717DRMNP00000001, 1772DRMNP00000001, 1830DRMNP00000001, 1900DRMNP00000001, 1921DRMNP00000001, 1941DRMNP00000001, 1982DRMNP00000001, 1990DRMNP00000001, 4009DRMNP00000001, 4069DRMNP00000001

Finding 2013-002 (14-07-1): *Insufficient notification of federal award information to subrecipients.*

1. **The Department of Public Safety did not adequately notify its subrecipients about federal grant information and requirements. This is a repeat finding.**

   At the time of the grant award, the department did not provide subrecipients of grants through the federal Disaster Grants – Public Assistance program (CFDA 97.036) with federal grant information, including the grant award name, name of the federal awarding agency, and the applicable compliance requirements, as required by federal regulations. In fiscal year 2013, the department communicated the grants' CFDA number but did not provide the other grant information.

Recommendation

- *The department should provide all required federal award information to subrecipients.*

Minnesota Department of Public Safety Response:

In response to the initial audit recommendation, the department's Division of Homeland Security and Emergency Management (HSEM) began including the CFDA number in the payment notification letters to applicants and in the reference information of electronic payment transmittals. When that was determined to be insufficient, HSEM began developing an "award letter" to be sent to applicants upon FEMA approval of their projects. The award letter template

will include all required federal award information. We anticipate finalizing the award letter format and updating the grant procedure manual by March 31, 2014.

Persons Responsible: John Moore, Branch Director of Recovery and Mitigation

Expected Completion Date: March 31, 2014

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

Report 14-08

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: None

Federal Project Nos./Award Year: #G-12B1MNLIEA and #G-13B1MNLIEA.

Finding 2013-003 (14-08-1): *Insufficient controls to ensure complete and accurate federal financial reports.*

1. **The Department of Commerce did not submit complete and accurate financial reports to the federal government for the Low-Income Home Energy Assistance program.**

   The department had weaknesses in its financial reporting processes that resulted in incomplete and inaccurate reporting to the federal government. The department had the following problems:

   - The department did not perform an adequate review of the September 30, 2013 Federal Financial Report to ensure the accuracy of information it reported for the Low-Income Home Energy Assistance program[2] (CFDA 96.568). The department certified that the report was complete and accurate to the best of its knowledge. However, the audit detected that the department made the following errors:

     - The department understated the federal program's unliquidated obligations by $11,406,945. Instructions for the Federal Financial Report (SF-425) provide that *"unliquidated obligations on a cash basis are obligations incurred, but not yet paid."* In the September 30, 2013, report submitted by the department in December 2013, it mistakenly reported $2,578,822 of payments rather than reporting encumbrances (unpaid obligations) of $13,985,767. The error caused the report to show the department had a greater amount of federal funds remaining than it actually had available as of September 30, 2013.

     - The department understated the reported indirect cost expenditures by $2,026. It used an indirect cost rate of 11 percent, instead of the federally approved rate of 11.9 percent to calculate the indirect cost expense amount for the federal report. The error

[2] Federal Grant Awards #G-12B1MNLIEA and #G-13B1MNLIEA.

resulted in the report showing a smaller amount of indirect costs than the federal program actually incurred and paid.

- The department did not have an established process to ensure that it complied with the reporting requirements of the Federal Funding Accountability and Transparency Act.[3] Federal reporting requirements are outlined in Title 2, Part 170 of the Code of Federal Regulations which states that an entity *"Must report each action that obligates $25,000 or more in federal funds … for a subaward to an entity … no later than the month following the month in which the obligation was made."* The department did not report any subaward information for 11 of 34 service providers that received over $25,000 during fiscal year 2013.[4] Additionally, for 6 of 7 reported subawards we tested, the department did not report subsequent amendments to the original subaward amount for additional obligations totaling $347,000 paid to those six entities.

Recommendations

- *The department should strengthen its review of the Federal Financial Report to provide an effective review and to ensure the accuracy of the report prior to submission to the federal government.*

- *The department should strengthen its process to ensure that it completely and accurately reports information about subawards and subaward amendments for all recipients as required by the Federal Funding Accountability and Transparency Act.*

Minnesota Department of Commerce Response:

The U.S. Department of Health and Human Services (HHS) recently implemented a new On-Line Data Collection (OLDC) system for Low-Income Heating Energy Assistance Program (LIHEAP) reports. The Department's original submission of its SF-425 contained a manually entered typographical error. The supporting documentation submitted with the SF-425 contained the correct information. This error on the SF-425 itself was discovered and corrected prior to HHS reviewing and accepting the report. This user error had no financial impact. Also, at the time of report entry, the OLDC was not technically able to accept decimal places (the

[3] The Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) requires the federal Office of Management and Budget to maintain a single, searchable Web site (http://www.usaspending.gov/) that contains information on all federal recipient spending awards.

[4] Office of Management and Budget guidance specifies that a prime awardee must report information and location of the subaward recipient, the date of the subaward, the subawardee's 9-digit Data Universal Numbering System (DUNS) number, the amount of federal funds awarded, including modifications, authorized date of the subaward agreement, date the information was submitted, and an assigned subaward identification number.

Department entered 11% rather than 11.9% as the Department's indirect cost rate). This technical limitation rendered it impossible for the Department to enter the correct indirect rate. The new OLDC application is continually being updated and modified.

Commerce made reasonable efforts to obtain sub-award information from our service providers. Our process for obtaining that information will be strengthened and a consequence management tool will be added that includes consequences up to and including suspension of funding for those not complying with the Federal Funding Accountability and Transparency Act.

Finally, Commerce remains committed to an environment of strong internal controls and will enhance existing controls in this area to ensure that accurate information is provided on federal reports.

Persons Responsible: Tim Jahnke, Chief Financial Officer
John Harvanko, Energy Program Director

Expected Completion Date: June 30, 2014

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

Report 14-08

State Agency: Minnesota Department of Commerce

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

CFDA Numbers/Program Names:

81.041	State Energy Program
81.041	ARRA – State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA - Weatherization Assistance for Low-Income Persons
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program
93.568	Low-Income Home Energy Assistance

Questioned Costs: $30,141

Federal Project Nos./Award Year: # See Table 1 within Finding 2013-004 (14-08-2) below.

Finding 2013-004 (14-08-2): *Noncompliance with approved indirect cost plans*.

2. The Department of Commerce did not pay accurate indirect cost[5] amounts from some federally-funded programs, including the Low-Income Home Energy Assistance program. This finding includes an unresolved prior issue.

The department did not resolve the $19,936 it overcharged its federal programs for fiscal year 2012 indirect costs, including $5,059 it overcharged to the Low-Income Home Energy Assistance program. The overcharge occurred because the 11.9 percent indirect cost rate approved by the federal government for fiscal year 2012 was less than the 14 percent rate the department used for that period.[6] Our fiscal year 2012 report found that the department had continued to use the fiscal year 2011 rate in fiscal year 2012, without approval from the federal government. The Office of Management and Budget, Circular A-87, Attachment E, Section E

[5] Office of Management and Budget Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment E, Section A defines indirect costs as "*those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified … typical examples of indirect costs include certain state/local central service costs, general administration of the grantee department or agency, accounting and personnel services ….*"

[6] Our fiscal year 2012 report (Office of the Legislative Auditor, Financial Audit Division Report 13-07, *Department of Commerce Federal Compliance Audit*, issued May 23, 2013) included a finding that the department had not obtained an approved indirect cost rate for fiscal year 2012.

requires indirect cost rates be reviewed, negotiated and approved by the federal government. As a result, the department may be required to repay the additional indirect cost charges.

In addition, the department overcharged certain federal programs $10,205 for fiscal year 2013 agency indirect costs, including $3,774 overcharged to the Low-Income Home Energy Assistance program. The errors occurred because the department mistakenly billed and paid different amounts than each federal program owed based on calculations using its indirect cost rate. Table 1 shows the amounts overcharged, by federal program.

Table 1
Department of Commerce
Overcharged Indirect Costs for
Fiscal Year 2013
By Federal Program

CFDA[1]	Program Name	Amount
Major Programs:		
93.568	Low-Income Home Energy Assistance2	$ 3,774
Non-Major Programs:		
81.041	ARRA[3] – State Energy Program[4]	$ 5,214
81.042	Weatherization Assistance for Low-Income Persons[5]	$ 228
81.042	ARRA – Weatherization Assistance for Low-Income Persons[6]	$ 430
N/A	Other Non-Major Federal Programs	$ 559
	Total	$ 10,205

[1] The Catalog of Federal Domestic Assistance (CFDA) is a unique number assigned by the federal government to identify its programs.
[2] Federal Grant Award # G-12B1MNLIEA and G-13B1MNLIEA.
[3] American Recovery and Reinvestment Act.
[4] Federal Grant Award # DE-EE0000164.
[5] Federal Grant Award # DE-EE0000653.
[6] Federal Grant Award # DE-EE0000103.

Source: Auditor created from the Department of Commerce accounting records for fiscal year 2013.

Recommendations

- *The department should work with the federal government to resolve differences caused by using an incorrect indirect cost rate during fiscal year 2012, and by incorrectly charging indirect costs to federal programs in fiscal year 2013.*

- *The department should improve internal controls to ensure it accurately charges indirect costs for its federal programs.*

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

Minnesota Department of Commerce Response:

Since the last audit, Commerce has been in regular communication with the federal government to resolve the differences in the indirect rates. On February 18, 2014, after the on-site audit, Commerce received specific direction from the federal government on how to proceed in resolving the prior finding. Information was provided to the federal government for review and approval on March 13, 2014. Commerce is awaiting further instructions from its federal partners to resolve the audit finding.

Commerce pledges to continue enhancement of existing processes to better monitor indirect cost allocations. The process has already begun to cross-train staff so that additional resources are able to work on and verify indirect cost allocations and calculations.

Persons Responsible: Tim Jahnke, Chief Financial Officer

Expected Completion Date: June 30, 2014

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

Report 14-09

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

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-09 - Appendix A

Finding 2013-005 (14-09-1): *No documented internal control structure ensuring compliance.*

1. The Minnesota Department of Education did not identify and analyze its risks related to noncompliance with federal requirements. This is a repeat finding.

The department did not make sufficient progress to implement a comprehensive internal control structure for fiscal year 2013.[7] It developed a plan to identify and assess risks related to noncompliance with federal requirements for its major federal programs; however, it had not identified and assessed those risks or documented internal controls designed to limit those risks. In response to this finding in our fiscal year 2012 report, the department stated that it would complete its risk assessment and internal control review by June 30, 2014. Since we first reported this deficiency for fiscal year 2008, the department has repeatedly missed their initial and revised target implementation dates.[8]

The federal government has the following requirements for the state to have effective internal controls to ensure compliance with federal program requirements:

[7] This finding affects all major federal programs identified in Table 1. See Appendix A (on page 11 of this report) for the federal award numbers for these programs.
[8] Office of the Legislative Auditor, Financial Audit Division Report 09-08, *Department of Education*, issued March 26, 2009.

- U.S. Office of Management and Budget Circular A-133, Subpart C, section 300, states that entities receiving federal awards, *"Shall maintain internal control over Federal programs that provides reasonable assurance that [it] is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."*

- U.S. Office of Management and Budget Circular A-133 Compliance Supplement, Part 6, provided to help nonfederal entities comply with internal control requirements states, *"The characteristics of internal control are presented in the context of the components of internal control discussed in Internal Control-Integrated Framework (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements."* Risk assessment, one of the Internal Control-Integrated Framework's five components of internal control, is described in the compliance supplement as, *"…the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risk should be managed."*

In addition to the federal requirements, the state's internal controls policy states, *"An effective system of internal controls will increase the state's operational effectiveness and efficiency, safeguard public funds, ensure compliance with state and federal laws, rules, and regulations, and minimize instances of fraud, waste, and abuse."*[9] The policy requires the department to use the Internal Control-Integrated Framework as its standard model for organizing, documenting, and discussing internal controls.

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 these deficiencies, designed control procedures to address significant risks, 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.

[9] The Department of Management and Budget's Statewide Operating Policy 0102-01, *Internal Controls*.

Recommendation

- *The Minnesota Department of Education should identify and assess its risks related to noncompliance with federal requirements for its major federal programs and document internal controls designed to limit those risks.*

Minnesota Department of Education Response:

MDE believes strongly in financial integrity and concurs with this finding. During this review period, the department continued its intensive agency-wide risk assessment efforts. We have completed the initial risk assessment phase of the major financial business processes. Based on the results of the risk assessments, the agency will identify the most significant risks and begin the internal control review and risk mitigation process for those areas with a goal for completion of December 31, 2014. In addition, a plan will be developed and implemented to ensure the on-going review of risks and internal controls.

Resolution of this finding is the responsibility of Denise Anderson, MDE Chief Financial Officer.

Person Responsible: Denise Anderson, MDE Chief Financial Officer.

Estimated Completion Date: December 31, 2014

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

Report 14-09

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

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-09 - Appendix A

Finding 2013-006 (14-09-2): *Noncompliance with federal standards for payroll cost allocations*

2. The Minnesota Department of Education did not comply with federal standards for payroll for payroll cost allocations to federal programs. (A portion of this is a repeat finding.[10])

The department did not have sufficient controls to ensure that it complied with federal standards for payroll cost allocations to federal programs.[11] In fiscal year 2013, the department allocated payroll costs, totaling about $18.6 million, to its federal program funds; about $9.5 million of that amount was allocated to the major federal programs included in our audit.

The department had the following instances of noncompliance:

- The department did not create and retain the required documentation for some employees' payroll costs charged directly to federal programs. The department did not have certifications or some personnel activity reports for 14 of the 38 employees we

[10] Office of the Legislative Auditor's Financial Audit Division Report 13-14, *Minnesota Department of Education*, issued June 28, 2013.

[11] This finding affects all major federal programs identified in Table 1. See Appendix A (on page 11 of this report) for the federal award numbers for these programs.

tested. Specifically, the department did not have certifications for five employees who worked on a single federal program, did not have any personnel activity reports for four employees who split their time between two or more federal or state programs, and did not have personnel activity reports for some pay periods for five employees. This is a repeat finding.

Office of Management and Budget Circular A-87, Attachment B, sections 8.h.(3) and (4) states, *"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. .. "*

- The department did not ensure that personnel activity reports matched the actual allocation of payroll costs to federal programs, as required by Office of Management and Budget Circular A-87, Attachment B, section 8.h.(5a), which states, *"Personnel activity reports. . . must reflect an after-the-fact distribution of the actual activity of each employee."* We compared the hours reported by employees on the certifications and personnel activity reports available for 29 employees in our sample, to the state's accounting system showing the federal programs that paid for that work. For five (17 percent) of the employees we tested, there were discrepancies between payroll cost allocations on personnel activity reports for a single pay period and actual payroll cost allocations in the state's accounting system. Discrepancies for those five employees affected about $2,200 in payroll costs allocated between both major and nonmajor federal programs.

  The purpose of the certifications and personnel activity reports is to ensure that each federal program only pays for payroll costs necessary to accomplish each program. Because the department did not have a process to identify and resolve these types of discrepancies, it is likely that other payroll discrepancies exist.

- The department did not ensure that it equitably allocated the costs of fringe benefits to federal programs. Office of Management and Budget Circular A-87, Attachment B, section 8.d.(2) states, *"The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if…the costs are equitably allocated to all related activities, including Federal awards. . ."* Eight of the thirty-eight employees we tested did not have the costs of fringe benefits allocated to federal programs in the same proportion as regular hours worked. For these eight employees, we estimated that the department did not equitably allocate about $15,000 of payroll costs between both major and nonmajor federal programs and

state funds. Because the department did not have a process to ensure the equitable allocation of fringe benefits, it is likely that other inequitable allocations occurred.

Recommendation

- *The Minnesota Department of Education should develop and implement procedures to ensure that it complies with federal standards for payroll cost allocations to federal programs.*

Minnesota Department of Education Response:

MDE is in the final stages updating the department's administrative policy titled: Time Reporting, Time & Effort (PAR) and Semi-Annual Certification Reporting. The administrative policy includes policies and procedures for meeting the federal reporting requirements. MDE's goal is to demonstrate compliance with the time reporting requirements for FY14.

MDE employees are expected to meet state and federal time reporting requirements for Personnel Activity Reporting, Semi-Annual certification and Fringe Benefit Allocation. Training and assistance will be provided via cross-divisional collaboration to MDE staff, supervisors and leadership. Tools will be made available to facilitate consistent implementation and ensure compliance. Training and assistance will cover time reporting policies generally, but will specifically touch on semi-annual certification, Personnel Activity Reports (PAR), and Equitable allocation of fringe benefits.

Resolution of this finding is the responsibility of Denise Anderson, MDE Chief Financial Officer.

Persons Responsible: Denise Anderson, MDE Chief Financial Officer

Estimated Completion Date: June 30, 2014

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

Report 14-09

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

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-09 - Appendix A

Finding 2013-007 (14-09-3): *Noncompliance with single audit Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.*

3. The Department of Education did not comply with the reporting requirements of the Federal Funding Accountability and Transparency Act.

The department did not establish a process to report information about recipients of subawards, as required by the Federal Funding Accountability and Transparency Act.[12,13] Title 2, Part 170 of the Code of Federal Regulations states that an entity, *"…must report each action that obligates $25,000 or more in Federal funds…for a subaward to an entity…no later than the end of the month following the month in which the obligation was made."* The department did not report subaward information for any of the nearly 2,500 recipients of subawards exceeding $25,000 in fiscal year 2013; in total, the department provided these subaward recipients with more than $575 million from its major federal programs.

[12] The Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) requires the federal Office of Management and Budget to maintain a single, searchable Web site (http://www.usaspending.gov/) that contains information on all federal recipient spending awards.

[13] This finding affects all major federal programs identified in Table 1. See Appendix A (on page 11 of this report) for the federal award numbers for these programs.

Recommendation

- *The Minnesota Department of Education should establish a process to report subawards, as required by the Federal Funding Accountability and Transparency Act.*

Minnesota Department of Education Response:

MDE's Agency Finance Unit will identify all current and future federal awards subject to FFATA reporting. For each award subject to reporting, an individual in the agency will be assigned responsibility for reporting in FSRS.gov. Agency Finance will provide training and technical assistance for those programs with a goal to complete the reporting requirements for FY14.

Resolution of this finding is the responsibility of Denise Anderson, MDE Chief Financial Officer.

Persons Responsible: Denise Anderson, MDE Chief Financial Officer

Estimated Completion Date: June 30, 2014

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

Report 14-09

State Agency: Minnesota Department of Education

Appendix A
Major Federal Programs
Minnesota Department of Education
Fiscal Year 2013

CFDA[1]	Program Name	Federal Award Number
	Child Nutrition Cluster:[2]	
10.553	School Breakfast	2MN300061
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	2MN300061, 2MN300066
84.010	Title 1 Grants to Local Education Agencies	S010A110023, S010A120023
	Special Education Cluster:[2]	
84.027	Special Education – Grants to States	H027A110087, H027A120087
84.173	Special Education – Preschool Grants	H173A110086, H173A120086
84.367	Improving Teacher Quality State Grants	S367A110022, S367A120022

[1]The Catalog of Federal Domestic Assistance (CFDA) includes unique numbers assigned by the federal government to identify its programs.

[2]A 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.

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

Report 14-10

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
17.258	Workforce Investment Act – Adult
17.259	Workforce Investment Act – Youth
17.278	Workforce Investment Act – Dislocated Workers Formula Grants
84.126	Vocational Rehabilitation

Questioned Costs: None – Procedural finding only

Federal Project Nos./Award Year:
Federal grant numbers are not relevant for this procedural finding.

Finding 2013-008 (14-10-1): *Insufficient monitoring of equipment purchased with federal funds.*

1. **The Department of Employment and Economic Development did not effectively control equipment and maintain accurate equipment inventory records in the state's accounting system. This is a repeat finding.**

The department did not maintain an accurate inventory of equipment, purchased with federal money, in the asset management module in the state's accounting system.[14] Inventory records for over 1,000 equipment items, valued at about $2 million as of December 2013, had no individual asset tag numbers, custodian, or specific locations assigned to individual pieces of equipment. In addition, the department had not conducted a physical inventory since December 2011.

Title 2 Code of Federal Regulations 200.313 requires that the "state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures." The federal regulation's equipment management requirements include the following:

[14] Unemployment Insurance (CFDA 17.225), Workforce Investment Act Cluster (CFDAs 17.258, 17.259, and 17.278), and Vocational Rehabilitation program (CFDA 84.126).

- Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including FAIN) [Federal Award Identification Number], who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Until the department includes specific identification and location information in the inventory records, it will be unable to complete an effective physical inventory.

In addition, the department incorrectly coded in the state's accounting system some non-equipment purchases as equipment, such as bottled water, printer toner, and bus passes. The department also included some items it purchased for clients served through the Vocational Rehabilitation program as equipment instead of as grants. The client equipment and other items were inappropriately included in the department's equipment inventory list.

Recommendation

- *The Department of Employment and Economic Development should improve controls over its equipment inventory by:*

  – *including equipment identification, custodian, and locations in the equipment inventory records, and conducting a physical inventory at least every two years;*

  – *ensuring staff accurately code expenditures in the accounting system so that only equipment purchases are recorded in equipment inventory records; and*

  – *removing all nonequipment items, and purchases for Vocational Rehabilitation clients, from equipment inventory records.*

Minnesota Department of Employment and Economic Development Response:

DEED concurs with the finding that improvement is needed in the administration of its asset property records to address missing or misclassified asset information.

DEED has undertaken numerous actions to correct this finding:

- DEED updated its asset management policy in August 2012 to clarify processes, roles and responsibilities.
- In August 2013, MN.IT @ DEED hired two new service desk employees with responsibility for receiving information technology assets.
- To comply with asset tracking requirements, MN.IT@DEED conducted a mandatory laptop verification survey in October / November 2013 to account for all DEED-owned laptops in use by employees, resource centers, and pooled within a work unit. The information collected included: name of owner (custodian), physical location, specific information about the laptop, and general usage. The Disability Determination Services Unit (DDS) was excluded from the survey because their devices are owned and managed by the Social Security Administration (SSA). The response rate to the survey was 100%. MN.IT@ DEED staff has verified the data collected with current property records and reconciled any reported discrepancies. The updated laptop asset information is in the process of being loaded into the SWIFT Asset Management module and is expected to be completed by the end of April 2014.
- In December 2013, Administrative and Financial Services (AFS), procurement staff, and MN.IT @ DEED met with Minnesota Management and Budget (MMB) asset management and accounting / general ledger staff to ascertain root causes underlying asset management errors including failure to designate a location or custodian (missing information), incorrect category coding resulting in asset misclassifications, and failure to appropriately itemize assets, i.e. multiple assets recorded as one asset in the asset management module. Capital asset certification process was also discussed. This meeting provided clarity and understanding regarding how the system works, roles and expectations, and the proper sequencing of transactions.
- Within the December 2013 timeframe, MMB released new asset management step by step procedural guidance in response to asset management problems experienced by all state agencies. The initial guidance released by MMB When the SWIFT system was originally implemented was not accurate and did not address proper sequencing of entry that has to occur to be successful with the asset management transaction. Since there are no hard edits in the system, state agency employees had thought the transactions were successful and did not realize errors / problems were being generated. The new step by step guidance was shared with DEED employees who had the procurement and receipting roles and responsibilities.
- DEED's centralized procurement / asset coordinator has followed up individually with field employees who have experienced asset management problems. The centralized asset coordinator provided corrective advice to fix the problem and to ensure that the same errors are not repeated. As a result of this intervention, the site asset coordinators are fixing these items themselves if the purchase order is still open and the goods have not been received. If they have, these problems are being referred back to DEED's centralized procurement / asset coordinator for fixing the error in the asset management module. Also, errors related to classification of assets purchased for client use are being fixed and employees have been instructed to code client equipment as grants so that these

items are not incorrectly defaulted as state-owned assets in the asset management module. The centralized asset coordinator has been working to dispose /abandon assets which were improperly coded and populate the correct location and custodian fields. DEED is pleased to communicate that 100% of the location fields have been populated as of the date of this response. The centralized asset coordination team is in the process of merging the other asset records and inputting this information into SWIFT. It is expected that DEED will achieve 100% compliance no later than April 2014. It is also anticipated that all misclassified assets will be addressed no later than April 2014 as well.

DEED had several mitigating factors that delayed substantial progress on addressing this asset management finding:

- The SWIFT system was designed so that the location field was supposed to be automatically populated with the same information as the ship to location. There is a defect in the system so that this has not consistently occurred and is only occurring intermittently. MMB is researching why there is this defect and how it can be fixed. Also, DEED was recently notified by MMB subject matter experts during the last month that even when a custodian is properly entered, a statewide accounting system defect does not always retain this information. There is some concern that our efforts to address this finding and populate the custodian field will not be retained despite our agency's efforts.
- At the end of June 2013, DEED's centralized procurement and asset coordinator retired. Due to difficulties recruiting and hiring a qualified candidate, this position was not filled until the end of November 2013.
- In October 2013, the procurement manager responsible for oversight of asset management activities transferred to another agency. This individual had been spearheading DEED's corrective action activities.
- In January 2014, DEED temporarily lost the services of the agency centralized procurement coordinator due to an unexpected four month leave of absence due to family emergency. This left only the centralized procurement / asset coordinator position that began at the end of November 2013 to perform these critical, high volume agency-wide centralized purchases.
- At the same time, there was a retirement in MN.IT @ DEED which left them with no one with authority for local (ALP) certification to purchase IT goods and services and no offer of ALP certification training by Admin's Material Management Division (MMD) in the near future. This volume overflowed to the centralized procurement / asset coordinator for procurement and dispatch to the vendor.
- During March 2014, DEED obtained the temporary services of an experienced procurement employee via an interagency agreement with another agency to assist in meeting the procurement and asset management needs and addresses the findings during the leave of absence of the other employee.

All of these mitigating factors played a role in DEED's ability to address and overcome the findings.

DEED's next steps in addressing the finding follow:

- When we have corrected the existing custodian, location, and misclassified asset errors, we will conduct a complete physical inventory. The most recent physical inventory was initiated on December 19, 2011 and completed in mid-January 2012. Since we are required to conduct a physical inventory every two years, we are two months past due in meeting this requirement. Given that the centralized asset coordinator is in place, DEED is in the process of planning the asset physical inventory approach and will kick-off the physical inventory by the end of April 2014.
- DEED will soon be moving to a centralized procurement process for its administrative purchases which will utilize CPRS (Centralized Purchase Request System). We expect that moving to a more centralized model will improve the procurement, receipting and asset management processes and reduce financial risk for the agency.
- We will continue to provide individualized assistance and reinforce formal communications with buyers and receivers, as appropriate.

In closing, DEED will continue its corrective action procedures and expect to resolve the findings by September 30, 2014. Julie Freeman, Chief Financial Officer, oversees corrective action activities.

Person Responsible: Julie Freeman, Chief Financial Officer

Estimated Completion Date: September 30, 2014

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

Report 14-10

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Education

CFDA Numbers/Program Names:

84.126 Vocational Rehabilitation

Questioned Costs: None – Procedural finding only

Federal Project Nos./Award Year: H126A130032-13C and H126A130033-13C

Finding 2013-009 (14-10-2): *Insufficient monitoring of subrecipients use of federal funds.*

2. The Department of Employment and Economic Development did not adequately monitor subrecipients of grants from the federal Vocational Rehabilitation program. This finding includes a prior issue that was not fully resolved.

The department did not adequately monitor how subrecipients used grants from the Vocational Rehabilitation program (CFDA 84.126).[15] The department did not comply with state grants management policies that require a financial reconciliation at least once during the grant's period for grants exceeding $50,000.[16] A financial reconciliation involves a comparison of the subrecipient's request for payment for a given period with supporting documentation for that request, such as invoices and payroll records.

The department had not conducted a financial reconciliation for any of the three subrecipients we selected for testing. For each of those subrecipients, fiscal year 2013 expenditures of federal Vocational Rehabilitation grants exceeded $50,000; expenditures for the largest grant totaled $224,252.

Title 2 Code of Federal Regulations Part 200.331 requires the state to monitor "the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved." The regulation further requires the state to review "financial and programmatic reports" required by the state. Through a financial reconciliation, state policy requires the department to review the documentation supporting a subrecipient's request for payment. By not performing the financial reconciliations the

[15] Federal Award H126A130032-13C and H126A130033-13C.

[16] Department of Administration, Office of Grants Management, Policy 08-10, requires a financial reconciliation, at least once during the grant period, for grants exceeding $50,000.

department diminishes its ability to ensure that subrecipients used federal grant funds in accordance with the program's requirements.

Recommendation

- *The Department of Employment and Economic Development should improve controls over Vocational Rehabilitation grants by performing the required financial reconciliations during the grant period.*

Minnesota Department of Employment and Economic Development Response:

The DEED has taken corrective action procedures during the past year to rectify the finding.

During May 2013, the director of the Office of Grants Management (OGM) conducted a training seminar with selected VRS and financial services staff. This included the chief financial officer and director of Vocational Rehabilitation Services. The training outlined OGM policies and procedures including OGM 08-10 which addresses monitoring and financial reconciliations.

In October 2013, appropriate DEED grants staff and internal control participated in financial reconciliation training which was sponsored by OGM. Additional DEED staff attended training in February 2014.

VRS staff conducted a comprehensive gap analysis to determine causes of grant management issues, including the lack of financial reconciliations. This analysis resulted in ten recommendations designed to improve the entire grants management process within VRS.

In January 2014, VRS grantees subject to required financial reconciliations received webinar training. The training was designed to outline the purpose of reconciliations, time frames, and expectations for supporting documentation. The chief financial officer provided the opening remarks and stressed the importance of financial reconciliation and grant monitoring and safeguarding of public funds.

Given the significant budgetary challenges that have necessitated the creation of waiting lists for customer access to VR services, VRS management has had to carefully consider limited options. The division decided to utilize the services of the agency's internal control unit and one VRS employee for financial reconciliations. Other staff, including each grant's assigned manager, is involved in the process.

VRS utilizes SharePoint as a central scheduling tool and repository for grantee supporting documentation and financial reconciliation reporting. All grants and grantees required to undergo financial reconciliations have been identified. As of March 14, 2014, six VRS grant reconciliations have been completed and summary reports have been issued.

DEED would like to point out the significant progress regarding financial reconciliations. Due to lack of resources, we have been unable to secure additional manpower to perform the required work and have had to add these responsibilities to existing staff. We are pleased that WIA grants subject to OGM 08-10 requirements are now in compliance.

VRS has now implemented a complete process which will ensure that required monitoring and reconciliations are performed in a timely manner. Kim Peck, director of Vocational Rehabilitation Services, oversees resolution of this finding. We expect that this finding will be resolved by June 30, 2014.

Person Responsible: Kim Peck, Vocational Rehabilitation Services Director

Estimated Completion Date: June 30, 2014

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

Report 14-11

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
93.575	Child Care and Development Block Grant
93.596	Child Care and Development Mandatory and Matching Funds
93.658	Foster Care
93.659	Adoption Assistance
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
93.959	Block Grants for Substance Abuse

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-010 (14-11-1): *No documented internal control structure ensuring compliance.*

1. **The Department of Human Services did not fully identify, analyze, and document its internal controls related to compliance with federal single audit requirements. This is a repeat finding.**[17]

The department had not developed and documented comprehensive risk assessments regarding internal controls over federal single audit compliance requirements for the Medical Assistance (CFDA 93.777 and 93.778), Child Support Enforcement (CFDA 93.563), Child Care Assistance (CFDA 93.575 and 93.596), and Foster Care (CFDA 93.658) programs and had not completed its

[17] Office of the Legislative Auditor, Financial Audit Division Report 13-15, *Department of Human Services Federal Compliance Audit* (Findings 1 and 2), issued July 11, 2013, and Office of the Legislative Auditor, Financial Audit Division Report 13-05, *Department of Human Services Information Verification in Eligibility Determinations, Special Review* (Finding 1), issued March 26, 2013.

assessment of the Supplemental Nutrition Assistance (CFDA 10.551 and 10.561) and Temporary Assistance for Needy Families (CFDA 93.558 and 93.714) programs.[18] Since we first reported this finding in 2009, the department had not made significant progress. As of February 2014, it completed a risk assessment for only one of its major federal programs—the Social Services Block Grant. In fiscal year 2013, the department completed, but did not finalize, a draft risk assessment for the Supplemental Nutrition Assistance Program. It also started an assessment for the Temporary Assistance for Needy Families Program.

Title 2, Code of Federal Regulations *Grants and Agreements*, section 200.303 (a), requires the department to do the following:

> Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity [the Department of Human Services] is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States and the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Internal Control-Integrated Framework describes risk assessment (one of its five components of internal control) as, *"…the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risk should be managed."*

In addition to the federal requirements, the state's internal controls policy states, *"An effective system of internal controls will increase the state's operational effectiveness and efficiency, safeguard public funds, ensure compliance with state and federal laws, rules, and regulations, and minimize instances of fraud, waste, and abuse."*[19] The policy requires the department to use the Internal Control-Integrated Framework as its standard model for organizing, documenting, and discussing internal controls.

Minnesota's implementation of the federal Patient Protection and Affordable Care Act fundamentally changed the department's enrollment and eligibility verification processes for Medical Assistance, including MinnesotaCare.[20] As part of its implementation of the federal law, Minnesota chose to create its own health care insurance exchange (MNsure) to enroll and determine eligibility for new program participants. In designing MNsure, the state's goal was to have an exchange that would allow applicants to enter their own family and income information

[18] See Appendix A for the federal award numbers for these programs. This finding also applies to federal programs that were major federal programs in prior fiscal years but not in fiscal year 2013, including Adoption Assistance (CFDA 93.659), Substance Abuse (93.959), and Children's Health Insurance (CFDA 93.767) programs.
[19] The Department of Management and Budget's Statewide Operating Policy 0102-01, *Internal Controls*.
[20] The MinnesotaCare program is a state-created, subsidized health insurance program funded from a state tax on health care providers, federal Medicaid matching funds, and enrollee premiums.

and have it verified through file matches with federal and state databases, replacing the existing process where county workers collected and verified much of this information and entered it into the state's eligibility system, where further verification occurred. MNsure became operational on October 1, 2013, but the state has experienced a range of difficulties in fully meeting that goal.

Once it is fully functional, having a state health insurance exchange may help resolve some risks that existed before its implementation. But it will likely create new risks for which internal controls will be needed to ensure compliance with federal program requirements. One of the elements of an effective internal control system is an ongoing assessment of risks and determining how to adapt internal control procedures to address a changing environment. Because the department had not completed a risk assessment for the Medical Assistance program, including the MinnesotaCare program, it was ill prepared to determine how changes to its enrollment and eligibility verification processes either decreased or increased its risk of noncompliance with federal program requirements, or to identify the ways it needed to adjust its internal controls to address those risks. The department has estimated that it will complete an assessment of the risks of federal noncompliance related to the Medical Assistance program by June 2015.

In past audits, we have reported some findings related to weaknesses in internal controls and instances of noncompliance related to the verification of applicant information and the determination of eligibility for the department's major federal programs. Our testing for fiscal year 2013 showed that the department had not resolved these findings. Because the implementation of the Patient Protection and Affordable Care Act may have affected the risk of noncompliance and the types of internal control procedures that would be effective to address those risks, we are including the following weaknesses in this risk assessment finding so the department can consider the findings' continued relevance in the MNsure environment:

- In fiscal year 2013, the department did not verify social security numbers or income reported by participants of the MinnesotaCare program. The Social Security Act, section 1137 (a), says, "…a State must have in effect an income and eligibility verification system." The department did not include MinnesotaCare recipients in its income and eligibility verifications that validated reported social security numbers and income to other government data, such as from the Internal Revenue Service, Social Security Administration, and the Department of Employment and Economic Development. In fiscal year 2013, the federal government paid $254 million and the state paid $269 million for medical benefits on behalf of approximately 129,000 recipients in the MinnesotaCare program.

  In response to our findings in our 2013 special review of the department's income verification and eligibility determinations, the department stated that it was working to determine whether file matches required as part of the Patient Protection and Affordable

Care Act would provide all needed verification through the health insurance exchange.[21] However, in September 2013, department officials informed us that the state's health insurance exchange (MNsure) would not have the ability to verify income for MinnesotaCare applicants when it became operational on October 1, 2013, but that changes to the system in November would likely fix the problem. In December 2013, the department informed us that the changes had not been made.

- The department did not adequately monitor certain eligibility determination overrides made by county eligibility workers in the eligibility systems for the Medical Assistance, Temporary Assistance for Needy Families, and Child Care Cluster programs.[22] When county workers encountered unusual or extenuating circumstances, they could override the eligibility systems' benefit determinations. The eligibility systems provided override reports for the counties to review, but the department did not ensure counties reviewed the reports as a way to verify that the overrides were appropriate.

The other findings in this report also identify deficiencies in the department's internal control procedures and ongoing 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 these deficiencies, designed control procedures to address significant risks, and monitored whether controls were working as designed and effective in reducing the risks to an acceptable 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.

Recommendation

- *The department should complete its review and documentation of its risks, control activities, and internal control and monitoring functions for its key financial and compliance processes related to major federal programs.*

Minnesota Department of Human Services Response:

The department takes very seriously our obligation to identify and manage risks for the federal programs. Since the initial reporting of this finding, the department has hired an Enterprise Risk Management Coordinator, chartered an Enterprise Risk Management Planning Team, developed a multi-year risk assessment plan, and has invested in training to strengthen our internal control awareness.

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[21] Office of the Legislative, Auditor Financial Audit Division Report 13-05, *Department of Human Services Information Verification in Eligibility Determinations, Special Review*, issued March 26, 2013.

[22] MAXIS was the department's eligibility system for the Temporary Assistance for Needy Families and Medical Assistance programs. Minnesota Electronic Child Care (MEC^2) was the eligibility system for the Child Care Assistance Program.

While we have built capacity and momentum in this effort, we acknowledge that we still have some work ahead. Today the department has completed comprehensive risk assessments of the federal Social Services Block Grant Program and of the Supplemental Nutrition Assistance Program (SNAP). Additionally, we have commenced the assessment of the Temporary Assistance for Needy Families (TANF) program. We are currently on track to complete the initial risk assessments on our major federal programs by December 2015.

Your audit also noted past audit findings on income verification for MinnesotaCare eligibility. Functionality to verify projected annual income for MinnesotaCare was installed in the MNsure technology on March 1, 2014. We have been monitoring the performance and testing cases and the system appears to be correctly verifying project income for MinnesotaCare cases. We will continue to monitor system performance regarding this issue.

Person Responsible: David Forbes, Risk Management and Business Continuity Recovery

Estimated Completion Date: December 2015

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

Report 14-11

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
93.575	Child Care and Development Block Grant
93.596	Child Care and Development Mandatory and Matching Funds
93.658	Foster Care
93.667	Social Service Block Grant
93.714	ARRA – Emergency Contingency Fund for TANF
93.777	State Health Care Providers Survey
93.778	Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-011 (14-11-2): *Incompatible system access without mitigating controls.*

2. The Department of Human Services allowed employees to have incompatible access to the state's accounting system without implementing adequate mitigating controls.

The department had not fully developed and implemented mitigating controls for the 60 employees with incompatible access to the state's accounting system.[23] Department management stated that employees needed the incompatible security access for their job duties. The Department of Management and Budget Policy 1101-07, *Security and Access* says, in part:

> Each agency must:
>
> - Limit individual employee access to only those systems, programs, applications and data necessary for the individual to perform their job functions and responsibilities.

[23] See Appendix A for the affected federal programs and award numbers.

- Segregate incompatible job duties and responsibilities. In cases where incompatible functions cannot be segregated, the agency must implement and maintain compensating controls.

In addition, the federal government requires effective internal controls in the state's administration of federal grant programs. U.S. Office of Management and Budget's *Circular A-133 Compliance Supplement*, Part 6, provides guidance to help non-Federal entities comply with internal control requirements, including an expectation of adequate separation of duties and appropriate computer and program access controls.

In March 2013, Department of Human Services' management certified to the Department of Management and Budget that it would eliminate or mitigate the incompatible security roles by June 30, 2013. Since March 2013, the department eliminated some users' incompatible access, assessed the risks of the remaining incompatible access, and developed some mitigating controls. As of February 2014, the department was assessing the risk of the 60 users with incompatible access and developing mitigating controls for the higher risk incompatibilities.

Recommendation

- *The Department of Human Services should eliminate incompatible access to the state's accounting system or implement mitigating controls when eliminating incompatible access is not feasible.*

Minnesota Department of Human Services Response:

The department has reviewed and eliminated incompatible access to the extent possible. In cases where incompatible access is cannot be eliminated, we have assessed the risk of the incompatible access and identified mitigating controls that are in place. A written document has been prepared detailing DHS's risk assessment and mitigating controls that are in place. This document was completed on February 25, 2014. DHS will continue to monitor incompatible access and update this document as necessary to address changes in business processes. DHS will also work with MMB on roles that have been identified as incompatible where DHS feels mitigating controls exist within SWIFT that may address incompatibility.

Person Responsible: Terri Engel, Financial Operations Division, Accounting Operations

Estimated Completion Date: Completed, February 25, 2014

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

Report 14-11

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 (TANF)

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-012 (14-11-3): *Not following federal requirements for reducing cash assistance for noncooperation.*

3. The Department of Human Services did not identify and reduce the benefits of some recipients of federal cash assistance who did not cooperate with child support enforcement requirements. This is a repeat finding.[24]

The department did not identify or reduce Temporary Assistance for Needy Families (CDFA 93.558) cash assistance benefits for some recipients who refused to cooperate with child support enforcement requirements. It did not identify these cash assistance recipients because of a flaw in the report designed by department staff to address a defect in the programing that communicated the noncooperation status in the child support enforcement system.

Title 45, Code of Federal Regulations, section 264.30, states that for cash assistance recipients, the state "must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency." In addition, if the child support enforcement agency determines that an individual is not cooperating, and does not have good cause for that noncooperation, the state must take appropriate action by doing the following:

1. Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or

2. Denying the family any assistance under the program.

[24] Office of the Legislative Auditor, Financial Audit Division Report 13-15, *Department of Human Services Federal Compliance Audit* (Finding 5), issued July 11, 2013.

To comply with this federal requirement, the state electronically matched its file of Temporary Assistance for Needy Families recipients to its file of parents who did not comply with the department's child support enforcement efforts. For all recipients identified through the file match, the cash assistance eligibility system sent electronic notification messages to county workers, who then determined the reduction to the noncooperative parent's cash assistance benefits. However, because of a defect in the communication between the child support enforcement system and the cash assistance eligibility system, the county workers did not get messages if the recipient applied for cash assistance benefits after the date of noncooperation in the child support enforcement system.

To address this defect, department staff designed a monthly report to identify cases where the recipient applied for cash assistance benefits after the date of noncooperation on the child support enforcement system. However, the report only identified instances of noncooperation from May 10, 2011, forward and did not include instances of noncooperation that occurred before that date. As a result, department staff did not have the information they needed to reduce cash assistance benefits for new recipients who had not cooperated with child support enforcement before May 10, 2011.

During fiscal year 2013, the state had about 11,000 Temporary Assistance for Needy Families recipients that did not cooperate with child support enforcement requirements; for about 2,000 of those, the date of their noncooperation with child support enforcement requirements was before May 10, 2011. Two of the 25 cases we tested (where the family had received cash assistance benefits through the Temporary Assistance for Needy Families program and a parent had not cooperated with child support enforcement) did not have their cash assistance benefits reduced. Both of these cases had the noncooperation noted in the child support enforcement system before May 10, 2011. If these cases had been included on the monthly report, benefits for these two recipients would have been reduced by a total of $789 for fiscal year 2013.

Recommendation

- *The department should revise its exception report to identify Temporary Assistance for Needy Families recipients who had not cooperated with child support enforcement efforts before May 10, 2011, so that it can reduce cash assistance benefits as required by federal regulations.*

Minnesota Department of Human Services Response:

The department will review the 2,000 cases identified through the audit for further action. The department is actively working to assure that TANF cases are placed in sanction if there is non-cooperation with child support. The department produces a quarterly report that details cases that are active on MFIP and coded for non-cooperation in PRISM, the child support case management system. Department staff then follow up with the county worker to assure the case has been corrected. This effort has reduced the number of cases with errors.

To assure compliance with this requirement, the department is taking the following actions: MFIP and child support policy divisions will issue policy clarifications, update curriculum, and make county presentations that detail what steps should be taken to assure a sanction is imposed if the case is in non-cooperation with child support.

Persons Responsible:	Mark Toogood, Director-Transition to Economic Stability Jeff Jorgenson, Director-Child Support Enforcement
Estimated Completion Date:	June 30, 2014

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

Report 14-11

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 Block Grant
93.596	Child Care and Development Mandatory and Matching Funds

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-013 (14-11-4): *Not adequately monitoring program activities.*

4. The Department of Human Services did not adequately monitor some aspects of the Child Care Assistance Program.

The department did not adequately monitor the following aspects of the Child Care Assistance Program (CFDA 93.575 and 93.596):[25]

- **Insufficient oversight of counties' efforts to detect and collect fraudulent child care payments.** (This is a repeat finding.)[26] The department had not fully implemented its plan to ensure counties fulfilled their responsibilities to detect and collect fraudulent child care payments. The department delegated those responsibilities to the counties because the counties are responsible for administration of the child care assistance program, while the department provided monitoring of the counties' responsibilities.[27]

  Title 45, Code of Federal Regulations, section 98.60(i), says that the state:

  > …shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud.

[25] See Appendix A for the federal award numbers for these programs.
[26] Office of the Legislative Auditor, Financial Audit Division Report 13-15, *Department of Human Services Federal Compliance Audit* (Finding 3), issued July 11, 2013.
[27] Per Department of Human Services bulletin #13-68-13, p. 2: County human services agencies are responsible for identifying and reporting possible Child Care Assistance Program (CCAP) fraud as they become aware of it. Additionally, counties are responsible for acting on fraud determinations and collecting fraudulent child care payments.

Since our 2012 Federal Compliance Audit,[28] the department developed but had not implemented procedures to monitor counties' fraud detection efforts. Department staff told us that they planned to monitor reports from its child care system[29] to help identify potential fraudulent activities. The department also created the Child Care Provider Fraud Investigation Unit within its Office of the Investigator General. As of January 2014, the department was hiring staff for the Child Care Provider Fraud Investigation Unit and developing the child care system reports. The unit's main responsibility will be to investigate and monitor child care provider fraud payments for all counties and assist in investigating client eligibility fraud for counties not participating in the Fraud Prevention Investigation Program. The Fraud Prevention Investigation Program is a county level program that investigates alleged public assistance fraud, including child care assistance.

- **Lack of on-site grant monitoring visits** – During fiscal year 2013, the department did not effectively monitor subrecipients' use of grant money as required by its Child Care and Development Fund plan, approved by the federal government. During fiscal year 2013, the department paid about $10 million to 22 subrecipients through grants to provide child care resources and referral services to the public.

  In section 1.3.2 of the Child Care and Development Fund plan, the department described the processes it would use to monitor these subrecipients. Included in its description of monitoring activities, the department stated the following:

  > The Department also requires on-site monitoring visits with the agencies once during each grant/contract period and maintains ongoing communication and technical assistance with the agencies throughout the grant/contract period.

  The department told us that they did not conduct these on-site monitoring visits during fiscal year 2013 because they reassigned staff to other priorities. Department staff told us that the on-site monitoring visits allowed the state to verify that grantees had appropriate financial processes, policies and procedures in place to ensure that the organizations spent federal funds only on allowable activities. Without the on-site visits, the department cannot ensure that grantees spent child care funds effectively and only on allowable activities.

- **Late child care center licensing site visits** – The department did not always perform unannounced child care center licensing site visits "once every two years" as stated in its Child Care and Development Fund plan, section 3.1.3, approved by the federal

[28] Office of the Legislative Auditor, Financial Audit Division Report 13-15, *Department of Human Services Federal Compliance Audit*, issued July 11, 2013.
[29] Minnesota Electronic Child Care System (MEC^2).

government.[30] For 15 of the 42 child care centers we tested, the department had not conducted licensing site visits within the two year requirement, exceeding the limit by one and one-half to seven months. Timely licensing visits are necessary to protect the health and safety of children served by child care centers. During licensing visits, the state can verify that the child care centers met requirements pertaining to the prevention and control of infectious diseases, the safety of building and physical premises, and providers' training for basic health and safety practices. Without timely licensing visits, health and safety issues may exist at child care centers without timely detection and correction.

Recommendations

- *The department should implement monitoring procedures to ensure counties make efforts to detect and collect fraudulent child care payments.*
- *The department should perform on-site monitoring visits once per grant period to ensure grantees spent federal funding effectively and only on allowable activities.*
- *The department should ensure it monitors and enforces licensing requirements for child care centers within the required two year period.*

Minnesota Department of Human Services Response:

Response to Audit Recommendation 4-1

The department is committed to preventing and addressing fraud across all our programs. We have been particularly concerned about vulnerabilities in the Child Care Assistance Program (CCAP), which is why we sought and received 6 positions for a new Child Care Fraud Investigation Section within the Office of the Inspector General (OIG). This new section is responsible for investigating child care provider fraud, monitoring the related provider fraud recoveries and investigating client eligibility fraud through the Fraud Prevention Investigation Program. We are in the process of hiring data analysts to help us support our efforts. As of March 2014, the department issued a bulletin (13-68-13) instructing counties on the process for identification and referral of child care provider fraud cases.

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

Estimated Completion Date: June 30, 2014

[30] DHS centrally licenses child care centers; counties license other types of child care providers and are responsible to ensure that all licensing requirements are followed. Our testing of the state's oversight of counties' licensing site visits to group and family child care providers did not identify weaknesses.

Response to Audit Recommendation 4-2

The department has resumed on-site monitoring visits once per grant period effective with state fiscal year 2014.

Person Responsible	Mary Orr, Director-Community Partnerships and Child Care Services
Estimated Completion Date	June 30, 2015

Response to Audit Recommendation 4-3

The department appreciates the importance of conducting a re-licensing visit to child care centers every two years and strives to make timely visits whenever possible. The finding that 15 of 42 licensing reviews were one and a-half to seven months late was due to the overall complexity of the work in this area increasing over recent years. This included increased licensing complaints to investigate and increased appeals. In addition, child care licensor caseloads currently average 200 programs per licensor, which is a large caseload compared to national averages.

Four additional positions were added to this area as a result of the 2013 legislative session, including two licensors who will be part of a special team to address particularly challenging providers. As of March 2014, we are in the final stages of hiring the additional staff. We anticipate that the additional staff will positively impact the timeliness of the child care center licensing reviews.

Person Responsible	Mary Kelsey, Manager-Child Care, Adult Day Care and Family Systems
Estimated Completion Date:	June 30, 2015

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

Report 14-11

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)
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-014 (14-11-5): Insufficient monitoring of resolution on income discrepancies.

5. The Department of Human Services did not adequately monitor the validity of income discrepancies for several major federal programs. This is a repeat finding.[31]

During fiscal year 2013, the department did not adequately monitor the validity of discrepancies identified by the electronic file matches of reported income amounts to other government data for recipients of the Medical Assistance (CFDA 93.778), Temporary Assistance for Needy Families (CFDA 93.558), and Supplemental Nutrition Assistance (CFDA 10.551) programs.[32] The department conducted these electronic file matches as part of its income eligibility verification system required by federal regulations.[33] The regulations also require the state to resolve at least 80 percent of the discrepancies within 45 days.[34]

The department electronically matched recipients' reported income amounts to electronic data files at the Internal Revenue Service, Social Security Administration, and Minnesota Department of Employment and Economic Development. Through the department's automated eligibility system, it sent monthly and quarterly electronic messages of file match discrepancies to county

[31] Office of the Legislative Auditor, Financial Audit Division Report 13-05, *Department of Human Services Information Verification in Eligibility Determinations*, (Finding 2) issued March 26, 2013.
[32] See Appendix A for the federal award numbers for these programs.
[33] Title 45, Code of Federal Regulations, section 205.56, requires the state to have an eligibility and income verification system for the Temporary Assistance for Needy Families program. Title 42, Code of Federal Regulations, section 435.952, requires the state to have an eligibility and income verification system for the Medical Assistance program; this regulation ended as of December 31, 2013. Title 7, Code of Federal Regulations, section 273.2, allows the state to use an income and eligibility verification system to verify the eligibility and benefit levels of applicants and participating households of the Supplemental Nutrition Assistance programs.
[34] Title 45, Code of Federal Regulations, section 205.56 (a) (1) (iv).

eligibility workers.[35] The department monitored county resolution reports to ensure counties complied with the federal requirement that they resolve 80 percent of the discrepancies with 45 days. However, because the file matches typically identified about 260,000 discrepancies each year, we were skeptical about the diligence of county eligibility workers' resolution efforts and recommended to the department that it better monitor counties' discrepancy resolution processes to ensure they are effective and that recipients were eligible for the benefits they received through these programs.

In September 2013, the department completed a study[36] on the income and eligibility verification process for the Minnesota Family Investment Program, which includes the federal Temporary Assistance to Needy Families program. The study identified changes the department should make within its automated eligibility system so that the file matching process better identifies discrepancies with a greater chance of affecting a recipient's eligibility or level of benefits. By reducing the number of discrepancies, the county workers could focus their efforts on resolving these higher risk discrepancies. In October 2013, based on the results of the study, the department submitted a request to its Office of MN.IT Services staff to make the suggested changes to the automated eligibility system for the Minnesota Family Investment Program; however, as of February 2014, the Office of MN.IT Services had not implemented the requested changes. In addition, the department had not further assessed how these changes may provide better oversight of counties resolution of file match discrepancies for the Supplemental Nutrition Assistance Program.

The income eligibility verification requirement for the Medical Assistance program changed on January 1, 2014, because of the implementation of the federal Patient Protection and Affordable Care Act. Under that act, the state's health care exchange, MNsure, will verify applicants' data through a federal data hub. See further discussion about the department's transition of Medical Assistance eligibility determinations to the health care exchange in Finding 1.

Recommendations

- *The department should work with the Office of MN.IT Services to execute changes to the automated eligibility system to better identify higher risk income and eligibility discrepancies for Temporary Assistance for Needy Families program.*

- *The department should assess the effectiveness of the electronic file matching process for the Supplemental Nutrition Assistance Program.*

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[35] In fiscal year 2013, the department used an automated eligibility system called MAXIS for Medical Assistance, Temporary Assistance for Needy Families, and Supplemental Nutrition Assistance programs. In fiscal year 2014, the department started transitioning eligibility for the Medical Assistance program to its health insurance exchange, MNsure, which it implemented on October 1, 2013.

[36] The study used Six Sigma techniques and tools for process improvement. The focus of Six Sigma is to improve the quality of process outputs by identifying and removing the causes of defects (errors).

Minnesota Department of Human Services Response:

Response to Audit Recommendation 5-1

Since this finding last year, DHS completed a Six Sigma project that designed a better way to review and verify income discrepancies. Required changes to MAXIS that resulted from the DHS Six Sigma project are currently in the DHS and MN.IT Gateway prioritization process.

Person Responsible	Ramona Scarpace, Director-Transition Support Quality Services Rita Sjoberg, Manager-Administration and System Control
Estimated Completion Date	June 30, 2015

Response to Audit Recommendation 5-2

The department has one FTE in place to monitor data matches resulting from the Public Assistance Reporting and Information System (PARIS) file. Currently, this FTE is also being trained to monitor Income Eligibility Verification System (IEVS) matches for timely resolution and follow up. This IEVS monitoring will begin in April 2014. In addition, the department is working to modernize some of the existing IEVS reports generated from MAXIS to create efficiencies in timeliness resolution tracking. Required changes to MAXIS as identified in the Office of Legislative Auditor's report and also suggested as a result of a DHS Six Sigma project are currently in the DHS and MN.IT Gateway prioritization process.

Person Responsible:	Ramona Scarpace, Director-Transition Support Quality Services
Estimated Completion Date:	December 31, 2015

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

Report 14-11

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

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-015 (14-11-6): *Did not perform required percentage of long-term care facility audits.*

6. The Department of Human Services did not perform the required percentage of long-term care facility audits.

The department did not audit the minimum required 15 percent of the long-term care (nursing) facility data in fiscal year 2013 for its Medical Assistance Program (CFDA 93.778)[37] as required by *Minnesota Statute* 256B.27, subd. 2a. The statute says:

> The commissioner shall select for audit at least 15 percent of the nursing facilities' data reported…. The commissioner shall meet the 15 percent requirement by either conducting an audit focused on an individual nursing facility, a group of facilities, or targeting specific data categories in multiple nursing facilities….

Both state and federal provisions require the department to perform audits of long-term care facilities. *Minnesota Statute* 256B.27, subd. 1, says:

> In the interests of efficient administration of the medical assistance to the needy program and incident to the approval of rates and charges therefor, the commissioner of human services may require any reports, information, and audits of medical vendors which the commissioner deems necessary.

Title 42, Code of Federal Regulations, section 447.253 (g), requires the department to perform the audits. The federal regulation says:

[37] See Appendix A for the federal award number for this program.

> The Medicaid agency must provide for periodic audits of the financial and statistical records of participating providers.

Although the department performed audits of long-term care facilities, it did not meet the required 15 percent coverage. The department calculated its audit coverage at about 13.6 percent of the nursing facilities' data. The department calculated its percentage of coverage based on the sum of all the data reported by nursing facilities on cost reports each year. The department realized it had not obtained the required coverage when it calculated the percentage of coverage after it completed the audit work. The department could have better ensured compliance if it had calculated the needed coverage as it planned its audit approach. The audits are essential in determining if the rates paid to nursing facilities are reasonable and adequate to meet the costs that must be incurred by nursing facilities.

Recommendation

- *The department should ensure that it meets the required 15 percent audit coverage of the long term care facilities.*

Minnesota Department of Human Services Response:

We agree with the finding that the 15% test was not met in state fiscal year 2013. The percentage will be monitored more closely in the current and future fiscal years to ensure we meet the statutory requirement.

Person Responsible: Greg TaBelle, Director-Nursing Facility Rates

Estimated Completion Date: June 30, 2014

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

Report 14-11

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:

10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development Block Grant
93.596	Child Care and Development Mandatory and Matching Funds
93.658	Foster Care
93.778	Medical Assistance

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-016 (14-11-7): *Did not obtain required information from subrecipients prior to award.*

7. The Department of Human Services had not obtained some information the federal government required from its subrecipients before issuing subawards. This is a repeat finding.[38]

The department had not obtained the Data Universal Numbering System (DUNS) numbers from some of its subrecipients for the following programs: Medical Assistance (CFDA 93.778), Child Care Cluster (CFDA 93.575 and 93.596), Foster Care (CFDA 93.658), Temporary Assistance for Needy Families (CFDA 93.558), and State Administrative Matching Grants for the Supplemental Nutrition Assistance programs (CFDA 10.561).[39] The federal government requires the state, and other grantees, to obtain DUNS numbers before it passes federal money through to subrecipients. Specifically, Appendix A of Title 2, Code of Federal Regulations, Part 25, requires the following of the state when it makes subawards of federal grant money:

> If you are authorized to make subawards under this award, you:

[38] Office of the Legislative Auditor, Financial Audit Division Report 13-15, *Department of Human Services Federal Compliance Audit* (Finding 8), issued July 11, 2013.
[39] See Appendix A for the federal award numbers for these programs.

1. Must notify potential subrecipients that no entity…may receive a subaward from you unless the entity has provided its DUNS number to you.

2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

During fiscal year 2013, the department obtained the Data Universal Numbering System numbers for all of the counties; however, it had not obtained DUNS numbers from 32 other subrecipients.

Recommendation

- *The department should obtain the Data Universal Numbering System numbers from each subrecipient when making subawards.*

Minnesota Department of Human Services Response:

The department has taken several steps, starting in state fiscal year 2014, to obtain this information from our subrecipients. Our plan is to have all DUNS numbers captured before the end of state fiscal year 2014.

Person Responsible: Chris Ricker, Financial Operations Division, Program Operations

Estimated Completion Date: June 30, 2014

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

Report 14-11

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:

10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.714	ARRA – Emergency Contingency Fund for TANF

Questioned Costs: None – Procedural Finding Only

Federal Project Nos./Award Year: See Report 14-11 - Appendix A

Finding 2013-017 (14-11-8): *Insufficient notification of federal award information to subrecipients.*

8. The Department of Human Services did not adequately communicate required federal award information to some of its subrecipients. This is a repeat finding.[40]

The department did not communicate required federal award information to some subrecipients for the Temporary Assistance for Needy Families (CFDA 93.558 and 93.714) and Supplemental Nutrition Assistance (CFDA 10.561) programs at the time of the grant award, and provided incorrect award information to some other Temporary Assistance for Needy Families subrecipients.[41]

Title 2, Code of Federal Regulations, section 200.331, requires the state to notify all subrecipients of the following:

> All pass-through entities must:
>
> (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward.

[40] Office of the Legislative Auditor, Financial Audit Division Report 13-15, *Department of Human Services Federal Compliance Audit* (Finding 8), issued July 11, 2013.
[41] See Appendix A for the federal award numbers for these programs.

This required information includes, but is not limited to, code of federal domestic award number, award name, and name of the federal awarding agency.

In addition, Title 2, Code of Federal Regulations, section 176.210 (c), requires the state, as a recipient of federal American Recovery and Reinvestment Act funds, to do the following:

> Recipients agree to separately identify to each subrecipient, and document at the time of the subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.

The department had not adequately communicated federal award information for the following programs:

- **Temporary Assistance to Needy Families** – The department did not communicate the federal award information to two of the seven subrecipients we tested. The department paid these two subrecipients a total of $748,100 during fiscal year 2013. The department staff that initiated these two grant agreements stated that they were unaware of the federal requirement to communicate the federal award information.

  The department did not update its communication of federal award information for two subrecipients when it changed the funding to money it had remaining from the related federal American Recovery and Reinvestment Act fund. The department paid these subrecipients a total of $558,007 during fiscal year 2013.

  Because the department did not correctly code payments totaling about $1 million from American Recovery and Reinvestment Act funds, it did not provide subrecipients with accurate information about the federal award. The department used a code in the state's accounting system that communicated to the payees the purpose of the payments including the federal award information. The payments to the subrecipients (primarily counties) incorrectly identified the funding source as regular award funds.

- **Supplemental Nutrition Assistance Program** – When we inquired about why none of the five subrecipients we tested had received federal award information from the department, department staff told us that they inadvertently did not communicate the federal award information to subrecipients. Staff that processed about $9.8 million of Supplemental Nutrition Assistance Program grants to subrecipients in fiscal year 2013 were unfamiliar with the requirements.

Without accurate federal award information, subrecipients might not be aware of applicable federal program requirements and compliance with those requirements might not occur.

Recommendation

- *The department should provide all required federal award information to subrecipients.*

Minnesota Department of Human Services Response:

In state fiscal year 2014, the department has made several enhancements to our contracting process and payment systems to ensure we meet this requirement in the future.

Person Responsible: Chris Ricker, Financial Operations Division, Program Operations

Estimated Completion Date: June 30, 2014

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

Report 14-11

State Agency: Minnesota Department of Human Services

Appendix A
Major Federal Programs
Department of Human Services
Fiscal Year 2013

CFDA1	Program Name	Federal Award Number
	Food and Nutrition Services Cluster	
10.551	Supplemental Nutrition Assistance Program	2012ID281142, 2012ID282142, 2012IS601842, 2012IS604542, 2012IS802642, 2013ID281142, 2013ID282142, 2013IS601842, 2013IS604542, 2013IS802642
10.561	State Administrative Matching Grants	2011IQ390342, 2012IE251842, 2012IS251442, 2012IS251942, 2012IS252042, 2012IS750342, 2012IS803642, 2012IS820442, 2013IE251842, 2013IS251942, 2013IS252042, 2013IS750342, 2013IS803642
	Temporary Assistance for Needy Families Cluster	
93.558	Temporary Assistance for Needy Families	1102MNTANF, 1202MNTANF, 1302MNTANF
93.714	Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs ARRA	1001MNTAN2
93.563	Child Support Enforcement	1104MN4004, 1204MN4005, 1304MN4005
	Child Care Cluster	
93.575	Child Care and Development Block Grant	1101MNCCDF
93.596	Child Care Mandatory and Matching Fund	1201MNCCDF, 1301MNCCDF
93.658	Foster Care – Title IV-E	1101MN1401, 1101MN1404, 1201MN1401, 1301MN1401
93.667	Social Services Block Grant	1101MNSOSR, 1201MNSOSR, 1301MNSOSR
	Medicaid Cluster	
93.775	State Medical Fraud Control Units	011201MN5050, 011301MN5050
93.777	State Health Care Providers Survey	1205MN5001, 1305MN5001
93.778	Medical Assistance Program	1105MN5ADM, 1105MN5MAP, 1105MNHITA, 1205MN5ADM, 1205MN5MAP, 1305MN5ADM, 1305MN5MAP, 1305MNIMPL, 1305MNINCT

Source: The state accounting system and staff at the Department of Human Services.

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

Report CLA-13

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: $24 (of subsidized Stafford loans that should have been returned)

Federal Project Nos./Award Year:

	Minneapolis
SEOG (84.007)	P007A132171
PELL (84.063)	P063P131679
FWS (84.033)	P033A132171
Direct Loan (84.268)	P268K131679

Finding 2013-018 (CLA-13-1) (CLA Report 2013-001): *One college did not accurately calculate the return of Title IV funds.*

Condition – Late Return of Title IV:
We noted one error in our testing of 40 sampled return to title IV calculations. Minneapolis Community and Technical College had excluded a course fee and required supplies for a course enrolled by a student.

Criteria:
Under Federal regulations, institutions are required to complete accurate return to Title IV calculations as defined in the regulations.

Questioned Costs:
$24 (of subsidized Stafford loans that should have been returned)

Possible Asserted Effect:
The college is not completing accurate return to Title IV calculations as defined by the regulations.

Auditors' Recommendation:
We recommend the Minneapolis Community and Technical College implement procedures to assure accurate calculations of returned Title IV funds.

Minnesota State Colleges and Universities Response:
The College agrees with the auditor's recommendation and will review their procedures to assure that all fees are included in return to Title IV calculations.

Person Responsible:
Minneapolis Community and Technical College, Angela Christensen, Financial Aid Director

Estimated Completion Date: March 1, 2014

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

Report CLA-13

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:

	Minneapolis	St. Paul	South Central
Direct Loan (84.268)	P268K131679	P268K132736	P268K132739

Finding 2013-019 (CLA-13-2) (CLA Report 2013-002): *Three colleges did not timely conduct exit counseling.*

Condition – Exit Counseling:
During our testing of exit counseling for 60 sampled MnSCU students, we noted Minneapolis Community and Technical College, Saint Paul College, and South Central College did not provide timely counseling for 1 student each when they terminated attendance at the colleges for a total of 3 out of 60 sampled students.

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. The material must be mailed or within 30 days of learning that a borrower has withdrawn.

Questioned Costs:
None

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

Auditors' Recommendation:
We recommend Minneapolis Community and Technical College, Saint Paul College, and South Central College review procedures to ensure that exit counseling is provided in a timely way for all student borrowers who are terminating attendance at that college.

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:

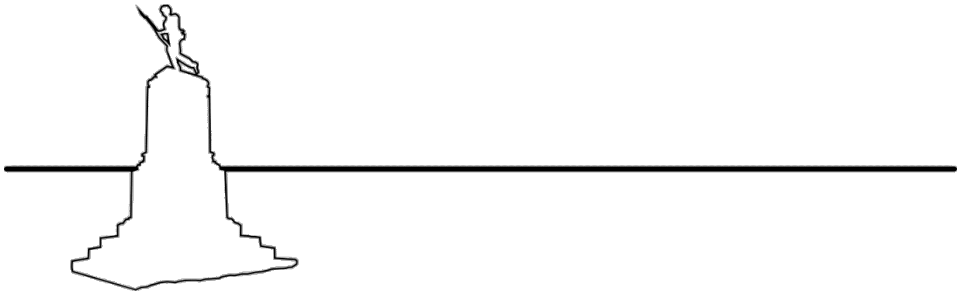
The Colleges agree with the auditor's recommendation and will review their procedure to ensure that exit counseling is provided in a timely way for all student borrowers who are terminating attendance at that college.

Persons Responsible:
Minneapolis Community and Technical College, Angela Christensen, Financial Aid Director

Saint Paul College, Adam Johnson, Interim Financial Aid Director

South Central College, Jayne Dinse, Financial Aid Director

Estimated Completion Date: March 1, 2014



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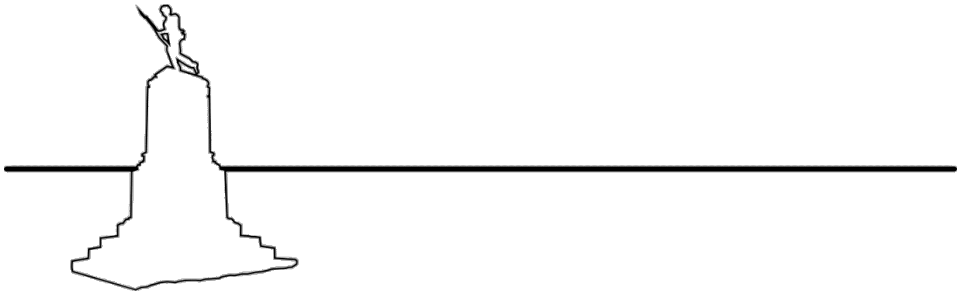

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

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	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
10.551	Supplemental Nutrition Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
10.551	Supplemental Nutrition Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	4	11-13	6	2010
10.551	Supplemental Nutrition Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
10.551	Supplemental Nutrition Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	4	12-07	10	2011
10.551	Supplemental Nutrition Assistance Program	Human Services	Insufficient monitoring of resolution of income discrepancies	2	13-05	2	2012
10.551	Supplemental Nutrition Assistance Program	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
10.551	Supplemental Nutrition Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
10.551	Supplemental Nutrition Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	4	13-15	8	2012
10.551	Supplemental Nutrition Assistance Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-04	1	2011
10.553	School Breakfast Program	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
10.553	School Breakfast Program	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
10.553	School Breakfast Program	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
10.553	School Breakfast Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-04	1	2011
10.555	National School Lunch Program	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
10.555	National School Lunch Program	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
10.555	National School Lunch Program	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
10.555	National School Lunch Program	Education	No identification and monitoring of internal controls ensuring compliance	1	13-14	3	2012
10.555	National School Lunch Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-04	1	2011
10.556	Special Milk Program for Children	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
10.556	Special Milk Program for Children	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
10.556	Special Milk Program for Children	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
10.556	Special Milk Program for Children	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
10.557	Special Supp. Nutrition Program for Women, Infants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-04	1	2011
10.558	Child and Adult Care Food Program	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
10.558	Child and Adult Care Food Program	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
10.558	Child and Adult Care Food Program	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
10.558	Child and Adult Care Food Program	Education	No identification and monitoring of internal controls ensuring compliance	1	13-14	3	2012
10.558	Child and Adult Care Food Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
10.559	Summer Food Service Program	Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
10.559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
10.559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	2	11-12	1	2010
10.559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	2	12-04	1	2011
10.559	Summer Food Service Program	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
10.559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
10.559	Summer Food Service Program	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
10.559	Summer Food Service Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
10.561	Supplemental Nutrition Assistance Administration	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
10.561	Supplemental Nutrition Assistance Administration	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
10.561	Supplemental Nutrition Assistance Administration	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
10.561	Supplemental Nutrition Assistance Administration	Human Services	Insufficient notification of federal award information to subrecipients	2	11-13	6	2010

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

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	Supplemental Nutrition Assistance Administration	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
10.561	Supplemental Nutrition Assistance Administration	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
10.561	Supplemental Nutrition Assistance Administration	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
10.561	Supplemental Nutrition Assistance Administration	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
10.561	Supplemental Nutrition Assistance Administration	Human Services	Insufficient review of a key payroll report	1	13-15	7	2012
10.561	Supplemental Nutrition Assistance Administration	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
10.561	Supplemental Nutrition Assistance Administration	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
	U.S. Department of Defense						
12.401	National Guard Military Operations and Maint	Military Affairs	Insufficient review of payroll reports	1	13-09	1	2012
12.401	National Guard Military Operations and Maint	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
	U.S. Department of Labor						
17.225	Unemployment Insurance	Employment and Economic Development	Overpayment of extended benefits to one unemployment insurance recipient	1	12-05	5	2011
17.225	Unemployment Insurance	Employment and Economic Development	Inaccurate reporting of Unemployment Fund liability	1	13-06	3	2012
17.225	Unemployment Insurance	Employment and Economic Development	Noncompliance with period of availability requirements	1	13-08	2	2012
17.225	Unemployment Insurance	Employment and Economic Development	Insufficient controls to ensure accurate indirect cost charges	1	13-08	3	2012
17.225	Unemployment Insurance	Employment and Economic Development	Overpayment of extended benefits to four unemployment recipients	1	13-08	4	2012
17.225	Unemployment Insurance	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	2	13-08	6	2012
17.225	Unemployment Insurance	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.225	ARRA - Unemployment Insurance	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.258	WIA Adult Program	Employment and Economic Development	No documented support for expenditure monitoring of two subrecipients	1	12-05	4	2011
17.258	WIA Adult Program	Employment and Economic Development	Insufficient monitoring of federal program expenditures	1	13-08	1	2012
17.258	WIA Adult Program	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	2	13-08	6	2012
17.258	WIA Adult Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.259	WIA Youth Activities	Employment and Economic Development	No documented support for expenditure monitoring of two subrecipients	1	12-05	4	2011
17.259	WIA Youth Activities	Employment and Economic Development	Insufficient monitoring of federal program expenditures	1	13-08	1	2012
17.259	WIA Youth Activities	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	2	13-08	6	2012
17.259	WIA Youth Activities	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.259	ARRA - Workforce Investment Act-Youth	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.260	WIA Dislocated Workers	Employment and Economic Development	No documented support for expenditure monitoring of two subrecipients	1	12-05	4	2011
17.260	WIA Dislocated Workers	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.260	ARRA-Workforce Investment Act-Dislocated Workers	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
17.278	WIA Dislocated Worker Formula Grants	Employment and Economic Development	No documented support for expenditure monitoring of two subrecipients	1	12-05	4	2011
17.278	WIA Dislocated Worker Formula Grants	Employment and Economic Development	Insufficient monitoring of federal program expenditures	1	13-08	1	2012
17.278	WIA Dislocated Worker Formula Grants	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	2	13-08	6	2012
17.278	WIA Dislocated Worker Formula Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
	U.S. Department of Transportation						
20.106	Airport Improvement Program	Transportation	Written management decisions not issued	1	12-08	3	2011
20.106	ARRA - Airport Improvement Program	Transportation	Written management decisions not issued	1	12-08	3	2011
20.106	Airport Improvement Program	Transportation	Noncompliance with subrecipient monitoring and notification requirements	1	13-17	1	2012
20.106	Airport Improvement Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
20.106	ARRA - Airport Improvement Program	Transportation	Noncompliance with subrecipient monitoring and notification requirements	1	13-17	1	2012
20.106	ARRA - Airport Improvement Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
20.200	Highway Research and Development Program	Transportation	Inaccurate reporting on the draft schedule of expenditures	1	11-11	1	2010
20.200	Highway Research and Development Program	Transportation	Inaccurate reporting on the draft schedule of expenditures	1	12-08	1	2011
20.205	Highway Planning and Construction	Transportation	Written management decisions not issued	1	12-08	3	2011
20.205	ARRA-Highway Planning and Construction	Transportation	Written management decisions not issued	1	12-08	3	2011
20.205	Highway Planning/Research and Development	Transportation	Written management decisions not issued	1	12-08	3	2011
20.205	Highway Planning and Construction	Transportation	Inaccurate reporting on the draft schedule of expenditures	1	11-11	1	2010
20.205	Highway Planning and Construction	Transportation	Inaccurate reporting on the draft schedule of expenditures	1	12-08	1	2011
20.205	ARRA-Highway Planning and Construction	Transportation	Inaccurate reporting on the draft schedule of expenditures	1	12-08	1	2011
20.205	Highway Planning/Research and Development	Transportation	Inaccurate reporting on the draft schedule of expenditures	1	12-08	1	2011
20.205	Highway Planning and Construction	Transportation	Noncompliance with subrecipient monitoring and notification requirements	1	13-17	1	2012
20.205	Highway Planning and Construction	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
20.205	ARRA - Highway Planning and Construction	Transportation	Noncompliance with subrecipient monitoring and notification requirements	1	13-17	1	2012
20.205	ARRA - Highway Planning and Construction	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
20.205	R&D - Highway Planning and Construction	Transportation	Noncompliance with subrecipient monitoring and notification requirements	1	13-17	1	2012

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
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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 Transportation (continued)						
20.205	R&D - Highway Planning and Construction	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
20.205	Highway Planning and Construction	Transportation	Contract change costs coded incorrectly	1	DOT-13	2	2012
20.219	Recreational Trails Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
	U.S. Department of Energy						
81.041	State Energy Program	Commerce	Noncompliance in developing and monitoring indirect cost plans	2	13-07	1	2012
81.041	ARRA - State Energy Program	Commerce	Noncompliance in developing and monitoring indirect cost plans	2	13-07	1	2012
81.042	Weatherization Assistance For Low-Income Persons	Commerce	Noncompliance in developing and monitoring indirect cost plans	2	13-07	1	2012
81.042	ARRA - Weatherization for Low-Income Persons	Commerce	Noncompliance in developing and monitoring indirect cost plans	2	13-07	1	2012
81.128	ARRA - Energy Efficiency and Cons Block Grant	Commerce	Noncompliance in developing and monitoring indirect cost plans	2	13-07	1	2012
	U.S. Department of Education						
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.007	Federal Supplemental Educational Opportunity Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-04	1	2011
84.010	Title I Grants to Local Educational Agencies	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
84.010	Title I Grants to Local Educational Agencies	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
84.010	Title I Grants to Local Educational Agencies	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	11-12	1	2010
84.027	Special Education_Grants to States	Education	No documented internal control structure ensuring compliance	2	12-04	1	2011
84.027	Special Education_Grants to States	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.027	Special Education_Grants to States	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
84.027	Special Education_Grants to States	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
84.027	Special Education_Grants to States	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.033	Federal Work-Study Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.033	Federal Work-Study Program	Minnesota State Colleges and Universities	One college did not report a reading tutor in the FISAP	1	CLA-12	1	2012
84.033	Federal Work-Study Program	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.038	Federal Perkins Loan	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.038	Federal Perkins Loan	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.063	Federal Pell Grant Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	One college did not properly report the disbursement date for a PELL grant	1	CLA-12	3	2012
84.126	Vocational Rehabilitation Grants	Employment and Economic Development	Insufficient controls over monitoring and reporting financial activity	2	13-08	5	2012
84.126	Vocational Rehabilitation Grants	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	2	13-08	6	2012
84.126	Vocational Rehabilitation Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	11-12	1	2010
84.173	Special Education_Preschool Grants	Education	No documented internal control structure ensuring compliance	2	12-04	1	2011
84.173	Special Education_Preschool Grants	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.173	Special Education_Preschool Grants	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
84.173	Special Education_Preschool Grants	Education	Noncompliance with review and monitoring of payroll reports	2	13-14	2	2012
84.173	Special Education_Preschool Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.268	Federal Direct Student Loans	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-04	1	2011
84.367	Improving Teacher Quality State Grants	Education	No documented internal control structure ensuring compliance	2	13-14	1	2012
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.375	Academic Competitiveness Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.376	National Science and Mathematics Talent Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
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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)						
84.379	Teacher Ed. Assist. for College and Higher Ed. Grants	Minnesota State Colleges and Universities	One college did not report changes in governance timely	1	CLA-12	2	2012
84.379	Teacher Ed. Assist. for College and Higher Ed. Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.389	ARRA - Title I - Grant to Local Education Agencies	Education	No documented internal control structure ensuring compliance	4	11-12	1	2010
84.389	ARRA - Title I - Grant to Local Education Agencies	Education	No documented internal control structure ensuring compliance	4	12-04	1	2011
84.389	ARRA - Title I - Grant to Local Education Agencies	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.389	ARRA - Title I - Grant to Local Education Agencies	Education	No documented internal control structure ensuring compliance	4	13-14	1	2012
84.389	ARRA - Title I - Grant to Local Education Agencies	Education	Noncompliance with review and monitoring of payroll reports	4	13-14	2	2012
84.389	ARRA - Title I - Grant to Local Education Agencies	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.390	ARRA - Vocational Rehabilitation	Employment and Economic Development	Insufficient controls over monitoring and reporting financial activity	4	13-08	5	2012
84.390	ARRA - Vocational Rehabilitation	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	13-08	6	2012
84.390	ARRA - Vocational Rehabilitation	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.391	ARRA - Special Education - Grants to States	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.391	ARRA - Special Education - Grants to States	Education	No documented internal control structure ensuring compliance	4	13-14	1	2012
84.391	ARRA - Special Education - Grants to States	Education	Noncompliance with review and monitoring of payroll reports	4	13-14	2	2012
84.391	ARRA - Special Education - Grants to States	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.392	ARRA - Special Education - Preschool Grants	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.392	ARRA - Special Education - Preschool Grants	Education	No documented internal control structure ensuring compliance	4	13-14	1	2012
84.392	ARRA - Special Education - Preschool Grants	Education	Noncompliance with review and monitoring of payroll reports	4	13-14	2	2012
84.392	ARRA - Special Education - Preschool Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
84.410	ARRA - Education Jobs	Education	No documented internal control structure ensuring compliance	4	12-04	1	2011
84.410	ARRA - Education Jobs	Education	Inaccurate reporting of Federal education aids accounts payable	1	13-06	3	2012
84.410	ARRA - Education Jobs	Education	No documented internal control structure ensuring compliance	4	13-14	1	2012
84.410	ARRA - Education Jobs	Education	Noncompliance with review and monitoring of payroll reports	4	13-14	2	2012
84.410	ARRA - Education Jobs	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.364	Nursing Student Loans	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
	U.S. Department of Health and Human Services						
93.268	Immunization Grants	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.525	State Plan and Establish Grants for ACA Exchange	Commerce	Noncompliance in developing and monitoring indirect cost plans	4	13-07	1	2012
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
93.558	Temporary Assistance for Needy Families	Human Services	Inadequately addressing responsibility for monitoring eligibility determinations	2	10-11	2	2009
93.558	Temporary Assistance for Needy Families	Human Services	No documented 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	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.558	Temporary Assistance for Needy Families	Human Services	No documented control structure ensuring accurate eligibility determinations	2	12-07	2	2011
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
93.558	Temporary Assistance for Needy Families	Health	Noncompliance with grant agreement using funds for unallowable costs	1	12-24	1	2011
93.558	Temporary Assistance for Needy Families	Health	Insufficient monitoring of recipient's use of grant funds	1	12-24	2	2011
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient monitoring of resolution of income discrepancies	2	13-05	2	2012
93.558	Temporary Assistance for Needy Families	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.558	Temporary Assistance for Needy Families	Human Services	No documented control structure ensuring accurate eligibility determinations	2	13-15	1	2012
93.558	Temporary Assistance for Needy Families	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.558	Temporary Assistance for Needy Families	Human Services	Federal requirements for reducing cash assistance for noncooperation not followed	2	13-15	5	2012
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient review of a key payroll report	1	13-15	7	2012
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
93.558	Temporary Assistance for Needy Families	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.563	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	11-13	2	2010
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.563	Child Support Enforcement	Human Services	Insufficient notification of federal award information to subrecipients	1	12-07	10	2011
93.563	Child Support Enforcement	Human Services	Insufficient controls to ensure appropriate access to state business systems	2	13-06	4	2012
93.563	Child Support Enforcement	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.563	Child Support Enforcement	Human Services	Insufficient notification of federal award information to subrecipients	1	13-15	8	2012
93.563	Child Support Enforcement	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.568	Low-Income Home Energy Assistance	Commerce	Noncompliance in developing and monitoring indirect cost plans	2	13-07	1	2012

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

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)						
93.568	Low-Income Home Energy Assistance	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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 eligibility determinations	2	10-11	2	2009
93.575	Child Care and Development Block Grant	Human Services	No documented 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	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.575	Child Care and Development Block Grant	Human Services	No documented control structure ensuring accurate eligibility determinations	2	12-07	2	2011
93.575	Child Care and Development Block Grant	Human Services	No monitoring of counties' efforts to detect fraudulent child care payments	2	12-07	4	2011
93.575	Child Care and Development Block Grant	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
93.575	Child Care and Development Block Grant	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.575	Child Care and Development Block Grant	Human Services	No documented control structure ensuring accurate eligibility determinations	2	13-15	1	2012
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.575	Child Care and Development Block Grant	Human Services	No monitoring of counties' efforts to detect fraudulent child care payments	2	13-15	3	2012
93.575	Child Care and Development Block Grant	Human Services	Did not submit accurate federal financial reports	1	13-15	6	2012
93.575	Child Care and Development Block Grant	Human Services	Insufficient review of a key payroll report	1	13-15	7	2012
93.575	Child Care and Development Block Grant	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
93.575	Child Care and Development Block Grant	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.596	Child Care Mandatory and Matching Fund	Human Services	Inadequately addressing responsibility for monitoring eligibility determinations	2	10-11	2	2009
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented control structure ensuring accurate eligibility determinations	2	11-13	1	2010
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented control structure ensuring accurate eligibility determinations	2	12-07	2	2011
93.596	Child Care Mandatory and Matching Fund	Human Services	No monitoring of counties' efforts to detect fraudulent child care payments	2	12-07	4	2011
93.596	Child Care Mandatory and Matching Fund	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
93.596	Child Care Mandatory and Matching Fund	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented control structure ensuring accurate eligibility determinations	2	13-15	1	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	No monitoring of counties' efforts to detect fraudulent child care payments	2	13-15	3	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	Did not submit accurate federal financial reports	1	13-15	6	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	Insufficient review of a key payroll report	1	13-15	7	2012
93.596	Child Care Mandatory and Matching Fund	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
93.596	Child Care Mandatory and Matching Fund	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.658	Foster Care_Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.658	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	11-13	2	2010
93.658	Foster Care_Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.658	Foster Care_Title IV-E	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
93.658	Foster Care_Title IV-E	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.658	Foster Care_Title IV-E	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.658	Foster Care_Title IV-E	Human Services	Insufficient review of a key payroll report	1	13-15	7	2012
93.658	Foster Care_Title IV-E	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
93.658	Foster Care_Title IV-E	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.658	ARRA-Foster Care_Title IV-E	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	1	09-10	1	2008
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	1	10-11	1	2009
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	1	11-13	2	2010
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	1	12-07	1	2011
93.667	Social Services Block Grant	Human Services	Insufficient notification of federal award information to subrecipients	1	12-07	10	2011
93.667	Social Services Block Grant	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.667	Social Services Block Grant	Human Services	Insufficient review of a key payroll report	1	13-15	7	2012

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

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)						
93.667	Social Services Block Grant	Human Services	Insufficient notification of federal award information to subrecipients	1	13-15	8	2012
93.667	Social Services Block Grant	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.712	ARRA - Immunization	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented control structure ensuring accurate eligibility determinations	4	11-13	1	2010
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented internal control structure ensuring compliance	4	11-13	2	2010
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented internal control structure ensuring compliance	4	12-07	1	2011
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented control structure ensuring accurate eligibility determinations	4	12-07	2	2011
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented control structure ensuring accurate eligibility determinations	4	13-15	1	2012
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	No documented internal control structure ensuring compliance	4	13-15	2	2012
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Federal requirements for reducing cash assistance for noncooperation not followed	4	13-15	5	2012
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
93.714	ARRA-Emergency Contingency Fund for TANF	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.720	Survey and Certification	Human Services	No documented internal control structure ensuring compliance	4	12-07	1	2011
93.720	ARRA - Survey and Certification	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	10-11	1	2009
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	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.767	Children's Health Insurance Program	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.767	Children's Health Insurance Program	Human Services	Insufficient notification of federal award information to subrecipients	1	13-15	8	2012
93.767	Children's Health Insurance Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.775	State Medical Fraud Control Units	Human Services	No documented internal control structure ensuring compliance	4	12-07	1	2011
93.775	State Medical Fraud Control Units	Attorney General	No documented internal control structure ensuring compliance	4	13-15	2	2012
93.775	State Medical Fraud Control Units	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.777	State Health Care Providers Survey	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.777	State Health Care Providers Survey	Human Services	Insufficient notification of federal award information to subrecipients	1	13-15	8	2012
93.777	State Health Care Providers Survey	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
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	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.778	Medical Assistance Program	Human Services	Unnecessary employee access to program subsystem	1	10-34	5	2009
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.778	Medical Assistance Program	Human Services	Lack of adequate separation of duties	1	12-03	2	2011
93.778	Medical Assistance Program	Human Services	Unnecessary employee access to program subsystem	1	12-03	2	2011
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.778	Medical Assistance Program	Human Services	Inaccurate reporting of expenditures on SEFA and notes to Schedule	1	12-07	9	2011
93.778	Medical Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	2	12-07	10	2011
93.778	Medical Assistance Program	Human Services	Noncompliance with federal eligibility requirements	2	13-05	1	2012
93.778	Medical Assistance Program	Human Services	Insufficient monitoring of resolution of income discrepancies	2	13-05	2	2012
93.778	Medical Assistance Program	Human Services	Insufficient controls to ensure appropriate access to state business systems	1	13-06	4	2012
93.778	Medical Assistance Program	Human Services	Incomplete information to draw timely and accurate federal reimbursements	1	13-06	6	2012
93.778	Medical Assistance Program	Human Services	No documented control structure ensuring accurate eligibility determinations	2	13-15	1	2012
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012
93.778	Medical Assistance Program	Human Services	Insufficient notification of federal award information to subrecipients	2	13-15	8	2012
93.778	Medical Assistance Program	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	11-13	2	2010
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	12-07	1	2011
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	2	13-15	2	2012

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2013

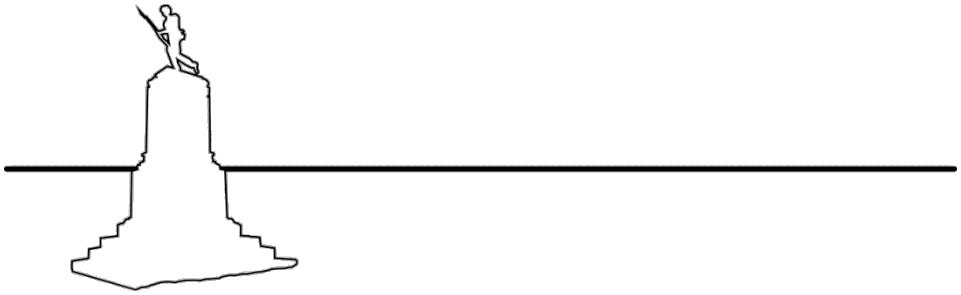
CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	AUDIT REPORT FISCAL YR.
	U.S. Department of Homeland Security						
97.036	Disaster Grants - Public Assistance	Public Safety	Insufficient notification of federal award information to subrecipients	2	13-11	1	2012
97.036	Disaster Grants - Public Assistance	Management and Budget	Noncompliance with single audit reporting requirements	1	13-18	1	2012

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.
2 - Findings are not corrected or are only partially corrected.
3 - Corrective action taken was significantly different than previously reported.
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.



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 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 14-09, Finding 1 (2013-005), 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
93.767	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 14-11, Finding 1 (2013-010), for the Department of Human Services' 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
84.367	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 14-9, Finding 1 (2013-005), for the 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
93.575	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
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.777	State Health Care Provider Survey
93.778	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 14-11, Finding 1 (2013-010), 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 14-11, Finding 1 (2013-010), for the Department of Human Services' 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

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 14-09, Finding 1 (2013-005), 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

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 14-11, Finding 1 (2013-010), 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
93.575	Child Care and Development – Discretionary
93.596	Child Care and Development – Mandatory and Matching
93.658	Foster Care
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.777	State Health Care Providers Survey
93.778	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 14-11, Finding 1 (2013-010), 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 Agriculture

CFDA Number/Program Name:

10.561 Supplemental Nutrition Assistance Program (SNAP) Administration

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 14-11, Finding 8 (2013-017), for the Department of Human Services' response.

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

Report 12-04

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

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.**

This finding is repeated in the current audit report. See Section III, Report 14-09, Finding 1 (2013-005), for the Department of Education's response.

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

Report 12-07

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
93.575	Child Care and Development – Discretionary
93.596	Child Care and Development – Mandatory and Match
93.658	Foster Care
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.959	Block Grants for Substance Abuse

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.**

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 1 (2013-010), for the Department of Human Services' response.

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

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

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.**

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 1 (2013-010), for the Department of Human Services' response.

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

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

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.

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 4 (2013-13), for the Department of Human Services' response.

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

Report 12-07

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:

10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development – Discretionary
93.596	Child Care and Development – Mandatory and Match
93.658	Foster Care
93.714	ARRA – Emergency Contingency for TANF
93.778	Medical Assistance

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.

This finding is repeated in the current audit report. See Section III, Report 14-11, Findings 7 and 8 (2013-016 and 2013-017), for the Department of Human Services' response.

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

Report 13-05

State Agency: Minnesota Department of Human Services

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

CFDA Number/Program Name:

93.778 Medical Assistance

Finding 13-05-1 *Noncompliance with federal eligibility requirements.*

1. **The Department of Human Services did not comply with federal and state requirements to verify the social security numbers and income reported by participants of MinnesotaCare.**

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 1 (2013-010), for the Department of Human Services' response.

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

Report 13-05

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)
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance

Finding 13-05-2 *Insufficient monitoring of resolution of income discrepancies.*

2. The Department of Human Services did not effectively monitor resolution of social security number and income discrepancies for several public assistance programs.

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 5 (2013-014), for the Department of Human Services' response.

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

Report 13-06

State Agency: Minnesota Department of Human Services

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

CFDA Number/Program Name:

93.563 Child Support Enforcement

Finding 13-06-4 *Insufficient controls to ensure appropriate access to state business systems.*

4. Prior Finding Partially Resolved: The Department of Human Services had weaknesses in its internal controls to ensure appropriate access to state business systems.

This finding is repeated in the current audit report. See Section III, Report 14-04, Finding 3 (2013-020), for the Department of Human Services' response.

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

Report 13-07

State Agency: Minnesota Department of Commerce

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

CFDA Numbers/Program Names:

81.041	State Energy Program
81.041	ARRA – State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA – Weatherization Assistance for Low-Income Persons
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program
93.568	Low-Income Home Energy Assistance

Finding 13-07-1 *Noncompliance in developing and monitoring annual indirect cost plans.*

1. **The Department of Commerce did not obtain federal approval for the indirect cost rate it used for fiscal year 2012; it used the rate approved for the previous year as a basis for the $949,338 of indirect costs it recovered from all federal programs, including $240,914 from the Low-Income Home Energy Assistance Program.**

This finding is repeated in the current audit report. See Section III, Report 14-08, Finding 2 (2013-004), for the Department of Commerce's response.

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

Report 13-08

State Agency: Minnesota Department of Employment and Economic Development

Federal Agency: U.S. Department of Education

CFDA Number/Program Name:

84.126 Vocational Rehabilitation

Finding 13-08-5 *Insufficient controls over monitoring and reporting financial activity.*

5. **The Department of Employment and Economic Development's grants funded from the federal Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390) had financial control weaknesses.**

This finding is repeated in the current audit report. See Section III, Report 14-10, Finding 2 (2013-009), for the Department of Employment and Economic Development's response.

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

Report 13-08

State Agency: Minnesota Department of Employment and Economic Development

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

CFDA Numbers/Program Names:

17.225	Unemployment Insurance
17.258	Workforce Investment Act – Adult
17.259	Workforce Investment Act – Youth
17.278	Workforce Investment Act – Dislocated Workers Formula Grants
84.126	Vocational Rehabilitation

Finding 13-08-6 *Insufficient monitoring of equipment purchased with federal funds.*

6. The Department of Employment and Economic Development did not properly update federal equipment purchases in the state's accounting system.

This finding is repeated in the current audit report. See Section III, Report 14-10, Finding 1 (2013-008), for the Department of Employment and Economic Development's response.

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

Report 13-11

State Agency: Minnesota Department of Public Safety

Federal Agency: U. S. Department of Homeland Security

CFDA Number/Program Name:

97.036 Disaster Grants – Public Assistance Program

Finding 13-11-1 *Insufficient notification of federal award information to subrecipients.*

1. **The Department of Public Safety did not adequately notify its subrecipients about federal grant information and requirements.**

This finding is repeated in the current audit report. See Section III, Report 14-07, Finding 1 (2013-002), for the Department of Public Safety's response.

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

Report 13-14

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

Finding 13-14-1 *No documented internal control structure ensuring compliance.*

1. **Prior Finding Not Resolved: The Minnesota Department of Education did not identify, analyze, and document its internal controls related to compliance with federal requirements.**

This finding is repeated in the current audit report. See Section III, Report 14-09, Finding 1 (2013-005), for the Department of Education's response.

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

Report 13-14

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

Finding 13-14-2 *Noncompliance with review and monitoring of payroll reports.*

2. The Minnesota Department of Education did not comply with federal standards for payroll documentation.

This finding is repeated in the current audit report. See Section III, Report 14-09, Finding 2 (2013-006), for the Department of Education's response.

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

Report 13-15

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 Block Grant
93.596	Child Care and Development Mandatory and Matching Funds
93.778	Medical Assistance

Finding 13-15-1 *No documented internal control structure ensuring compliance.*

1. **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.**

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 1 (2013-010), for the Department of Human Services' response.

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

Report 13-15

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
93.575	Child Care and Development Block Grant
93.596	Child Care and Development Mandatory and Matching Funds
93.658	Foster Care
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
93.959	Block Grants for Substance Abuse

Finding 13-15-2 *No documented internal control structure ensuring compliance.*

2. Prior Finding Not 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 14-11, Finding 1 (2013-010), for the Department of Human Services' response.

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

Report 13-15

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 Block Grant
93.596 Child Care and Development Mandatory and Matching Funds

Finding 13-15-3 *No monitoring of counties' efforts to detect fraudulent child care payments.*

3. Prior Finding Partially Resolved: 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.

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 4 (2013-013), for the Department of Human Services' response.

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

Report 13-15

State Agency: Minnesota Department of Human Services

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

CFDA Number/Program Name:

93.558 Temporary Assistance for Needy Families (TANF)

Finding 13-15-5 *The department did not reduce cash assistance when recipients refused to cooperate with child support enforcement requirements.*

5. **The Department of Human Services did not consistently reduce recipients' cash assistance benefits when the recipient refused to cooperate with child support enforcement requirements.**

This finding is repeated in the current audit report. See Section III, Report 14-11, Finding 3 (2013-012), for the Department of Human Services' response.

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

Report 13-15

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:

10.561	Supplemental Nutrition Assistance Program (SNAP) Administration
93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development Block Grant
93.596	Child Care and Development Mandatory and Matching Funds
93.658	Foster Care
93.714	ARRA – Emergency Contingency Fund for TANF
93.778	Medical Assistance

Finding 13-15-8 *Insufficient notification of federal award information to subrecipients.*

8. Prior Finding Partially Resolved: The Department of Human Services did not obtain the Data Universal Numbering System (DUNS) numbers from its subrecipients and did not communicate all federal award information to some of its subrecipients.

This finding is repeated in the current audit report. See Section III, Report 14-11, Findings 7 and 8 (2013-016 and 2013-017), for the Department of Human Services' response.