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# Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2018

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State of Minnesota

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# Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2018

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Prepared by Minnesota  
Management and Budget  
Myron Frans,  
Commissioner  
400 Centennial Office Building  
658 Cedar Street  
Saint Paul, Minnesota 55155-1489



State of Minnesota

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2018  
Financial and  
Compliance Report on  
Federally Assisted  
Programs

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The State of 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 and 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 Comprehensive Annual Financial Report is available at the following website:

<http://www.mn.gov/mmb/accounting/reports/>

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March 1, 2019

The Honorable Tim Walz, Governor

**RE: 2018 Financial and Compliance Report on Federally Assisted Programs Transmittal Letter from the Commissioner of Minnesota Management and Budget**

Dear Governor Walz:

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2018. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable.

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, 2018.

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 2018, the state of Minnesota received approximately \$13.3 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 the Uniform Guidance contained in 2 CFR Part 200, as applicable.

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, 2018.

All subrecipients receiving federal assistance from Minnesota state agencies have been required to have audits in accordance with the Uniform Guidance contained in 2 CFR Part 200, as applicable. 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, 2018, 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,



Myron Frans  
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 the Uniform Guidance**

**Independent Auditor's Report**

Members of the Minnesota Legislature

The Honorable Tim Walz, Governor

Mr. Myron Frans, 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) *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, 2018. 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 did not audit the Student Financial Aid Cluster (CFDA 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, and 93.364) which is administered by Minnesota State Colleges and Universities and represents about 7 percent of the total federal expenditures for major programs. The Student Financial Aid Cluster was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the Schedule of Findings and Questioned Costs, is based solely on the report of other auditors. 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 the audit requirements of the Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing 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. However, our audit does not provide a legal determination of the State of Minnesota's compliance.

***Basis for Qualified Opinion on 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 one of its major federal programs. These federal requirements included verifying program eligibility for recipients of assistance, as described in the Uniform Guidance. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to the Temporary Assistance for Needy Families program (CFDA 93.558), as reported in Finding 2018-011.

***Qualified Opinion on 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 Temporary Assistance for Needy Families (CFDA 93.558) for the year ended June 30, 2018.

***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, 2018.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and that 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.

The State of Minnesota's response and corrective action plan to the noncompliance findings identified in our audit are described in the accompanying Agency Provided Corrective Action Plan. The state's response and corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***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 each 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 the Uniform Guidance. 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 in the State of Minnesota's internal control over compliance that might be material weaknesses or significant and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. 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. We consider the deficiencies in internal control over compliance described in Section III of the accompanying Schedule of Findings and Questioned Costs as Finding 2018-011 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in Section III of the accompanying Schedule of Findings and Questioned Costs as Findings 2018-001 through 2018-010 and 2018-012 through 2018-019 to be significant deficiencies.

The State of Minnesota's response and corrective action plan to the internal control over compliance findings identified in our audit are described in the accompanying Agency Provided Corrective Action Plan. The state's response and corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

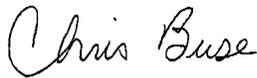
#### ***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

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, 2018, and have issued our report thereon dated December 14, 2018, 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 \$1.47 billion in expenditures of federal awards for the

year ended June 30, 2018.<sup>1</sup> Those expenditures are not included in the State of Minnesota's schedule of expenditures of federal awards for the year ended June 30, 2018. 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 the Uniform Guidance.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



Christopher Buse, CPA  
Deputy Legislative Auditor



Tracy Gebhard, CPA  
Legislative Audit Director

March 1, 2019

<sup>1</sup> This includes approximately \$178 million in Metropolitan Council expenditures of federal awards for its fiscal year ended December 31, 2017.

State of Minnesota  
Major Federal Programs  
Schedule of Expenditures  
Year Ended June 30, 2018

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department Of Agriculture</b>				
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster</b>				
10.551	Supplemental Nutrition Assistance Program	Human Services	\$ 553,092,684	\$ -
10.561	State Admin Matching Grants For Supp Nutr	Human Services	\$ 71,968,958	\$ 62,854,765
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster Total:</b>			<b>\$ 625,061,642</b>	<b>\$ 62,854,765</b>
10.557	Special Supp. Nutrition Program For Women, Infants (4)	Health	\$ 88,394,088	\$ 24,664,096
<b>U.S. Department Of Labor</b>				
<b>Employment Service Cluster</b>				
17.207	Employment Service/Wagner-Peyser Funded Activities	Employment & Economic	\$ 20,520,232	\$ 1,759,320
17.801	Disabled Veterans' Outreach Program (DVOP)	Employment & Economic	\$ 2,634,704	\$ -
<b>Employment Service Cluster Total:</b>			<b>\$ 23,154,936</b>	<b>\$ 1,759,320</b>
<b>U.S. Department Of Transportation</b>				
<b>Highway Planning and Construction Cluster</b>				
20.205	Highway Planning And Construction	MnSCU	\$ 232,067	\$ -
20.205	Highway Planning And Construction	Transportation	\$ 635,532,263	\$ 126,485,796
20.219	Recreational Trails Program	Natural Resources	\$ 2,122,639	\$ 1,391,625
20.224	Federal Lands Access Program	Transportation	\$ 2,772,500	\$ 2,772,500
<b>Highway Planning and Construction Cluster Total:</b>			<b>\$ 640,659,469</b>	<b>\$ 130,649,921</b>
<b>U.S. Department Of Education</b>				
<b>Student Financial Assistance Cluster</b>				
84.007	Federal Supp. Educational Opportunity Grants	MnSCU	\$ 6,509,656	\$ -
84.033	Federal Work-Study Program	MnSCU	\$ 5,856,850	\$ -
84.038	Federal Perkins Loan (2)	MnSCU	\$ 33,985,589	\$ -
84.063	Federal Pell Grant Program	MnSCU	\$ 230,945,589	\$ -
84.268	Federal Direct Student Loans (3)	MnSCU	\$ 480,166,479	\$ -
84.379	Teacher Ed. Assist. For College And Higher Ed. Grants	MnSCU	\$ 561,900	\$ -
93.364	Nursing Student Loans (2)	MnSCU	\$ 20,198	\$ -
<b>Student Financial Assistance Cluster Total:</b>			<b>\$ 758,046,261</b>	<b>\$ -</b>
<b>Special Education (IDEA) Cluster</b>				
84.027	Special Education Grants To States	Education	\$ 180,724,582	\$ 165,049,291
84.173	Special Education Preschool Grants	Education	\$ 6,883,030	\$ 5,677,336
<b>Special Education (IDEA) Cluster Total:</b>			<b>\$ 187,607,612</b>	<b>\$ 170,726,627</b>
84.010	Title I Grants To Local Educational Agencies	Education	\$ 149,018,255	\$ 146,922,994
84.126	Rehab Services Vocational Rehab Grants	Employment & Economic	\$ 51,036,983	\$ 764,376
84.367	Supporting Effective Instruction State Grants	Education	\$ 27,882,944	\$ 26,488,913
84.367	Supporting Effective Instruction State Grants	MnSCU	\$ 51,513	\$ -
84.367	<i>Pass-Through from the Minnesota Office of Higher Education (P.L. 107-110)</i>	MnSCU	\$ 39,536	\$ -
<b>Program 84.367 Total:</b>			<b>\$ 27,973,993</b>	<b>\$ 26,488,913</b>
<b>U.S. Department Of Health &amp; Human Services</b>				
<b>Temporary Assistance for Needy Families (TANF) Cluster</b>				
93.558	Temporary Assistance For Needy Families	Human Services	\$ 207,100,509	\$ 81,433,092
<b>Temporary Assistance for Needy Families (TANF) Cluster Total:</b>			<b>\$ 207,100,509</b>	<b>\$ 81,433,092</b>
93.563	Child Support Enforcement	Human Services	\$ 121,358,825	\$ 93,811,527
93.659	Adoption Assistance	Human Services	\$ 32,987,693	\$ 1,701,381
93.667	Social Services Block Grant	Human Services	\$ 31,588,476	\$ 30,181,085

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>Medicaid Cluster</b>				
93.775	State Medicaid Fraud Control Units	Attorney General	\$ 2,125,951	\$ -
93.777	State Survey And Cert. Of Health Care Providers	Health	\$ 10,511,269	\$ -
93.777	State Survey And Cert. Of Health Care Providers	Human Services	\$ 6,491,590	\$ -
93.778	Medical Assistance Program (4)	Human Services	\$ 7,459,645,752	\$ 221,413,824
	<b>Medicaid Cluster Total:</b>		<b>\$ 7,478,774,562</b>	<b>\$ 221,413,824</b>
<b>Child Care and Development Fund (CCDF) Cluster</b>				
93.575	Child Care And Development Block Grant	Human Services	\$ 85,661,860	\$ -
93.596	Child Care Mandatory And Matching Funds	Human Services	\$ 62,031,002	\$ 29,649,073
	<b>Child Care and Development Fund (CCDF) Cluster Total:</b>		<b>\$ 147,692,862</b>	<b>\$ 29,649,073</b>
<b>U.S. Social Security Administration</b>				
<b>Disability Insurance/SSI Cluster</b>				
96.001	Social Security Disability Insurance	Employment & Economic	\$ 23,628,092	\$ -
	<b>Disability Insurance/SSI Cluster Total:</b>		<b>\$ 23,628,092</b>	<b>\$ -</b>
<b>Major Federal Programs Total</b>			<b>\$ 10,594,084,258</b>	<b>\$ 1,023,020,994</b>

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department Of Agriculture</b>				
<b>Child Nutrition Cluster</b>				
10.553	School Breakfast Program	Education	\$ 53,758,115	\$ 53,652,655
10.555	National School Lunch Program	Education	\$ 199,988,491	\$ 168,220,573
10.556	Special Milk Program For Children	Education	\$ 728,244	\$ 726,678
10.559	Summer Food Service Program For Children	Education	\$ 9,620,010	\$ 9,267,187
	<b>Child Nutrition Cluster Total:</b>		<b>\$ 264,094,860</b>	<b>\$ 231,867,093</b>
<b>Forest Service Schools and Roads Cluster</b>				
10.665	Schools And Roads - Grants To States	MN Management & Budget	\$ 7,089,850	\$ 7,089,850
	<b>Forest Service Schools and Roads Cluster Total:</b>		<b>\$ 7,089,850</b>	<b>\$ 7,089,850</b>
<b>Food Distribution Cluster</b>				
10.565	Commodity Supplemental Food Program	Health	\$ 1,148,699	\$ 1,025,364
10.568	Emergency Food Assistance (Administrative Costs)	Human Services	\$ 1,472,847	\$ 1,300,210
	<b>Food Distribution Cluster Total:</b>		<b>\$ 2,621,546</b>	<b>\$ 2,325,574</b>
10.001	Agricultural Research Service	MnSCU	\$ 16,371	\$ -
10.025	Plant And Animal Disease, Pest Control, And Animal Care	Agriculture	\$ 703,060	\$ -
10.025	Plant And Animal Disease, Pest Control, And Animal Care	Animal Health Board	\$ 694,589	\$ -
10.025	<i>Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)</i>	Agriculture	\$ 32,600	\$ -
	<b>Program 10.025 Total:</b>		<b>\$ 1,430,249</b>	<b>\$ -</b>
10.028	Wildlife Services	Natural Resources	\$ 34,856	\$ -
10.093	Voluntary Public Access & Habitat Incentive Program	Natural Resources	\$ 622,498	\$ 72,176
10.117	Biofuel Infrastructure Partnership	Agriculture	\$ 4,482,752	\$ 4,482,752
10.156	Federal-State Marketing Improvement Program	Agriculture	\$ 32,699	\$ -
10.163	Market Protection And Promotion	Agriculture	\$ 1,500	\$ -
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture	\$ 1,189,109	\$ 936,808
10.171	Organic Certification Cost Share	Agriculture	\$ 433,532	\$ -
10.215	Sustainable Agriculture Research and Education			
10.215	<i>Pass-Through from the University of Minnesota (Unknown)</i>	Agriculture	\$ 4,277	\$ -
10.221	Tribal Colleges Education Equity Grants	MnSCU	\$ 65,555	\$ -
10.222	Tribal Colleges Endowment Program	MnSCU	\$ 122,272	\$ -
10.227	1994 Institutions Research Program	MnSCU	\$ 81,119	\$ -
10.310	Agriculture And Food Research Initiative	MnSCU	\$ 28,062	\$ -
10.319	Farm Business Management Grants	MnSCU	\$ 12,041	\$ -
10.326	Capacity Building for Non-Land Grant College of Agricultures	MnSCU	\$ 13,944	\$ -
10.351	Rural Business Development Grant	MnSCU	\$ 42,186	\$ -
10.443	Outreach And Assist. For Disadvantaged Farmers	MnSCU	\$ 61,464	\$ -
10.460	Risk Management Education Partnerships	MnSCU	\$ 72,115	\$ -
10.475	Coop Agmnts With States For Intrastate Meat, Poultry	Agriculture	\$ 1,697,210	\$ -
10.479	Food Safety Cooperative Agreements	Agriculture	\$ 448,632	\$ -
10.500	Cooperative Extension Service	MnSCU	\$ 69,229	\$ -
10.500	<i>Pass-Through from the University of Minnesota (2015-41520-23815)</i>	MnSCU	\$ 105,241	\$ -
	<b>Program 10.500 Total:</b>		<b>\$ 174,470</b>	<b>\$ -</b>
10.541	Child Nutrition-Technology Innovation Grant	Education	\$ 80,292	\$ -
10.547	Professional Standards School Nutrition Employees	Education	\$ 26,412	\$ -
10.558	Child And Adult Care Food Program	Education	\$ 66,889,801	\$ 65,238,346
10.560	State Administrative Expenses For Child Nutrition	Education	\$ 5,067,781	\$ -

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, 2018**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
10.572	WIC Farmers' Market Nutrition Program (FMNP)	Agriculture	\$ 320,360	\$ -
10.574	Team Nutrition Grants	Education	\$ 157,150	\$ -
10.576	Senior Farmers' Market Nutrition Program	Agriculture	\$ 110,884	\$ -
10.578	WIC Grants To States (WGS)	Health	\$ 1,381,823	\$ 152,782
10.579	Child Nutrition Discretionary Grants Limited Availability	Education	\$ 331,951	\$ 315,932
10.582	Fresh Fruit And Vegetable Program	Education	\$ 2,863,933	\$ 2,814,587
10.664	Cooperative Forestry Assistance	Natural Resources	\$ 1,386,817	\$ 748,355
10.674	Wood Utilization Assistance	Natural Resources	\$ 39,443	\$ 3,500
10.675	Urban And Community Forestry Program	Natural Resources	\$ 371,632	\$ 202,048
10.676	Forest Legacy Program	Natural Resources	\$ 38,716	\$ -
10.678	Forest Stewardship Program	Natural Resources	\$ 452,930	\$ 111,266
10.680	Forest Health Protection	Agriculture	\$ 72,462	\$ -
10.680	Forest Health Protection	MnSCU	\$ 17,536	\$ -
10.680	Forest Health Protection	Natural Resources	\$ 246,528	\$ 15,744
10.680	Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)	Agriculture	\$ 483,747	\$ -
	<b>Program 10.680 Total:</b>		<b>\$ 820,273</b>	<b>\$ 15,744</b>
10.890	Rural Development Cooperative Agreement Program	MnSCU	\$ 1,200	\$ -
10.902	Soil And Water Conservation	Water & Soil Resources	\$ 798,014	\$ -
10.912	Environmental Quality Incentives Program	Agriculture	\$ 25,000	\$ -
10.912	Environmental Quality Incentives Program	Water & Soil Resources	\$ 75,049	\$ -
	<b>Program 10.912 Total:</b>		<b>\$ 100,049</b>	<b>\$ -</b>
10.933	Wetlands Mitigation Banking Program	Water & Soil Resources	\$ 56,898	\$ -
<b>U.S. Department Of Commerce</b>				
<b>Economic Development Cluster</b>				
11.300	Investments For Public Works And Economic Dev Facilities	MnSCU	\$ 5,214	\$ -
	<b>Economic Development Cluster Total:</b>		<b>\$ 5,214</b>	<b>\$ -</b>
11.407	Interjurisdictional Fisheries Act Of 1986	Natural Resources	\$ 13,626	\$ -
11.419	Coastal Zone Management Administration Awards	Natural Resources	\$ 819,832	\$ 277,469
11.549	State And Local Implementation Grant Program	Public Safety	\$ 412,791	\$ 8,244
<b>U.S. Department Of Defense</b>				
12.002	Procurement Technical Assistance For Business Firms	Administration	\$ 540,992	\$ -
12.113	Reimbursement Of Technical Services	Pollution Control Agency	\$ 253,924	\$ -
12.300	Basic And Applied Scientific Research	MnSCU	\$ 802	\$ -
12.400	Military Construction, National Guard	Military Affairs	\$ 4,752,400	\$ -
12.401	National Guard Military Operations And Maint	Military Affairs	\$ 55,067,094	\$ -
12.401	National Guard Military Operations And Maint	Water & Soil Resources	\$ 887,637	\$ -
	<b>Program 12.401 Total:</b>		<b>\$ 55,954,731</b>	<b>\$ -</b>
12.404	National Guard Challenge Program	Military Affairs	\$ 1,899,402	\$ 1,899,402
12.630	R&D-Basic, Applied, And Adv Res In Science, Engineer	Natural Resources	\$ 61,085	\$ -
12.902	Information Security Grant	MnSCU	\$ 487,754	\$ -
12.903	GenCyber Grants Program	MnSCU	\$ 240,100	\$ -
<b>U.S. Department Of Housing &amp; Urban Development</b>				
14.228	CDBG/State's Program And Non-Entitlement Grants	Employment & Economic	\$ 12,754,703	\$ 11,311,111
14.231	Emergency Solutions Grants Program	Human Services	\$ 1,979,363	\$ 1,807,139
<b>U.S. Department Of The Interior</b>				
<b>Fish and Wildlife Cluster</b>				
15.605	Sport Fish Restoration Program	Natural Resources	\$ 13,160,227	\$ -

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
15.611	Wildlife Restoration And Basic Hunter Education	Natural Resources	\$ 25,984,061	\$ 2,268,598
	<b>Fish and Wildlife Cluster Total:</b>		<b>\$ 39,144,288</b>	<b>\$ 2,268,598</b>
15.608	Fish And Wildlife Management Assistance	Agriculture	\$ 23,248	\$ -
15.608	Fish And Wildlife Management Assistance	Natural Resources	\$ 248,265	\$ 41,805
	<b>Program 15.608 Total:</b>		<b>\$ 271,513</b>	<b>\$ 41,805</b>
15.615	Cooperative Endangered Species Conservation Fund	Natural Resources	\$ 96,184	\$ -
15.626	Enhanced Hunter Education And Safety Program	Natural Resources	\$ 242,181	\$ -
15.634	State Wildlife Grants	Natural Resources	\$ 978,236	\$ -
15.637	Migratory Bird Joint Ventures	Natural Resources	\$ 14,056	\$ -
15.647	Migratory Bird Conservation	Natural Resources	\$ 31,497	\$ -
15.657	Endangered Species Conservation - Rec Implement	MN Zoological Board	\$ 78,225	\$ -
15.657	Endangered Species Conservation - Rec Implement	Natural Resources	\$ 21,450	\$ -
	<b>Program 15.657 Total:</b>		<b>\$ 99,675</b>	<b>\$ -</b>
15.662	Great Lakes Restoration	MnSCU	\$ 246,539	\$ -
15.662	Great Lakes Restoration	Natural Resources	\$ 744,568	\$ -
	<b>Program 15.662 Total:</b>		<b>\$ 991,107</b>	<b>\$ -</b>
15.808	US Geological Survey Research And Data Collection	Natural Resources	\$ 14,219	\$ -
15.904	Historic Preservation Fund Grants-In-Aid	Administration	\$ 204,962	\$ -
15.916	Outdoor Recreation Acquisition, Developmt, Planning	Natural Resources	\$ 364,928	\$ 364,928
15.945	Cooperative Research And Training	MnSCU	\$ 17	\$ -
15.978	Upper Mississippi River System LT Resource Monitoring	Natural Resources	\$ 553,036	\$ -
15.980	National Ground-Water Monitoring Network	Natural Resources	\$ 5,916	\$ -
15.980	National Ground-Water Monitoring Network	Pollution Control Agency	\$ 15,988	\$ -
	<b>Program 15.980 Total:</b>		<b>\$ 21,904</b>	<b>\$ -</b>
<b>U.S. Department Of Justice</b>				
16.017	Sexual Assault Services Formula Program	Public Safety	\$ 451,288	\$ 443,304
16.021	Justice Systems Response To Families	Trial Courts	\$ 239,555	\$ -
16.029	Office on Violence Against Women Special Projects	Trial Courts	\$ 25,798	\$ -
16.320	Services For Trafficking Victims	Health	\$ 507,207	\$ 298,363
16.523	Juvenile Accountability Block Grants	Public Safety	\$ 66,607	\$ 66,607
16.525	Grants To Reduce Violence On Campus	MnSCU	\$ 117,901	\$ -
16.540	Juvenile Justice And Delinquency Prevention	Public Safety	\$ 475,107	\$ 357,123
16.543	Missing Children's Assistance	Public Safety	\$ 273,581	\$ 440
16.550	State Justice Statistics Program For Statistical Analysis	Public Safety	\$ 13,896	\$ -
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	\$ 2,699,586	\$ -
16.560	Nat'l Institute Of Justice Research, Evaluation, And Dev	Public Safety	\$ 29,343	\$ -
16.575	Crime Victim Assistance	Public Safety	\$ 29,443,662	\$ 28,304,185
16.576	Crime Victim Compensation	Public Safety	\$ 46,063	\$ -
16.582	Crime Victim Assistance/Discretionary Grants	Public Safety	\$ 387,411	\$ 378,295
16.585	Drug Court Discretionary Grant Program	Trial Courts	\$ 523,693	\$ -
16.588	Violence Against Women Formula Grants	Public Safety	\$ 2,552,266	\$ 2,216,201
16.588	Violence Against Women Formula Grants	Supreme Court	\$ 103,036	\$ -
16.588	<i>Pass-Through from the Urban Institute (09178-000-00)</i>	Corrections	\$ 107,906	\$ -
	<b>Program 16.588 Total:</b>		<b>\$ 2,763,208</b>	<b>\$ 2,216,201</b>
16.593	Residential Substance Abuse Treatment State Prisoners	Public Safety	\$ 71,002	\$ 18,453
16.606	State Criminal Alien Assistance Program	Corrections	\$ 372,565	\$ -
16.710	Public Safety Partnership And Community Policing Grants	Public Safety	\$ 104,236	\$ -
16.734	Special Data Collections & Statistical Studies	Public Safety	\$ 549,269	\$ -

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, 2018**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
16.735	PREA Program: Strategic Support for PREA Implementation	Corrections	\$ 1,617	\$ -
16.738	Edward Byrne Memorial Justice Assistance Grant	Public Safety	\$ 2,246,289	\$ 2,063,471
16.740	Statewide Automated Victim Information Notification	Public Safety	\$ 134,488	\$ -
16.741	DNA Backlog Reduction Program	Public Safety	\$ 900,436	\$ -
16.742	Paul Coverdell Forensic Sciences Improvement Grant	Public Safety	\$ 43,825	\$ 27,976
16.745	Criminal And Juvenile Justice And Mental Health	Corrections	\$ 56,870	\$ 56,097
16.754	Harold Rogers Prescription Drug Monitoring	Pharmacy Board	\$ 61,826	\$ -
16.812	Second Chance Act Prisoner Reentry Initiative	Corrections	\$ 1,036,490	\$ 66,521
<b>U.S. Department Of Labor</b>				
<b>WIOA Cluster</b>				
17.258	WIA/WIOA Adult Program	Employment & Economic	\$ 6,746,928	\$ 5,782,735
17.259	WIA/WIOA Youth Activities	Employment & Economic	\$ 8,525,742	\$ 7,137,773
17.278	WIA/WIOA Dislocated Worker Formula Grants	Employment & Economic	\$ 6,522,217	\$ 4,985,924
	<b>WIOA Cluster Total:</b>		<b>\$ 21,794,887</b>	<b>\$ 17,906,432</b>
17.002	Labor Force Statistics	Employment & Economic	\$ 1,378,916	\$ -
17.005	Compensation And Working Conditions	Labor And Industry	\$ 120,683	\$ -
17.225	Unemployment Insurance (5)	Employment & Economic	\$ 788,787,393	\$ -
17.225	ARRA-Unemployment Insurance (5)	Employment & Economic	\$ 226,226	\$ -
	<b>Program 17.225 Total:</b>		<b>\$ 789,013,619</b>	<b>\$ -</b>
17.235	Senior Community Service Employment Program	Employment & Economic	\$ 1,601,291	\$ 1,565,069
17.245	Trade Adjustment Assistance	Employment & Economic	\$ 10,816,728	\$ -
17.267	Incentive Grants - WIA Section 503	Employment & Economic	\$ 102,278	\$ -
17.268	H-1B Job Training Grants	Employment & Economic	\$ 495,915	\$ 351,967
17.271	Work Opportunity Tax Credit Program (WOTC)	Employment & Economic	\$ 193,985	\$ -
17.273	Temporary Labor Certification For Foreign Workers	Employment & Economic	\$ 134,040	\$ -
17.274	Youthbuild	MnSCU	\$ 4,032	\$ -
17.277	Workforce Investment Act (WIA) Nat'l Emergency Grants	Employment & Economic	\$ 815,020	\$ 716,957
17.282	Trade Adj Assist Comm Clg And Career Training Grants	MnSCU	\$ 5,640,446	\$ -
17.283	Workforce Innovation Fund	Employment & Economic	\$ 910,437	\$ -
17.285	Apprenticeship USA Grants	Labor And Industry	\$ 1,209,623	\$ 448,363
17.503	Occupational Safety And Health State Program	Labor And Industry	\$ 4,005,891	\$ -
17.504	Consultation Agreements	Labor And Industry	\$ 1,134,935	\$ -
17.600	Mine Health And Safety Grants	MnSCU	\$ 394,955	\$ -
<b>U.S. Department Of Transportation</b>				
<b>Transit Services Programs Cluster</b>				
20.513	Enhanced Mobility For Srs And Individuals With Disabilities	Transportation	\$ 2,673,857	\$ 2,493,113
	<b>Transit Services Programs Cluster Total:</b>		<b>\$ 2,673,857</b>	<b>\$ 2,493,113</b>
<b>Highway Safety Cluster</b>				
20.600	State And Community Highway Safety	Public Safety	\$ 6,050,537	\$ 1,094,244
20.600	State And Community Highway Safety	Transportation	\$ 231,851	\$ -
20.600	State And Community Highway Safety	Trial Courts	\$ 6,067	\$ -
20.616	National Priority Safety Programs	Public Safety	\$ 6,278,742	\$ 1,104,120
20.616	National Priority Safety Programs	Trial Courts	\$ 570,384	\$ -
	<b>Highway Safety Cluster Total:</b>		<b>\$ 13,137,581</b>	<b>\$ 2,198,364</b>
<b>Federal Transit Cluster</b>				
20.500	Federal Transit Capital Investment Grants	Transportation	\$ 442,799	\$ 442,188
20.526	Bus And Bus Facilities Formula Program	Transportation	\$ 1,489,518	\$ 1,489,518
	<b>Federal Transit Cluster Total:</b>		<b>\$ 1,932,317</b>	<b>\$ 1,931,706</b>

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
20.106	Airport Improvement Program (7)	Transportation	\$ 56,507,801	\$ 56,480,603
20.200	R&D-Highway Research And Development Program	Transportation	\$ 3,667,213	\$ -
20.205	R&D-Highway Planning And Construction	Transportation	\$ 3,230,683	\$ -
20.215	Highway Training & Education	Transportation	\$ 1,331,815	\$ 320,579
20.215	R&D-Highway Training And Education	Transportation	\$ 112,500	\$ -
20.218	National Motor Carrier Safety	Public Safety	\$ 5,378,064	\$ -
20.218	National Motor Carrier Safety	Transportation	\$ 785	\$ -
	<b>Program 20.218 Total:</b>		<b>\$ 5,378,849</b>	<b>\$ -</b>
20.232	Commercial Driver's License Prog Improvement	Public Safety	\$ 382,794	\$ -
20.233	Border Enforcement Grants	Public Safety	\$ 88,200	\$ -
20.237	Motor Carrier Safety Assistance High Priority Activities	Public Safety	\$ 217,762	\$ -
20.240	Fuel Tax Evasion-Intergovt. Encmt	Public Safety	\$ 28,532	\$ -
20.317	Intercity Passenger Rail Service	Transportation	\$ 47,550	\$ -
20.319	Rail Corridors And Service Cap Assistance	Transportation	\$ 596,629	\$ 593,580
20.505	Metropolitan Transportation Planning	Transportation	\$ 3,706,005	\$ 3,689,449
20.509	Formula Grants For Rural Areas	Transportation	\$ 17,744,045	\$ 15,159,471
20.528	Rail Fixed Guideway Public Trans State Safety Oversight	Public Safety	\$ 187,936	\$ -
20.608	Minimum Penalties For Repeat Offenders	Public Safety	\$ 5,841,459	\$ 3,344,428
20.608	Minimum Penalties For Repeat Offenders	Trial Courts	\$ 1,250,887	\$ -
	<b>Program 20.608 Total:</b>		<b>\$ 7,092,346</b>	<b>\$ 3,344,428</b>
20.614	NHTSA Discretionary Safety Grants	Public Safety	\$ 79,619	\$ -
20.700	Pipeline Safety Program Base Grants	Public Safety	\$ 1,806,490	\$ -
20.703	Interagency Hazardous Materials Public Sector Training	Public Safety	\$ 302,992	\$ 155,495
20.720	State Damage Prevention Program Grants	Public Safety	\$ 83,146	\$ -
20.721	PHMSA Pipeline Safety Program	Public Safety	\$ 59,506	\$ -
<b>U.S. General Services Administration</b>				
39.003	Donation Of Federal Surplus Personal Property	Administration	\$ 617,529	\$ -
<b>U.S. National Aeronautics &amp; Space Administration</b>				
43.001	Science	MnSCU	\$ 196,363	\$ -
43.001	<i>Pass-Through from the University of Minnesota (NNX15AI18H)</i>	MnSCU	\$ 38,531	\$ -
	<b>Program 43.001 Total:</b>		<b>\$ 234,894</b>	<b>\$ -</b>
43.008	Education	MnSCU	\$ 90,207	\$ -
43.008	<i>Pass-Through from the University of Minnesota (NNX15AI18H)</i>	MnSCU	\$ 5,895	\$ -
	<b>Program 43.008 Total:</b>		<b>\$ 96,102</b>	<b>\$ -</b>
<b>U.S. National Foundation Arts &amp; Humanities</b>				
45.025	Promotion Of The Arts Partnership Agreements	Arts Board	\$ 764,444	\$ 117,090
45.161	Promotion Of The Humanities Research	MnSCU	\$ 94,752	\$ -
45.163	Promotion Of The Humanities Professional Development	MnSCU	\$ 2,445	\$ -
45.310	Grants To States	Education	\$ 2,502,197	\$ 1,609,967
<b>U.S. National Science Foundation</b>				
47.041	Engineering Grants	MnSCU	\$ 66,423	\$ -
47.049	R&D-Mathematical And Physical Sciences	MnSCU	\$ 43,459	\$ -
47.050	Geosciences	MnSCU	\$ 37,800	\$ -
47.070	Computer And Information Science And Engineering	MnSCU	\$ 12,570	\$ -
47.074	R&D-Biological Sciences	MnSCU	\$ 721,173	\$ -
47.075	Social, Behavioral, And Economic Sciences	MnSCU	\$ 50,825	\$ -
47.076	Education And Human Resources			
47.076	<i>Pass-Through from the University of Minnesota (HRD-1201983)</i>	MnSCU	\$ 140,897	\$ -

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, 2018**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
47.076	R&D-Education And Human Resources	MnSCU	\$ 2,727,533	\$ -
<b>U.S. Small Business Administration</b>				
59.037	Small Business Development Centers	Employment & Economic	\$ 1,981,058	\$ 1,981,058
59.037	Small Business Development Centers	MnSCU	\$ 1,057,374	\$ -
	<b>Program 59.037 Total:</b>		<b>\$ 3,038,432</b>	<b>\$ 1,981,058</b>
<b>U.S. Department Of Veterans Affairs</b>				
64.005	State Home Facilities Construction	Veterans Affairs	\$ 13,519,166	\$ -
64.027	Post-9/11 Veterans Educational Assistance	MnSCU	\$ 452,084	\$ -
64.028	Post 9/11 Veterans Educational Assistance	MnSCU	\$ 112,668	\$ -
64.203	State Cemetery Grants	Veterans Affairs	\$ 3,866,281	\$ -
<b>U.S. Environmental Protection Agency</b>				
<b>Drinking Water State Revolving Fund Cluster</b>				
66.468	Capitalization Grants For Drinking Water State Funds	Health	\$ 17,570	\$ -
66.468	<i>Pass-Through from the Minnesota Public Facilities Authority (FS97581416)</i>	Health	\$ 1,070,880	\$ 331,950
	<b>Drinking Water State Revolving Fund Cluster Total:</b>		<b>\$ 1,088,450</b>	<b>\$ 331,950</b>
66.032	State Indoor Radon Grants	Health	\$ 453,852	\$ -
66.034	Surveys, Studies, Research, Investigations Clean Air Act	Pollution Control Agency	\$ 415,025	\$ -
66.040	State Clean Diesel Grant Program	Pollution Control Agency	\$ 186,436	\$ 153,614
66.419	Water Pollution Control State, Interstate, And Tribal	Health	\$ 79,624	\$ -
66.419	Water Pollution Control State, Interstate, And Tribal	Pollution Control Agency	\$ 299,935	\$ -
	<b>Program 66.419 Total:</b>		<b>\$ 379,559</b>	<b>\$ -</b>
66.432	State Public Water System Supervision	Health	\$ 2,387,629	\$ -
66.454	Water Quality Management Planning	Pollution Control Agency	\$ 281,250	\$ -
66.460	Nonpoint Source Implementation Grants	Pollution Control Agency	\$ 2,833,272	\$ 2,563,369
66.461	Regional Wetland Program Development Grants	Water & Soil Resources	\$ 84,081	\$ -
66.469	Great Lakes Program	Health	\$ 330,941	\$ 225,543
66.469	Great Lakes Program	Natural Resources	\$ 269,560	\$ -
66.469	Great Lakes Program	Pollution Control Agency	\$ 650,061	\$ 21,916
	<b>Program 66.469 Total:</b>		<b>\$ 1,250,562</b>	<b>\$ 247,459</b>
66.472	Beach Monitoring And Notification Program Grants	Health	\$ 205,587	\$ -
66.605	Performance Partnership Grants	Agriculture	\$ 574,350	\$ -
66.605	Performance Partnership Grants	Pollution Control Agency	\$ 10,609,675	\$ 38,801
	<b>Program 66.605 Total:</b>		<b>\$ 11,184,025</b>	<b>\$ 38,801</b>
66.608	Environmental Information Exchange Network Grant	Health	\$ 87,152	\$ -
66.700	Consolidated Pesticide Enforcement Coop Agreements	Agriculture	\$ 377	\$ -
66.707	TSCA Title IV State Lead Grants Certification	Health	\$ 358,409	\$ -
66.802	Superfund State, Political Subdivision, And Indian Tribe	Pollution Control Agency	\$ 854,442	\$ -
66.804	Underground Storage Tank Prevention, Detection	Pollution Control Agency	\$ 517,530	\$ -
66.805	Leaking Underground Storage Tank Trust Fund	Pollution Control Agency	\$ 1,340,303	\$ -
66.809	Superfund State And Indian Tribe Core Program	Pollution Control Agency	\$ 111,616	\$ -
66.817	State And Tribal Response Program Grants	Pollution Control Agency	\$ 610,438	\$ -
66.818	Brownfields Assessment And Cleanup Coop Agreements	Employment & Economic	\$ 7,707	\$ -
66.818	Brownfields Assessment And Cleanup Coop Agreements	Pollution Control Agency	\$ 51,645	\$ -
	<b>Program 66.818 Total:</b>		<b>\$ 59,352</b>	<b>\$ -</b>
66.954	Tribal ecoAmbassadors	MnSCU	\$ 19,092	\$ -
<b>U.S. Nuclear Regulatory Commission</b>				
77.008	Nuclear Education Grant Program	MnSCU	\$ 30,000	\$ -

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department Of Energy</b>				
81.041	State Energy Program	Commerce	\$ 749,095	\$ 50,110
81.042	Weatherization Assistance For Low-Income Persons	Commerce	\$ 8,614,483	\$ 7,805,415
81.119	State Energy Program Special Projects	Commerce	\$ 911,111	\$ 842,138
81.119	<i>Pass-Through from the Tennessee Department of Environment &amp; Conservation (EE00007219)</i>	Commerce	\$ 3,544	\$ -
	<b>Program 81.119 Total:</b>		<b>\$ 914,655</b>	<b>\$ 842,138</b>
<b>U.S. Department Of Education</b>				
<b>TRIO Cluster</b>				
84.042	Trio Student Support Services	MnSCU	\$ 8,815,747	\$ -
84.044	Trio Talent Search	MnSCU	\$ 887,000	\$ -
84.047	Trio Upward Bound	MnSCU	\$ 6,644,267	\$ -
84.066	Trio Educational Opportunity Centers	MnSCU	\$ 1,149,324	\$ -
84.217	Trio Mcnair Post-Baccalaureate Achievement	MnSCU	\$ 227,029	\$ -
	<b>TRIO Cluster Total:</b>		<b>\$ 17,723,367</b>	<b>\$ -</b>
84.002	Adult Education - Basic Grants To States	Education	\$ 6,159,965	\$ 5,215,629
84.011	Migrant Education State Grant Program	Education	\$ 2,125,107	\$ 1,787,951
84.011	Migrant Education State Grant Program	MnSCU	\$ 6,000	\$ -
	<b>Program 84.011 Total:</b>		<b>\$ 2,131,107</b>	<b>\$ 1,787,951</b>
84.013	Title I State Agency Prog For Neglected, Delinq Children	Education	\$ 886,687	\$ -
84.016	Undergrad International Studies And Foreign Lang	MnSCU	\$ 49,772	\$ -
84.031	Higher Education Institutional Aid	MnSCU	\$ 2,159,729	\$ -
84.048	Career And Technical Education -- Basic Grants To States	MnSCU	\$ 17,426,183	\$ -
84.129	Rehabilitation Long-Term Training	MnSCU	\$ 75,887	\$ -
84.144	Migrant Education Coordination Program	Education	\$ 54,054	\$ -
84.169	Independent Living State Grants	Employment & Economic	\$ 294,980	\$ 75,661
84.177	Rehabilitation Services Ind Living Svs Older Individuals	Employment & Economic	\$ 968,139	\$ -
84.181	Special Education-Grants For Infants And Families	Education	\$ 7,980,798	\$ 6,264,201
84.187	Supported Employment Services	Employment & Economic	\$ 320,972	\$ -
84.196	Education For Homeless Children And Youth	Education	\$ 844,884	\$ 639,940
84.206	Javits Gifted And Talented Students	Education	\$ 136,504	\$ -
84.282	Charter Schools	Education	\$ 5,234,181	\$ 5,027,029
84.287	Twenty-First Century Community Learning Centers	Education	\$ 10,727,543	\$ 10,291,434
84.323	Special Education - State Personnel Development	Education	\$ 972,962	\$ 797,633
84.325	Special Ed - Personnel Develop. For Disabled Children	MnSCU	\$ 216,154	\$ -
84.326	Spec Educ To Improve Services For Disabled Children	Education	\$ 214,846	\$ 214,846
84.334	Gain Early Awareness And Readiness For Undergraduate	MnSCU	\$ 398,516	\$ -
84.335	Child Care Access Means Parents In School	MnSCU	\$ 56,855	\$ -
84.350	Transition To Teaching	MnSCU	\$ 98,758	\$ -
84.358	Rural Education	Education	\$ 285,690	\$ 276,037
84.365	English Language Acquisition State Grants	Education	\$ 9,376,624	\$ 8,812,773
84.366	Mathematics And Science Partnerships	Education	\$ 1,232,418	\$ 1,200,655
84.368	Grants For Enhanced Assessment Instruments	Education	\$ 1,155,339	\$ -
84.369	Grants For State Assessments And Related Activities	Education	\$ 3,479,684	\$ -
84.371	Striving Readers	Education	\$ 82,718	\$ -
84.372	Statewide Longitudinal Data Systems	Education	\$ 1,490,015	\$ -
84.372	Statewide Longitudinal Data Systems	MnSCU	\$ 24,217	\$ -
	<b>Program 84.372 Total:</b>		<b>\$ 1,514,232</b>	<b>\$ -</b>

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
84.377	School Improvement Grants	Education	\$ 5,898,990	\$ 5,685,290
84.407	Transition Prog-Students With Intellectual Disabilities	MnSCU	\$ 3,837	\$ -
84.412	Race To The Top-Early Learning Challenge	Education	\$ 645	\$ -
84.412	Race To The Top-Early Learning Challenge	MnSCU	\$ 149	\$ -
	<b>Program 84.412 Total:</b>		<b>\$ 794</b>	<b>\$ -</b>
84.419	Preschool Development Grants	Education	\$ 250,257	\$ -
84.424	Student Support and Academic Enrichment Program	Education	\$ 318,415	\$ 312,740
<b>U.S. Department Of Health &amp; Human Services</b>				
<b>Maternal, Infant, and Early Childhood Home Visiting Cluster</b>				
93.505	ACA Maternal, Infant, Early Childhood Home Visit	Health	\$ 2,735,160	\$ 2,422,959
93.870	Maternal Infant Early Childhood Home Visiting	Health	\$ 6,665,189	\$ 5,253,913
	<b>Maternal, Infant, and Early Childhood Home Visiting Cluster Total:</b>		<b>\$ 9,400,349</b>	<b>\$ 7,676,872</b>
<b>Aging Cluster</b>				
93.044	Spec Prog For The Aging Title III, Part B Grants	Human Services	\$ 6,752,476	\$ 5,360,398
93.045	Spec Prog For The Aging Title III, Part C Nutrition Services	Human Services	\$ 9,575,764	\$ 9,318,658
93.053	Nutrition Services Incentive Program	Human Services	\$ 1,768,250	\$ 1,768,250
	<b>Aging Cluster Total:</b>		<b>\$ 18,096,490</b>	<b>\$ 16,447,306</b>
93.008	Medical Reserve Corps Small Grant Program			
93.008	<i>Pass-Through from the National Association of County &amp; City Health Officials (5 HITEP150032-02)</i>	Health	\$ 3,108	\$ -
93.041	Spec Prog For The Aging Title VII, Chap 3	Human Services	\$ 74,558	\$ 10,000
93.042	Spec Prog For The Aging Title VII, Chap 2 Long Term Care	Human Services	\$ 260,329	\$ -
93.043	Spec Prog For The Aging Title III, Part D	Human Services	\$ 396,590	\$ 396,590
93.048	Spec Prog For The Aging Title IV And Title II	Human Services	\$ 283,760	\$ 128,753
93.051	Alzheimer's Disease Demonstration Grants To States	Human Services	\$ 104,200	\$ 104,200
93.052	National Family Caregiver Support, Title III, Part E	Human Services	\$ 2,641,080	\$ 2,525,571
93.059	Training In General, Pediatric Dentistry	MnSCU	\$ 407,015	\$ -
93.068	Chronic Diseases: Research, Control, Prevention	Health	\$ 138,901	\$ -
93.069	Public Health Emergency Preparedness	Health	\$ 11,418,150	\$ 4,628,985
93.070	Environ Public Health & Emerg Response	Health	\$ 1,897,205	\$ 21,702
93.071	Medicare Enrollment Assistance	Human Services	\$ 381,275	\$ 381,275
93.073	Birth Defects And Developmental Disabilities	Health	\$ 293,176	\$ -
93.079	Cooperative Agreements To Promote Adolescent Health	Education	\$ 339,696	\$ 36,154
93.084	Prevent Disease, Disability, Death by Infectious Diseases			
93.084	<i>Pass-Through from the Board of Regents of the University of Wisconsin System (U01CK000505)</i>	Health	\$ 131,559	\$ -
93.088	Advancing System Improvements in Women's Health	Health	\$ 51	\$ -
93.090	Guardianship Assistance	Human Services	\$ 4,851,605	\$ 216,545
93.092	ACA Personal Responsibility Education	Health	\$ 739,246	\$ 519,808
93.103	Food And Drug Administration Research	Agriculture	\$ 2,497,811	\$ 118,255
93.103	Food And Drug Administration Research	Health	\$ 220,414	\$ -
93.103	<i>Pass-Through from the Association of Food and Drug Officials (AFDO) (Unknown)</i>	Agriculture	\$ 39,783	\$ -
	<b>Program 93.103 Total:</b>		<b>\$ 2,758,008</b>	<b>\$ 118,255</b>
93.104	CCM Health Services For Children With Sed	Human Services	\$ 437,621	\$ 235,493
93.110	Maternal And Child Health Federal Consolidated Prog	Health	\$ 222,400	\$ 92,324
93.110	<i>Pass-Through from the University of Colorado (FY16.368.021)</i>	Health	\$ 3,568	\$ -
93.110	<i>Pass-Through from the Association of Public Health Laboratories (APHL) (UG9MC30369)</i>	Health	\$ 91,215	\$ -

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.110	<i>Pass-Through from the Association of Maternal and Child Health Programs (U45MC27709)</i>	Health	\$ 6,344	\$ -
	<b>Program 93.110 Total:</b>		<b>\$ 323,527</b>	<b>\$ 92,324</b>
93.116	Project Grants And Coop Agreements For Tuberculosis	Health	\$ 1,167,959	\$ 46,065
93.127	Emergency Medical Services For Children	Emergency Med. Services	\$ 129,138	\$ 102,650
93.130	Cooperative Agreements To States/Territories	Health	\$ 237,179	\$ -
93.136	Injury Prevention And Control Research	Health	\$ 1,388,054	\$ 221,458
93.136	Injury Prevention And Control Research	Pharmacy Board	\$ 49,531	\$ -
	<b>Program 93.136 Total:</b>		<b>\$ 1,437,585</b>	<b>\$ 221,458</b>
93.143	NIEHS Superfund Hazardous Substances Basic Research			
93.143	<i>Pass-Through from the University of Minnesota (2R25E5023595-04)</i>	MnSCU	\$ 616	\$ -
93.150	Projects For Assistance In Transition From Homelessness	Human Services	\$ 769,289	\$ 742,484
93.165	Grants To States For Loan Repayment Program	Health	\$ 100,000	\$ -
93.178	Nursing Workforce Diversity	MnSCU	\$ 283,708	\$ -
93.184	Disabilities Prevention	Health	\$ 318,012	\$ 179,395
93.184	<i>Pass-Through from the Board of Trustees of the University of Alabama System (NU27DD001157)</i>	Health	\$ 14,763	\$ -
	<b>Program 93.184 Total:</b>		<b>\$ 332,775</b>	<b>\$ 179,395</b>
93.235	ACA Abstinence Education	Health	\$ 913,524	\$ 726,592
93.236	Grants to States to Support Oral Health Workforce Activities	Health	\$ 271,200	\$ 73,375
93.240	State Capacity Building	Health	\$ 516,885	\$ -
93.241	State Rural Hospital Flexibility Program	Health	\$ 644,169	\$ 368,399
93.243	Substance Abuse And Mental Health Services	Health	\$ 710,207	\$ 240,451
93.243	Substance Abuse And Mental Health Services	Human Services	\$ 1,628,404	\$ 1,260,871
93.243	Substance Abuse And Mental Health Services	MnSCU	\$ 796,338	\$ -
93.243	Substance Abuse And Mental Health Services	Pharmacy Board	\$ 20,102	\$ -
93.243	Substance Abuse And Mental Health Services	Trial Courts	\$ 256,116	\$ -
	<b>Program 93.243 Total:</b>		<b>\$ 3,411,167</b>	<b>\$ 1,501,322</b>
93.251	Universal Newborn Hearing Screening	Health	\$ 202,313	\$ 64,249
93.262	Occupational Safety & Health Grants	Health	\$ 142,579	\$ -
93.262	Occupational Safety & Health Grants	MnSCU	\$ 8,091	\$ -
93.262	<i>Pass-Through from the University of Minnesota (P006101701)</i>	Health	\$ 64,045	\$ -
	<b>Program 93.262 Total:</b>		<b>\$ 214,715</b>	<b>\$ -</b>
93.268	Immunization Cooperative Agreements	Health	\$ 51,632,433	\$ 284,302
93.270	Adult Viral Hepatitis Prevention, Control	Health	\$ 120,057	\$ -
93.279	Drug Abuse And Addiction Research	MnSCU	\$ 43,833	\$ -
93.283	Centers For Disease Control And Prevention Assistance	Health	\$ 653,079	\$ -
93.283	<i>Pass-Through from the University of Minnesota (N005338002)</i>	Health	\$ 107,409	\$ -
	<b>Program 93.283 Total:</b>		<b>\$ 760,488</b>	<b>\$ -</b>
93.296	State Partnership To Improve Minority Health	Health	\$ 173,687	\$ -
93.301	Small Rural Hospital Improvement Grant Program	Health	\$ 752,958	\$ 713,624
93.305	National State Based Tobacco Control Programs	Health	\$ 964,704	\$ -
93.310	Trans-NIH Research Support			
93.310	<i>Pass-Through from the University of Minnesota (P005395801)</i>	Health	\$ 70,151	\$ -
93.314	Early Hearing Detection And Intervention Info System	Health	\$ 164,261	\$ 16,437
93.317	Emerging Infections Programs	Health	\$ 2,440,150	\$ -
93.323	Epidemiology And Lab Capacity For Infect Diseases	Health	\$ 8,600,229	\$ 90,226
93.324	State Health Insurance Assistance Program	Human Services	\$ 839,964	\$ 448,533

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.336	Behavioral Risk Factor Surveillance System	Health	\$ 1,511	\$ -
93.369	ACL Independent Living State Grants	Employment & Economic	\$ 2,911,900	\$ 2,825,049
93.424	NON-ACA/PPHF Building Capacity of the Public Health System			
93.424	<i>Pass-Through from the Council of State &amp; Territorial Epidemiologists (CSTE) (5U38OT00143-05)</i>	Health	\$ 95,237	\$ 56,841
93.432	ACL Centers For Independent Living	Employment & Economic	\$ 1,041,485	\$ 1,041,485
93.433	ACL National Instit On Disability, Indep Living			
93.433	<i>Pass-Through from the Medical University of South Carolina (90DP0050)</i>	Health	\$ 28,217	\$ -
93.448	Food Safety And Security Monitoring Project	Agriculture	\$ 592,098	\$ -
93.464	ACL Assistive Technology	Administration	\$ 528,633	\$ -
93.500	Pregnancy Assistance Fund Program	Health	\$ 1,383,287	\$ 1,096,539
93.500	Pregnancy Assistance Fund Program	MnSCU	\$ 120,605	\$ -
	<b>Program 93.500 Total:</b>		<b>\$ 1,503,892</b>	<b>\$ 1,096,539</b>
93.506	ACA Nationwide Program-Background Checks	Human Services	\$ 390,708	\$ -
93.511	ACA Grants For Health Insurance Premium Review	Health	\$ 1,638,593	\$ -
93.521	ACA Building Epidemiology And Lab Capacity	Health	\$ 4,047,837	\$ -
93.525	State Planning, Establishmt Grants For ACA Exchanges	MNsure	\$ 5,341,669	\$ -
93.539	PPHF 2012-Capacity Building Assistance	Health	\$ 2,922,950	\$ 433,975
93.556	Promoting Safe And Stable Families	Human Services	\$ 2,797,215	\$ 2,183,671
93.566	Refugee And Entrant Assistance State Programs	Human Services	\$ 4,692,379	\$ 3,104,529
93.568	Low-Income Home Energy Assistance	Commerce	\$ 120,840,552	\$ 117,306,671
93.569	Community Services Block Grant	Human Services	\$ 10,185,264	\$ 9,763,453
93.569	Community Services Block Grant	MnSCU	\$ 1,703	\$ -
	<b>Program 93.569 Total:</b>		<b>\$ 10,186,967</b>	<b>\$ 9,763,453</b>
93.576	Refugee And Entrant Assistance Discretionary Grants	Health	\$ 140,346	\$ -
93.584	Refugee And Entrant Assistance Targeted Assistance	Human Services	\$ 806,721	\$ 806,721
93.586	State Court Improvement Program	Supreme Court	\$ 391,375	\$ -
93.590	Community-Based Child Abuse Prevention Grants	Human Services	\$ 2,396,817	\$ 1,748,748
93.597	Grants To States For Access And Visitation Programs	Human Services	\$ 150,736	\$ 149,365
93.599	Chafee Education And Training Vouchers	Human Services	\$ 636,298	\$ 558,755
93.600	Head Start	Education	\$ 130,120	\$ -
93.603	Adoption Incentive Payments	Human Services	\$ 239,829	\$ 209,829
93.624	ACA State Innovation Models	Human Services	\$ 9,499,083	\$ 1,413,086
93.627	ACA Testing Experience And Functional Assessment Tools	Human Services	\$ 2,020,090	\$ 857,844
93.630	Developmental Disabilities Basic Support And Advocacy	Administration	\$ 1,055,069	\$ 264,034
93.640	Basic Health Program (ACA)	Human Services	\$ 365,854,339	\$ -
93.643	Children's Justice Grants To States	Human Services	\$ 290,413	\$ 177,600
93.645	Stephanie Tubbs Jones Child Welfare Services	Human Services	\$ 4,252,969	\$ 861,858
93.658	Foster Care Title IV-E	Human Services	\$ 63,180,801	\$ 58,602,370
93.658	ARRA-Foster Care Title IV-E	MnSCU	\$ 548,751	\$ -
	<b>Program 93.658 Total:</b>		<b>\$ 63,729,552</b>	<b>\$ 58,602,370</b>
93.669	Child Abuse And Neglect State Grants	Human Services	\$ 412,186	\$ 26,862
93.671	Family Violence Prevention And Services	Public Safety	\$ 1,401,408	\$ 1,365,268
93.674	Chafee Foster Care Independence Program	Human Services	\$ 1,916,442	\$ 1,425,430
93.721	ARRA-Health Info Tech Prof In Health Care	MnSCU	\$ 29,560	\$ -
93.732	Mental and Behavioral Health Education and Training Grants	MnSCU	\$ 79,101	\$ -
93.733	Capacity Building Assistance	Health	\$ 388,141	\$ -

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, 2018**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.735	State Public Health Approaches	Health	\$ 273,105	\$ -
93.745	Health Care Surveillance/Health Stats	Health	\$ 361,229	\$ -
93.753	Child Lead Poisoning Prevention Surveillance	Health	\$ 330,044	\$ 30,000
93.755	Surveillance For Diseases - Immigrants/Refugees	Health	\$ 666,232	\$ -
93.757	State/Local Public Health Prevention Actions	Health	\$ 5,435,848	\$ 3,129,121
93.758	Preventative Health And Health Services	Health	\$ 5,016,250	\$ 104,876
93.761	Evidence-Based Falls Prevention Programs By PPHF	Human Services	\$ 53,493	\$ 43,408
93.763	Alzheimer's Disease Initiative: Spec Support Svcs Proj Thru PPHF	Human Services	\$ 376,708	\$ 376,708
93.767	Children's Health Insurance Program	Human Services	\$ 141,859,789	\$ 19,586
93.788	Opioid STR	Human Services	\$ 3,874,996	\$ 3,325,734
93.791	Money Follows The Person Rebalancing Demo	Human Services	\$ 11,151,882	\$ 470,530
93.800	Organized Approaches To Increase Colorectal Cancer Screenings	Health	\$ 1,546,937	\$ 214,883
93.810	Paul Coverdell National Acute Stroke Program	Health	\$ 741,526	\$ 31,533
93.815	Domestic Ebola Supplement To ELC	Health	\$ 1,794,773	\$ 20,000
93.817	HPP Ebola Preparedness And Response Activities	Health	\$ 1,410,596	\$ 1,347,805
93.829	Demo Progs-Improve Community Mental Health Svcs	Human Services	\$ 16,180	\$ -
93.859	Biomedical Research And Research Training	MnSCU	\$ 35,741	\$ -
93.866	Aging Research	MnSCU	\$ 2,418	\$ -
93.866	<i>Pass-Through from the University of Minnesota (4R37AG026160-11)</i>	MnSCU	\$ 21,896	\$ -
	<b>Program 93.866 Total:</b>		<b>\$ 24,314</b>	<b>\$ -</b>
93.875	Assistance For Oral Disease Prevention And Control	Health	\$ 147,708	\$ 27,057
93.876	Antimicrobial Resistance Surveillance	Health	\$ 134,552	\$ -
93.879	Medical Library Assistance	MnSCU	\$ 36	\$ -
93.881	Health Ins Enforce & Consumer Protection Grants Program	Commerce	\$ 599,444	\$ -
93.889	National Bioterrorism Hospital Preparedness	Health	\$ 3,496,947	\$ 2,501,272
93.898	Cancer Prevent Control Prog For State Territory Tribal Orgs	Health	\$ 4,955,319	\$ 240,709
93.913	Grants To States For Operation Of Offices Rural Health	Health	\$ 176,716	\$ -
93.917	HIV Care Formula Grants	Human Services	\$ 8,339,470	\$ 1,705,393
93.919	Breast And Cervical Cancer Early Detection	Health	\$ 270,371	\$ 24,196
93.940	HIV Prevention Activities Health Department Based	Health	\$ 2,576,675	\$ 398,782
93.944	HIV/Aids Surveillance	Health	\$ 219,464	\$ -
93.945	Assistance Programs For Chronic Disease Prevention	Health	\$ 928,856	\$ -
93.946	Coop Agreemts To Support Safe Motherhood	Health	\$ 196,576	\$ -
93.958	Block Grants For Community Mental Health Services	Human Services	\$ 8,534,239	\$ 6,673,662
93.959	Block Grants - Prevention, Treatment Of Substance Abuse	Human Services	\$ 24,066,766	\$ 11,831,534
93.747	Elder Abuse Prevention Intervention Program	Human Services	\$ 117,180	\$ -
93.977	Preventive Hlth Services Sexually Transmitted Diseases	Health	\$ 1,472,723	\$ 140,410
93.994	Maternal And Child Health Services Block Grant	Health	\$ 9,997,514	\$ 7,304,954
<b>U.S. Department Of Homeland Security</b>				
97.008	Non-Profit Security Program	Public Safety	\$ 103,287	\$ 103,287
97.012	Boating Safety Financial Assistance	Natural Resources	\$ 2,275,145	\$ 354,007
97.023	Community Assistance	Natural Resources	\$ 156,148	\$ 6,713
97.036	Disaster Grants - Public Assistance	Public Safety	\$ 5,596,916	\$ 4,129,491
97.039	Hazard Mitigation Grant	Public Safety	\$ 1,867,113	\$ 1,581,652
97.041	National Dam Safety Program	Natural Resources	\$ 147,080	\$ -
97.042	Emergency Management Performance Grants	Public Safety	\$ 6,045,982	\$ 3,348,462
97.043	State Fire Training Systems Grants	Public Safety	\$ 20,000	\$ -

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, 2018

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
97.044	Assistance To Firefighters Grant	Public Safety	\$ 422,417	\$ -
97.045	Cooperating Technical Partners	Natural Resources	\$ 609,734	\$ 9,282
97.047	Pre-Disaster Mitigation	Public Safety	\$ 254,107	\$ 18,696
97.067	Homeland Security Grant Program	Public Safety	\$ 12,305,873	\$ 7,896,367
97.091	Homeland Security Biowatch Program	Health	\$ 941,740	\$ -
<b>Nonmajor Federal Programs Total</b>			<b>\$ 2,675,931,720</b>	<b>\$ 841,159,948</b>

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

**State of Minnesota**  
**Financial and Compliance Report on Federally Assisted Programs**  
**Fiscal Year Ended June 30, 2018**

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**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 2018 conform to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable. The required Schedule of Expenditures of Federal Awards is presented for the state's fiscal year ended June 30, 2018. 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 the Uniform Guidance 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 with higher risk Type B programs as major programs.

For purposes of financial reporting, the Catalog of Federal Domestic Assistance (CFDA) numbers from the 2018 basic edition catalog identify federal programs. The schedules are presented in numeric CFDA order within each federal agency, except for clusters of programs.

Federal guidelines define clusters as a grouping of closely related programs that share common compliance requirements. The types of clusters are research and development (R&D), student financial aid (SFA), and others as defined by the compliance supplement. Since the state receives R&D awards from several federal agencies, those awards are not grouped together in the schedule of expenditures. Instead, the awards included in the R&D cluster are identified by the prefix "R&D" within the name of the federal program. For the year ended June 30, 2018, the total R&D cluster expenditures were \$10,563,646.

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.

**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 that are controlled by or dependent upon the Minnesota Legislature or its constitutional officers. The state, as 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 & Technical 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 and Community 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 College	Saint Paul College
Metropolitan State University	South Central College
Minneapolis College	Southwest Minnesota State University
Minnesota State College – Southeast	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 the 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 2018. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	Nursing Student Loans
Loans Receivable, Beginning	\$ 30,415,056	\$ 21,771
Loan Repayments	(4,063,611)	(1,573)
Loan Cancellations	(277,697)	-
New Loans Issued	3,570,532	-
Loans Receivable, Ending	<u>\$ 29,644,280</u>	<u>\$ 20,198</u>
Allowance for Doubtful Accounts	(2,959,868)	-
Total Loans Receivable	<u>\$ 26,684,412</u>	<u>\$ 20,198</u>

### 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 2018.

Federal Direct Student Loans Issued:		
Direct Federal Subsidized Stafford	\$	189,333,458
Direct Federal Unsubsidized Stafford		274,971,182
Direct Federal Graduate PLUS		441,239
Direct Federal Parent Loans for Undergraduate Students		15,420,600
Total Federal Direct Student Loans	\$	<u>480,166,479</u>

### 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 2018, the state of Minnesota recognized a total rebate of about \$27,831,000 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 2018, the state of Minnesota reduced expenditures by \$393,232,000 for the federal share of the rebate.

### Note 5 – Unemployment Insurance Program

For fiscal year 2018, 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	\$ 744,089,059	\$ -	\$ 744,089,059
Federal Unemployment Expenditures	4,515,039	-	4,515,039
Federal Administrative Expenditures	40,183,295	226,226	40,409,521
Total Expenditures	<u>\$ 788,787,393</u>	<u>\$ 226,226</u>	<u>\$ 789,013,619</u>

The Unemployment Insurance Program serves workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work. For audits and reporting under the Uniform Guidance, 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 2018 is shown below. All loan issues are made from repaid funds and no new federal funding has been provided. Therefore, no expenditures are shown on the face of the Schedule of Expenditures but the amounts are added to the total expenditures for the Data Collection Form.

	TLP	AG BMP	CWP
Loans Receivable, Beginning	\$ 220,720	\$ 28,628,445	\$ 15,855,551
Loan Repayments	(53,690)	(6,913,610)	(3,310,838)
New Loans Issued	-	13,485,076	2,445,951
Interest Capitalized	-	-	43,128
Loans Receivable, Ending	<u>\$ 167,030</u>	<u>\$ 35,199,911</u>	<u>\$ 15,033,792</u>

**Note 7 – Airport Improvement Program**

As defined by the Federal Aviation Administration (FAA) Order 5100.38, Minnesota is a channeling act state for the Airport Improvement Program. As a channeling act state and in accordance with Minnesota Statutes 360.0161, Minnesota Department of Transportation (MnDOT) acts as an agent for airports/airport sponsors (i.e. cities, counties, and airport authorities). Grant agreements are established between FAA and the airports/airport sponsors. The airport sponsor is the recipient of the grant. MnDOT’s main responsibilities are to pay requests for reimbursement, approved by the FAA, to the respective airport/airport sponsor and request reimbursement from the federal government. The reimbursements to the respective airport sponsors are included in CFDA 20.106 in the Schedule of Expenditures of Federal Awards (SEFA).

**Note 8 – 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, 2018**

**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?	_____	Yes	_____	X No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	_____	X No
Noncompliance material to financial statements noted?	_____	Yes	_____	X 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:	
	<u>Unqualified</u> for all major programs, except Temporary Assistance for Needy Families (CFDA 93.558), which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200, Section 516?		X	Yes	_____	No
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**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, 2018**

**Section I: (continued)**

**Major Programs Audited**

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
<b>U. S. Department of Agriculture</b>	
<i>Supplemental Nutrition Assistance Program (SNAP) Cluster</i>	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grant for Supplemental Nutrition Program	10.561
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
<b>U. S. Department of Labor</b>	
<i>Employee Service Cluster</i>	
Employment Service/Wagner-Peyser Funded Activities	17.207
Disabled Veterans' Outreach Program (DVOP)	17.801
<b>U. S. Department of Transportation</b>	
<i>Highway Planning and Construction Cluster</i>	
Highway Planning And Construction	20.205
Recreational Trails Program	20.219
Federal Lands Access Program	20.224
<b>U. S. Department of Education</b>	
<i>Student Financial Assistance Cluster</i>	
Federal Supplemental Education Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Teacher Education Assistance For College And Higher Ed. Grants	84.379
Nursing Student Loans	93.364
<i>Special Education (IDEA) Cluster</i>	
Special Education Grants To States	84.027
Special Education Preschool Grants	84.173
Title I Grants To Local Educational Agencies	84.010
Rehab Services Vocal Rehab Grants	84.126
Supporting Effective Instruction State Grants	84.367
<b>U. S. Department of Health &amp; Human Services</b>	
<i>Temporary Assistance for Needy Families (TANF) Cluster</i>	
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Adoption Assistance	93.659
Social Services Block Grant	93.667
<i>Medicaid Cluster</i>	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2018**

**Section I: (continued)**

**Major Programs Audited**

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
<b>U. S. Department of Health &amp; Human Services (continued)</b>	
Medical Assistance Program	93.778
<i>Child Care and Development Fund (CCDF) Cluster</i>	
Child Care and Development Block Grant	93.575
Child Care Mandatory And Matching Funds	93.596
<b>U. S. Social Security Administration</b>	
<i>Disability Insurance/SSI Cluster</i>	
Social Security Disability Insurance	96.001

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2018**

**Section II:**

**Financial Statement Audit Findings**

On December 14, 2018, we separately issued a report on *Internal Controls Over Statewide Financial Reporting* for the year ended June 30, 2018 in accordance with *Government Auditing Standards*. The report contained no findings. The report may be accessed electronically at:  
**<https://www.auditor.leg.state.mn.us/fad/2019/ICCFRFY18.pdf>**.

On November 13, 2018, 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* for the year ended June 30, 2018. This report was based on an audit of the Minnesota State Colleges and Universities' financial statements performed in accordance with *Government Auditing Standards*. The report contained no findings. The report may be accessed electronically at:  
**<http://www.minnstate.edu/system/finance/accounting/financialstatements/Systemwide%20FY18%20Final.pdf>**.

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2018**

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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, 2018

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Agriculture</b>			(Note 2)		(Note 2)				
10.551	Supplemental Nutrition Assistance Program	Human Services	19-06	1	2018-008	S	B	Reimbursement for unallowable costs	\$5,825,523
10.557	Women, Infants and Children	Health	19-02	1	2018-001	S	C	Requested and received excess federal funds	\$142,892
10.561	Supplemental Nutrition Assistance Program	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
<b>U.S. Department of Labor</b>									
17.207	Employment Service/Wagner-Peyser Funded Activities	Employment and Economic Development	19-04	1	2018-003	S	H	Noncompliance with period of performance	\$16,464
17.801	Disabled Veterans' Outreach Program	Employment and Economic Development	19-04	1	2018-003	S	H	Noncompliance with period of performance	\$16,464
<b>U.S. Department of Transportation</b>									
20.205	Highway Planning and Construction	Transportation	19-03	1	2018-002	S	M	Noncompliance with federal subrecipient monitoring requirements	P
<b>U.S. Department of Education</b>			(Note 3)						
84.007	Federal Supplemental Education Opportunity Grants	Minnesota State Colleges and Universities	CLA-18	2	2018-021	S	N	Inaccurate R2T4 calculations	U
84.010	Title I Grants to Local Educational Agencies	Education	19-05	1	2018-007	S	H	Noncompliance with carryforward provisions	\$79,979
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-18	1	2018-020	S	N	There was no reading tutor listed on the FISAP	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-18	2	2018-021	S	N	Inaccurate R2T4 calculations	U
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-18	2	2018-021	S	N	Inaccurate R2T4 calculations	U
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-18	2	2018-021	S	N	Inaccurate R2T4 calculations	U
84.126	Vocational Rehabilitation	Employment and Economic Development	19-04	2	2018-004	S	L	Noncompliance with reporting requirements	\$50,329
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-18	2	2018-021	S	N	Inaccurate R2T4 calculations	U
84.379	Teacher Education Assistance Grants	Minnesota State Colleges and Universities	CLA-18	2	2018-021	S	N	Inaccurate R2T4 calculations	U
<b>U.S. Department of Health &amp; Human Services</b>									
93.558	Temporary Assistance for Needy Families	Human Services	19-06	2	2018-009	S	H	Costs charged to a federal award that were incurred before the start date of that award	\$8,308,346
93.558	Temporary Assistance for Needy Families	Human Services	19-06	3	2018-010	S	N	Benefits not always reduced	\$1,977
93.558	Temporary Assistance for Needy Families	Human Services	19-06	4	2018-011	M	E	Noncompliance with federal eligibility requirements	\$44,087
93.558	Temporary Assistance for Needy Families	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
93.563	Child Support Enforcement - States Program	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
93.575	Child Care and Development Block Grant	Human Services	19-06	5	2018-012	S	E	Noncompliance with eligibility requirements	\$502
93.575	Child Care and Development Block Grant	Human Services	19-06	6	2018-013	S	N	Not adequately monitoring program activities	P
93.596	Child Care Mandatory and Matching Fund	Human Services	19-06	5	2018-012	S	E	Noncompliance with eligibility requirements	\$502
93.596	Child Care Mandatory and Matching Fund	Human Services	19-06	6	2018-013	S	N	Not adequately monitoring program activities	P
93.596	Child Care and Development Block Grant	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
93.659	Adoption Assistance	Human Services	19-06	7	2018-014	S	C	Noncompliance with cash management requirements	\$235,145
93.659	Adoption Assistance	Human Services	19-06	8	2018-015	S	L	Noncompliance with reporting requirements	\$393,829
93.659	Adoption Assistance	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
93.667	Social Services Block Grant	Human Services	19-06	9	2018-016	S	L	Inaccurate financial reports	P
93.667	Social Services Block Grant	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
93.778	Medical Assistance	Human Services	19-06	10	2018-017	S	N	Noncompliance with revalidation of providers	P
93.778	Medical Assistance	Human Services	19-06	11	2018-018	S	E	Noncompliance with eligibility requirements	\$105,004
93.778	Medical Assistance	Human Services	19-06	12	2018-019	S	M	Noncompliance with federal subrecipient monitoring requirements	P
<b>U.S. Social Security Administration</b>									
96.001	Social Security-Disability Insurance	Employment and Economic Development	19-04	3	2018-005	S	L	Noncompliance with reporting requirements	P
96.001	Social Security-Disability Insurance	Employment and Economic Development	19-04	4	2018-006	S	I	Noncompliance with procurement requirements	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SECTION III  
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2018

(Note 1)

**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](http://www.auditor.leg.state.mn.us).

(Note 2) - The "RPT NO" column shows the report numbers in the format XX-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), unknown (U), or as a questioned cost. The SF-SAC FIND REF is the Single Audit Report finding number for fiscal year 2018.

(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-XX; and the "FIND NO" are finding numbers within CliftonLarsonAllen's report.



**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2018**

**Report 19-02**

<b>State Agency</b>	Minnesota Department of Health
<b>Federal Agency(ies)</b>	U.S. Department of Agriculture
<b>CFDA Number(s)/ Program Name(s):</b>	10.557 – Women, Infants and Children (2 Year)
<b>Questioned Costs:</b>	\$142,892
<b>Federal Project Nos./ Award Year</b>	18182MN004W1003

**Finding Number 2018-001 (19-02-1) Requested and received excess federal funds.**

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 31, Part 205, Section 11(b), requires the state and a federal program agency to limit the amount of funds transferred to the minimum required to meet a state's actual and immediate cash needs. The Cash Management Improvement Act, Treasury-State Agreement requires that the state shall request funds the same day it pays out funds.

**Condition:**

From December 20, 2017, through December 26, 2017, the Department of Health incurred \$764,618 in federal expenditures, but on December 27, 2017, the department requested and received \$907,510 in federal funds resulting in an overdraw of \$142,892. As a result of the audit, the Department of Health reduced its February 4, 2019, draw by \$142,892. However, the department did not calculate any interest owed to the federal government.

**Questioned Costs:**

\$142,892, This does not include interest owed to the federal government.

**Context:**

The department generates a report from the accounting system to identify the total expenditures posted since the previous federal draw, this is the amount the department will request for reimbursement from the federal government.

**Cause:**

The department did not have effective internal controls to ensure it accounted for the correction of funding sources for interagency expenditures. The department recorded a correction in the accounting system that moved interagency expenditures from a federal to a nonfederal funding source after the department requested reimbursement from the federal government.

**Effect:**

The department requested and received \$142,892 more in federal funds than it spent on allowable program costs.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Health should develop effective internal controls to account for corrections made to interagency expenditures. In addition, the Department of Health should calculate any interest owed and discuss with the federal government whether the funds should be returned.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Health partially agrees with this finding. We did not modify our audit finding subsequent to receiving the department's corrective action plan. We do not believe the department's detective controls mentioned in its corrective action plan met the federal requirement of minimizing the time elapsing.

## Report 19-03

<b>State Agency</b>	Minnesota Department of Transportation
<b>Federal Agency(ies)</b>	U.S. Department of Transportation
<b>CFDA Number(s)/ Program Name(s):</b>	20.205 – Highway Planning and Construction
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	N4510.768/2014; N4510.788/2015; N4510.802/2016; N4510.807/2017; N4510.816/2018

**Finding Number 2018-002 (19-03-1) Noncompliance with federal subrecipient monitoring requirements.**

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 331(d), requires the state to issue management decisions for audit findings pertaining to its federal awards and to ensure subrecipients take timely and appropriate corrective actions.

**Condition:**

The Department of Transportation (MnDOT) did not issue management decisions for audit findings pertaining to the Highway Planning and Construction Program for four of its subrecipients.

**Questioned Costs:**

None

**Context:**

Three of the subrecipients cited were counties. Those three counties were the only counties of the 58 county audit reports reviewed that had findings pertaining to the Highway Planning and Construction Program.

One of the subrecipients cited was a city. That city was the only city of the 35 city audit reports reviewed that had findings pertaining to the Highway Planning and Construction Program.

**Cause:**

MnDOT did not have sufficient internal controls to ensure it obtained and reviewed the required audits for all of its subrecipients.

For the three county subrecipients cited, MnDOT mistakenly thought that the state agency assigned by the Department of Management and Budget (MMB) to issue management decisions on cross-cutting findings was also responsible to issue management decisions on all findings specific to a single federal award. Since MMB assigned the Department of Human Services (DHS) to issue management decisions on cross-cutting findings for counties, MnDOT did not obtain and review those audit reports. Thus, MnDOT did not identify and issue management decisions on findings specific to the Highway Planning and Construction Program that each county had.

For the city subrecipient cited, MnDOT relied on the MMB subrecipient assignment worksheet to identify subrecipients that required an audit. Since that worksheet assigned cross-cutting findings for the city to MnDOT but did not correctly identify the city as requiring an audit, MnDOT did not obtain and review the audit report. Thus, MnDOT did not identify and issue a management decision on a cross-cutting finding the city had.

**Effect:**

There is an increased risk that MnDOT's subrecipients will not take appropriate corrective actions to ensure compliance with federal requirements.

**Repeat Finding:**

No.

**Auditor's Recommendations:**

The Department of Transportation should enhance its internal controls to ensure it obtains and reviews the required audits for all of its subrecipients.

The Department of Transportation should issue management decisions on the audit findings for the four subrecipients cited.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Transportation agrees with this finding.

## Report 19-04

<b>State Agency</b>	Minnesota Department of Employment and Economic Development
<b>Federal Agency(ies)</b>	U.S. Department of Labor
<b>CFDA Number(s)/ Program Name(s):</b>	17.207 – Employment Service/Wagner-Peyser Funded Activities 17.801 – Disabled Veterans’ Outreach Program (DVOP)
<b>Questioned Costs:</b>	\$16,464
<b>Federal Project Nos./ Award Year</b>	17.207 – ES-30994-17-55-A-27, MI-25331-14-75-A-27 17.801 – DV-30022-17-55-5-27

### **Finding Number 2018-003 (19-04-1) Noncompliance with period of performance.**

#### **Award Period:**

July 1, 2017, through June 30, 2018.

#### **Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

#### **Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2 Part 200, Section 309(b), states that a nonfederal entity may charge to the federal award only allowable costs incurred during the period of performance, and any costs incurred before the federal awarding agency made the federal award that were authorized by the federal awarding agency.

#### **Condition:**

The Department of Employment and Economic Development charged 3 of 28 expenditures tested to grant awards when it incurred those costs outside of the period of performance. For one expenditure charged to the federal award before the award began, the department also did not obtain authorization from the U.S. Department of Labor.

#### **Questioned Costs:**

\$16,464, There are likely additional questioned costs that were incurred outside of the period of performance that were not identified during our sample testing.

#### **Context:**

The department reviews and approves all expenditures before it pays for those costs. However, the department was unable to tell us what it reviewed before providing approval.

**Cause:**

The department did not have effective internal controls to ensure it charged expenditures to the proper grant award periods.

**Effect:**

The department requested and received \$16,464 in federal funds for costs it incurred outside of the period of performance.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Employment and Economic Development should either return the \$16,464 in questioned costs or record an expenditure correction to charge the costs to the proper grant award period. The Department of Employment and Economic Development should develop controls to ensure it only charges expenditures to grant award periods that align with the incurred cost.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Employment and Economic Development agrees with this finding.

## Report 19-04

<b>State Agency</b>	Minnesota Department of Employment and Economic Development
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States
<b>Questioned Costs:</b>	\$50,329
<b>Federal Project Nos./ Award Year</b>	H126A180033

### **Finding Number 2018-004 (19-04-2) Noncompliance with reporting requirements.**

#### **Award Period:**

July 1, 2017, through June 30, 2018.

#### **Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

#### **Criteria or Specific Requirement:**

According to Rehabilitation Services Administration Policy Directive 14-02, the recipient is required to report the amount of expenditures accrued.

#### **Condition:**

The Department of Employment and Economic Development did not report State Services for the Blind expenditures on the Annual Vocational Rehabilitation Program/Cost Report (RSA-2) for the State Vocational Rehabilitation Services Program in accordance with federal reporting requirements.

#### **Questioned Costs:**

\$50,329

#### **Context:**

In the report, the federal government requires expenditures to be reported on an accrual basis. A separate report is submitted for each federal fiscal year. Therefore, expenditures should only be reported for that year.

**Cause:**

The department did not design internal controls to ensure it used the correct dates for the report when obtaining the financial data from the state's accounting system. Since the department did not use the correct dates, expenditures were not reported to the federal government on an accrual basis.

**Effect:**

The department over-reported the federal fiscal year 2018 award expenditures by \$50,329.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Employment and Economic Development should correct and resubmit the Annual Vocational Rehabilitation Program/Cost Report (RSA-2). In addition, the Department of Employment and Economic Development should design internal controls to ensure the correct dates are being used when obtaining financial data from the state's accounting system.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Employment and Economic Development agrees with this finding.

## Report 19-04

<b>State Agency</b>	Minnesota Department of Employment and Economic Development
<b>Federal Agency(ies)</b>	U.S. Social Security Administration
<b>CFDA Number(s)/ Program Name(s):</b>	96.001 – Social Security-Disability Insurance (DI)
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	1704MNDI00, 1804MNDI00

### **Finding Number 2018-005 (19-04-3) Noncompliance with reporting requirements.**

#### **Award Period:**

July 1, 2017, through June 30, 2018.

#### **Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

#### **Criteria or Specific Requirement:**

The Social Security Administration Program Operations Manual System, Disability Insurance 39506.231, states that the SSA-4514 report should reflect all hours worked by personnel engaged in the disability program during the reporting period.

#### **Condition:**

The Department of Employment and Economic Development did not include all personnel service hours in the January to March 2018 SSA-4514 Time Report of Personnel Services for Disability Determination Services.

#### **Questioned Costs:**

None – Procedural Finding Only.

#### **Context:**

The department generates a payroll report from the state's accounting system after all payroll for the quarter is posted to the system.

**Cause:**

The department did not have effective internal controls to ensure all personnel service hours are reported. Due to changes in personnel, the department generated the payroll report from the state's accounting system before all payroll for the quarter was posted.

**Effect:**

The department omitted 7,988.75 hours or 11.78 percent of all hours reported.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Employment and Economic Development should submit an addendum to the SSA-4514 report. In addition, the Department of Employment and Economic Development should implement effective internal controls to ensure it reports all personnel service hours.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Employment and Economic Development agrees with this finding.

## Report 19-04

<b>State Agency</b>	Minnesota Department of Employment and Economic Development
<b>Federal Agency(ies)</b>	U.S. Social Security Administration
<b>CFDA Number(s)/ Program Name(s):</b>	96.001 – Social Security-Disability Insurance (DI)
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	1704MNDI00, 1804MNDI00

### **Finding Number 2018-006 (19-04-4) Noncompliance with procurement requirements.**

#### **Award Period:**

July 1, 2017, through June 30, 2018.

#### **Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

#### **Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 317, requires that the state must follow the same policies and procedures it uses for procurements from its nonfederal funds. *Minnesota Statutes* 16C.08, subd. 4(c), states that within 30 days of final completion of a contract over \$25,000, the Department of Employment and Economic Development must submit a report to the Department of Administration. The report must include a written performance evaluation of the work done under the contract and an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract.

#### **Condition:**

The Department of Employment and Economic Development did not complete and submit vendor evaluation reports to the Department of Administration for four contracts over \$25,000 that expired during our audit scope.

#### **Questioned Costs:**

None – Procedural Finding Only.

#### **Context:**

The state implemented this requirement to ensure greater transparency in identifying contractors that did not perform satisfactory services.

**Cause:**

The department was not aware of the state statute requiring evaluations.

**Effect:**

The department or other state agencies may unknowingly continue to engage with contractors that did not perform satisfactorily.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Employment and Economic Development should design internal controls to ensure it completes and submits vendor evaluation reports to the Department of Administration for four contracts over \$25,000 that expired during our audit scope.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Employment and Economic Development did not explicitly state that it agrees with this finding. However, the department outlines the planned corrective action it will take to resolve the finding and the anticipated completion date.

## Report 19-05

<b>State Agency</b>	Minnesota Department of Education
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	84.010 – Title I Grants to Local Educational Agencies
<b>Questioned Costs:</b>	\$79,979
<b>Federal Project Nos./ Award Year</b>	S010A160023 – 16B

### **Finding Number 2018-007 (19-05-1) Noncompliance with carryforward provisions.**

#### **Award Period:**

July 1, 2017, through June 30, 2018.

#### **Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

#### **Criteria or Specific Requirement:**

The *United States Code*, Title 20, Chapter 70, Section 6339(a), states that a local educational agency may not carryforward more than 15 percent of the Title I funds allocated for a fiscal year to the subsequent fiscal year.

The *United States Code*, Title 20, Chapter 70, Section 6339(b), allows a state educational agency to grant a waiver of the carryforward limitation to a local educational agency once every three years.

#### **Condition:**

The Department of Education allowed six local educational agencies to carryforward more than 15 percent of their Title I funds allocated for the federal fiscal year 2016 without granting a waiver.

#### **Questioned Costs:**

\$79,979

#### **Context:**

Of the six local educational agencies cited, three were eligible for a waiver. The total carryforward amount for those three was \$7,599. The other three local educational agencies cited were not eligible for a waiver because the department had already granted them a waiver within the last three years. The total carryforward amount for those three was \$72,380.

**Cause:**

The department did not have effective internal controls to identify local educational agencies with carryforward amounts exceeding 15 percent of Title I funds allocated. Instead, the department relied on local educational agencies to request a waiver when carryforward amounts exceeded 15 percent.

**Effect:**

The six local educational agencies could spend more Title I funds than allowed.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Education should design and implement internal controls to identify local educational agencies with carryforward amounts exceeding 15 percent of Title I funds allocated and to either reduce the carryforward amounts to 15 percent or grant waivers for the excess amounts.

For the three local educational agencies cited that were not eligible for a waiver, the Department of Education should reduce the carryforward amounts to 15 percent of the Title I funds allocated.

For the three local educational agencies cited that were eligible for a waiver, the Department of Education should either reduce the carryforward amounts to 15 percent of Title I funds allocated or grant waivers for the excess.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Education agrees with this finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Agriculture
<b>CFDA Number(s)/ Program Name(s):</b>	10.551 – Supplemental Nutrition Assistance Program (SNAP)
<b>Questioned Costs:</b>	\$5,825,523
<b>Federal Project Nos./ Award Year</b>	201717S604542, 201818S604542

**Finding Number 2018-008 (19-06-1)** *Reimbursed for unallowable costs.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 403(b), requires states to conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amounts of cost items.

**Condition:**

For federal fiscal year 2017, the Department of Human Services inappropriately requested reimbursement for costs related to group residential housing. In response to this prior audit finding, the department made a second error in its efforts to quantify and communicate the total questioned costs to the federal government. Furthermore, the department requested reimbursement for costs for federal fiscal year 2018, despite reaching an agreement with the federal government that it would not seek reimbursement in the current year.

In addition, the department did not implement effective internal controls to ensure it properly identified and excluded from its reimbursement requests any unallowable costs.

**Questioned Costs:**

\$5,825,523

**Context:**

In a letter to the U.S. Department of Agriculture, Food and Nutrition Services, the department calculated the actual questioned costs that it previously estimated in a prior audit finding. Instead of paying back the unallowable costs, the department stated that it will not request any future reimbursements until the end of a waiver period, which ends in 2019. On November 6, 2018, the U.S. Department of Agriculture, Food and Nutrition Services, in a memo to the department, agreed with the department's proposal to move forward without revising past payment requests.

The department corrected the criteria used to calculate the amount requested for reimbursement. In addition, the department provided us with support for internal controls it has designed.

**Cause:**

The department did not use the correct criteria for the last three months of federal fiscal year 2017 when calculating the amount requested for reimbursement. For the federal fiscal year 2018 reimbursement request, the department personnel responsible for requesting reimbursement misunderstood the department's plan to temporarily cease requests for reimbursement.

While the department has designed internal controls, as of June 30, 2018, it had not fully implemented those controls.

**Effect:**

The department incorrectly requested reimbursement for \$3,779,302 in unallowable costs. We did not report these unallowable costs in our audit finding 2017-001, as they were outside of our audit scope at that time. In addition, the department requested reimbursement for \$2,046,221 in costs after communicating to the federal government that it would not request reimbursement for federal fiscal year 2018 costs.

**Repeat Finding:**

Yes, see prior audit finding 2017-001.

**Auditor's Recommendation:**

The Department of Human Services should work with the federal government to rectify the unallowable costs it reported to the federal government in relation to the prior audit finding and the federal fiscal year 2018 reimbursement request.

The Department of Human Services should implement effective internal controls to ensure it requests reimbursement for allowable costs only.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with the internal controls and federal fiscal year 2018 portion of this finding. The department stated that the federal fiscal year 2017 portion of this finding has been resolved and should not be reported as a finding. Since the department did not identify

or communicate the error in the federal fiscal year 2017 amount it reported to the U.S. Department of Agriculture, Food and Nutrition Services, we determined it necessary to report this issue to the federal government.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.558 – Temporary Assistance for Needy Families (TANF)
<b>Questioned Costs:</b>	\$8,308,346
<b>Federal Project Nos./ Award Year</b>	1801MNTANF

**Finding Number 2018-009 (19-06-2)** *Costs charged to a federal award that were incurred before the start date of that award.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 309, limits the costs that states can charge to a federal award to those costs incurred during the award's period of performance.

**Condition:**

The Department of Human Services charged costs to the 2018 TANF award that it incurred prior to the start date of that award.

**Questioned Costs:**

\$8,308,346.

**Context:**

We tested seven adjustment transactions that reallocated costs between TANF awards. Five of those transactions reallocated costs to the 2018 TANF award from earlier TANF awards. Of those five, two included costs incurred before the start date of the 2018 TANF award.

**Cause:**

The department's internal controls were not sufficient to ensure that costs charged to TANF awards were not incurred before the start date of those awards.

The department charged costs to the 2015 and 2016 TANF awards during state fiscal year 2018 for obligations incurred for those awards in prior years. The department carried forward the unspent portions of those awards to the 2018 TANF award, and it also reallocated those charges to the 2018 TANF award. However, the department did not consider whether any of the charges in question were incurred before the start date of the 2018 TANF award. Since the 2017 TANF award was still open, the department could have reallocated the charges that were incurred before the start date of the 2018 TANF award to the 2017 TANF award instead.

**Effect:**

The state could spend more federal funds from TANF awards than it was entitled to spend.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should enhance its internal controls to ensure that costs charged to TANF awards were not incurred before the start date of those awards.

The Department of Human Services should reallocate the costs cited from the 2018 TANF award to the 2017 TANF award.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with the finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.558 – Temporary Assistance for Needy Families (TANF)
<b>Questioned Costs:</b>	\$1,977
<b>Federal Project Nos./ Award Year</b>	1502MNTANF; 1601MNTANF; 1701MNTANF; 1801MNTANF

**Finding Number 2018-010 (19-06-3)** *Benefits not always reduced.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

When an individual who receives TANF benefits is not cooperating with child support requirements, the *Code of Federal Regulations*, Title 45, Part 264, Section 30(c), requires the state to either reduce the benefits provided to the family of the individual by at least 25 percent or deny any benefits to the family.

The department's policy is to reduce the TANF benefits by 30 percent for the first through the sixth occurrence of not cooperating with child support requirements, and to deny all benefits upon the seventh occurrence.

**Condition:**

The Department of Human Services did not always reduce TANF benefits provided to the families of individuals who did not cooperate with child support requirements.

**Questioned Costs:**

\$1,977. This is the amount of overpaid benefits identified from our sample testing. We estimated that the likely amount of overpaid benefits for the entire testing population was \$66,165.

**Context:**

We tested 60 samples from a population of 2,008 cases in noncooperation status for child support requirements. We found that the department did not properly reduce TANF benefits for six of those

samples. For two of the samples, the department did not reduce any benefits. For three of the samples, the department did not immediately reduce benefits, but did so in subsequent months. For the remaining sample, the department restored full benefits once the individual cooperated with child support requirements, but restored the benefits one month too soon.

**Cause:**

The department's internal controls were not sufficient to ensure it properly reduced TANF benefits to the families of all individuals not cooperating with child support requirements.

The department delegates the responsibility for reducing TANF benefits for noncooperation with child support requirements to county employees and provides training, a policy manual, and bulletins to those employees. Those reductions require manual intervention by the county employees. For the exceptions we found, the county employees did not properly intervene in accordance with the policy.

**Effect:**

Individuals received TANF benefits they were not entitled to receive.

**Repeat Finding:**

Yes, see prior audit finding 2017-003.

**Auditor's Recommendation:**

The Department of Human Services should enhance its internal controls to ensure it properly reduces TANF benefits to the families of all individuals who are not cooperating with child support requirements.

The Department of Human Services should collect the overpaid TANF benefits for the six cases cited.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services did not explicitly state that it agrees with this finding. The department outlines the planned corrective action it has taken and will take to resolve the finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.558 – Temporary Assistance for Needy Families (TANF)
<b>Questioned Costs:</b>	\$44,087
<b>Federal Project Nos./ Award Year</b>	1502MNTANF; 1601MNTANF; 1701MNTANF; 1801MNTANF

**Finding Number 2018-011 (19-06-4)** *Noncompliance with federal eligibility requirements.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Material Weakness in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *United States Code*, Title 42, Chapter 7, Subchapter IV, Part A, Section 602(1)(B)(iii), requires each state to create a document that sets forth the determination of eligibility for TANF benefits. *Minnesota Statutes* 2018, 256J.10, establishes the general eligibility requirements for TANF benefits. Those eligibility requirements include U.S. citizenship and Minnesota residency and the presence of at least one minor child or pregnant woman in the family.

**Condition:**

The Department of Human Services provided TANF benefits to some ineligible recipients and provided inaccurate TANF benefit amounts to some recipients.

**Questioned Costs:**

\$44,087

**Context:**

The department delegates the responsibility for determining eligibility for TANF benefits and calculating TANF benefit amounts to county employees. To monitor the performance of county employees, the department randomly selected a sample of TANF recipients each month and reviewed the case files to determine if the recipients met eligibility requirements and if the benefit amounts were accurate. Of the 312 case files reviewed by the department, 151 included benefits paid to ineligible recipients or inaccurate benefit amounts. We randomly selected 60 of the 312 case files reviewed by the department,

independently determined if the recipients met eligibility requirements and if benefit amounts were accurate, and verified that our results matched the department's results.

**Cause:**

The department's internal controls were not sufficient to ensure it only provided TANF benefits to eligible recipients and provided accurate TANF benefit amounts to recipients.

The department provides training, a policy manual, and bulletins to county employees responsible for determining eligibility for TANF benefits and calculating TANF benefit amounts. TANF eligibility determinations and benefit amount calculations require manual intervention by the county employees. For the errors found, the county employees did not properly intervene in accordance with the policy.

The department requests corrective action plans from counties for all TANF eligibility determination and TANF benefit amount errors found during the case file reviews, but counties are not required to respond. Of the 60 case files that we reviewed, 32 contained eligibility determination or benefit amount errors. For those 32 case files, the department received corrective action plans from counties for just 16 cases.

**Effect:**

Recipients received TANF benefits that they were not entitled to receive.

**Repeat Finding:**

Yes, see prior audit finding 2017-002.

**Auditor's Recommendation:**

The Department of Human Services should improve its internal controls to ensure it provides TANF benefits to eligible recipients only and provides accurate TANF benefit amounts.

The Department of Human Services should collect the overpaid TANF benefits for the 151 cases cited.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services did not explicitly state that it agrees with this finding. The department outlines the planned corrective action it will take to resolve the finding and the anticipated completion date.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Questioned Costs:</b>	\$502
<b>Federal Project Nos./ Award Year</b>	1701MNCCDF and 1801MNCCDF

**Finding Number 2018-012 (19-06-5)** *Noncompliance with eligibility requirements.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 45, Part 98, Section 20(a)(2)(i), states that to be eligible for services the family's income must not exceed 85 percent of the state's median income.

**Condition:**

The Department of Human Services did not correctly calculate income when determining eligibility for three of the 25 cases we tested. For one case, the department provided assistance to a family that was not eligible. For the other two cases, the department required a co-payment when one was not required and also understated the co-payment amount.

**Questioned Costs:**

\$502 There are likely additional questions costs that were not identified in our testing.

**Context:**

County workers are responsible for calculating income which determines eligibility and co-payment amounts.

**Cause:**

The department did not have effective internal controls to ensure county workers accurately calculated income to determine eligibility and co-payment amounts.

**Effect:**

The department paid \$480 in one month to a family that was not eligible. For the other two cases, the department required a bi-weekly co-payment of \$20 when a co-payment was not required and understated the bi-weekly co-payment amount by \$2.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should ensure county workers cease benefits to the ineligible family and correct the co-payments for the other two cases.

The Department of Human Services should strengthen internal controls to ensure county workers accurately calculate income when determining eligibility and co-payment amounts.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services did not explicitly agree with this finding. Instead, the department stated that it focuses resources on being below the federal threshold of a 10 percent payment error rate. We did not identify specific criteria that allowed up to a 10 percent payment error rate. The department outlines the planned corrective action it will take to resolve the finding and the anticipated completion date.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Questioned Costs:</b>	None – Procedural Finding Only.
<b>Federal Project Nos./ Award Year</b>	1701MNCCDF and 1801MNCCDF

**Finding Number 2018-013 (19-06-6)** *Not adequately monitoring program activities.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 45, Part 98, Section 42(b), requires that the state comply with the State Plan [Child Care Development Plan]. In addition, the Child Care Development Plan, section 5.2.2, requires that the state conduct licensing reviews at least every two years.

**Condition:**

The Department of Human Services did not comply with federal requirements and complete licensing reviews, as required by its Child Care Development Plan effective from July 1, 2017, through September 30, 2017.

**Questioned Costs:**

None – Procedural Finding Only.

**Context:**

In fiscal years 2014, 2015, 2016, and 2017, the department did not complete licensing reviews timely. The department hired additional staff in fiscal year 2018 to assist in addressing these issues. The department submitted a revised Child Care Development Plan for federal fiscal year 2018 that noted the noncompliance with licensing inspections and contained a plan to seek additional funding. The federal government approved the department's revised plan.

**Cause:**

Despite hiring additional resources, the department did not have sufficient resources to complete the licensing reviews timely.

**Effect:**

There is an increased risk that health and safety issues at child care centers will go undetected, which may result in potential harm to the children and families served.

**Repeat Finding:**

Yes, see prior audit finding 2017-004.

**Auditor's Recommendation:**

The Department of Human Services should ensure that it performs on-site reviews and enforces licensing requirements for child care centers.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services accepted, but did not explicitly agree, to this finding. The department outlines the planned corrective action it will take to resolve the finding and the anticipated completion date.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.659 – Adoption Assistance
<b>Questioned Costs:</b>	\$235,145
<b>Federal Project Nos./ Award Year</b>	1701MNADPT

**Finding Number 2018-014 (19-06-7)** *Noncompliance with cash management requirements.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 31, Part 205, Section 11(b), requires the state and a federal program agency to limit the amount of funds transferred to the minimum required to meet a state's actual and immediate cash needs.

**Condition:**

The Department of Human Services requested reimbursement from the federal government for expenditures for which it had already received payment.

**Questioned Costs:**

\$235,145

**Context:**

The department did not have documented policies and procedures. Therefore, a new employee assigned to the process mistakenly processed a duplicate reimbursement request.

**Cause:**

The department did not have effective internal controls to identify previously reimbursed expenditures.

**Effect:**

The department requested and received \$235,145 in federal funds for expenditures for which it had already received payment. While we did not identify any other duplicate reimbursement requests in our testing, the department's weakness in internal controls could allow for additional errors.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should develop written policies and procedures to formalize its internal controls and prevent future duplicate reimbursement requests.

The Department of Human Services should return \$235,145 in excess funds requested plus any interest owed to the federal government, or reduce future draws by that amount plus any interest.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with this finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.659 – Adoption Assistance
<b>Questioned Costs:</b>	\$393,829
<b>Federal Project Nos./ Award Year</b>	1201MNADT, 1601MNADPT, 1701MNADPT, and 1801MNADPT

**Finding Number 2018-015 (19-06-8)** *Noncompliance with reporting requirements.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

According to the CB-496, *Title IV-E Programs Quarterly Financial Report* instructions, the individual who signs the report is certifying the correctness and accuracy of the information reported.

**Condition:**

For two of the CB-496, *Title IV-E Programs Quarterly Financial Report* tested, the Department of Human Services did not accurately report expenditures. We tested a sample of two reports, quarters ending September 30, 2017, and June 30, 2018, and found errors in report line items that are identified by the federal government as key line items.

**Questioned Costs:**

The department under-reported federal expenditures by a net amount of \$393,829. There are likely errors in other reports that were not tested.

**Context:**

The department's designee signed the two reports tested. The department stated that it reviewed the reports before it signed and submitted the report to the federal government.

**Cause:**

The department did not have effective internal controls to identify the inaccurate federal claims and prior period adjustments reported.

**Effect:**

On the quarter ending September 30, 2017, the department under-reported the federal share of current quarter claims (administrative costs) by \$11,137. In addition, the department over-reported the federal share of current quarter claims (administrative costs) by \$90,029 and under-reported prior quarter adjustments (adoption assistance payments) by \$472,721 on the quarter ending June 30, 2018.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should correct and resubmit the CB-496 report. In addition, the Department of Human Services should implement effective internal controls to ensure it accurately reports required information to the federal government.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with this finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.667 – Social Services Block Grant (SSBG)
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	1601MNSOSR; 1701MNSOSR

**Finding Number 2018-016 (19-06-9)** *Inaccurate financial reports.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 327, requires states to submit a Federal Financial Report (FFR) for each federal award at least annually.

The *United States Code*, Title 42, Chapter 7, Subchapter XX, Section 1397e(a), requires annual reports for SSBG awards.

**Condition:**

The Department of Human Services did not report the correct indirect cost rate and indirect cost base amount on the FFR for each SSBG award.

**Questioned Costs:**

None.

**Context:**

We tested the annual FFR for the period ending September 30, 2017, for both SSBG awards open during that period.

The indirect cost charges reported on the FFR is calculated using the reported indirect cost rate and indirect cost base amount.

**Cause:**

The department's internal controls were not sufficient to ensure it accurately reported SSBG financial information on the FFR.

The department employee that prepared each FFR recorded incorrect indirect cost rates and indirect cost base amounts in the report, and the supervisor that reviewed and certified the report did not identify the errors.

**Effect:**

The indirect cost charges reported for the 2016 and 2017 SSBG awards were understated by \$39,098 and \$46,219, respectively.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should enhance its internal controls to ensure it accurately reports indirect cost rates and indirect cost base amounts on the FFR for SSBG awards.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with this finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.778 – Medical Assistance
<b>Questioned Costs:</b>	None – Procedural Finding Only.
<b>Federal Project Nos./ Award Year</b>	1505MN5MAP, 1605MN5ADM, 1605MN5MAP, 1705MN5ADM, 1705MNINCT, 1705MN5MAP, 1805MN5ADM, 1805MNINCT, 1805MNIMPL, and 1805MN5MAP

**Finding Number 2018-017 (19-06-10)** *Noncompliance with revalidation of providers.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 42, Part 455, Section 414(b), requires that the state revalidate the enrollment of all providers regardless of provider type at least every five years.

**Condition:**

The Department of Human Services did not revalidate the enrollment for 2 of the 40 providers we tested within the allotted five-year period.

**Questioned Costs:**

None – Procedural Finding Only.

**Context:**

The department intends to implement a new provider portal in calendar year 2019 to assist in provider revalidations. After we brought these errors to the department's attention, it revalidated one of the two providers.

**Cause:**

For one provider, the department identified the need for revalidations, but chose not to complete the revalidation. The department stated that it did not have sufficient resources to complete the

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revalidation and would wait until the new provider portal was available before revalidating the provider. For the other provider, the department stated that it overlooked the revalidation because of the large volume of providers it was validating.

**Effect:**

The department risks allowing providers that it would have terminated upon revalidation to continue furnishing medical or pharmaceutical services or supplies.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should adopt internal control procedures to ensure that it conducts the provider revalidations that are required under federal law.

The Department of Human Services should revalidate the enrollment for one provider tested that was not properly revalidated.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with this finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.778 – Medical Assistance
<b>Questioned Costs:</b>	\$105,004
<b>Federal Project Nos./ Award Year</b>	1505MN5MAP, 1605MN5ADM, 1605MN5MAP, 1705MN5ADM, 1705MNINCT, 1705MN5MAP, 1805MN5ADM, 1805MNINCT, 1805MNIMPL, and 1805MN5MAP

**Finding Number 2018-018 (19-06-11)** *Noncompliance with eligibility requirements.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 42, Part 436, Section 10(b), requires that the state specify the groups to whom Medicaid is provided and the conditions of eligibility for individuals in those groups. *Minnesota Statutes* 2018, 256B.056, subd. 3(a), states that a person must not individually own more than \$3,000 in assets to be eligible for medical assistance. *Minnesota Statutes* 2018, 256B.056, subd. 10(c), states that the department shall verify assets and income for all applicants, and for all recipients upon renewal.

**Condition:**

The Department of Human Services did not correctly determine eligibility for two of the 78 medical assistance recipients we tested. For one recipient, the department did not correctly calculate the recipient's assets. The recipient received medical assistance that they were not eligible to receive. The department could not provide support for the other recipient's assets reported. We were unable to determine the recipient's eligibility without support for the assets reported.

**Questioned Costs:**

\$105,004

**Context:**

The department provides training to all county employees responsible for determining eligibility for medical assistance. County employees are responsible for verifying assets for each recipient and calculating assets when determining eligibility.

**Cause:**

The department delegates the responsibility for determining eligibility for medical assistance benefits to county employees, and provides training, a policy manual, and bulletins to those employees. Eligibility determinations require manual intervention by the county employees. For the exceptions we found, the county employees did not properly intervene in accordance with the policy.

While the department provided training, we identified one of ten samples tested where the county employee did not complete the required training before assessing eligibility for medical assistance benefits.

**Effect:**

The department paid \$105,004 in benefits from the date of determination through June 30, 2018.

**Repeat Finding:**

Yes, see prior audit finding 2017-005.

**Auditor's Recommendation:**

The Department of Human Services should cease benefits and correct the assets reported for one recipient. For the other recipient, the department should request supporting documentation to verify assets reported.

The Department of Human Services should develop effective internal controls to ensure county employees complete the required training before assessing eligibility for medical assistance benefits.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services agrees with this finding.

## Report 19-06

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Agriculture U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	10.561 – State Admin Matching Grant Supplemental Nutrition Assistance Program 93.558 – Temporary Assistance for Needy Families 93.563 – Child Support Enforcement – States Program 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.659 – Adoption Assistance 93.667 – Social Services Block Grant 93.778 – Medical Assistance
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	10.561 – 2015IQ390342, 2016Q390342, 201616S252042, 201716Q750342, 201717Q390342, 201727Q750342, 201717S251942, 201717S251442, 201818Q390342, 201818S251442, 201818S251942, 201818S252042 93.558 – 1502MNTANF, 1602MNTANF, 1701MNTANF, 1801MNTANF 93.563 – 1704MNCEST and 1804MNCEST 93.596 – 1501MNCCDF, 1601MNCCDF, 1701MNCCDF, 1801MNCCDF 93.659 – 1201MNADT, 1601MNADPT, 1701MNADPT, and 1801MNADPT 93.667 – 1601MNSOSR, 1701MNSOSR 93.778 – 1505MN5MAP, 1605MN5ADM, 1605MN5MAP, 1705MN5ADM, 1705MNINCT, 1705MN5MAP, 1805MN5ADM, 1805MNINCT, 1805MNIMPL, and 1805MN5MAP

**Finding Number 2018-019 (19-06-12)** *Noncompliance with federal subrecipient monitoring requirements.*

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 331(a), requires the state to clearly identify to the subrecipient the required information at the time of the subaward.

**Condition:**

The Department of Human Services did not communicate all of the required information to the subrecipient at the time of the subaward.

We conducted a sample test and identified the following errors:

1. The department did not communicate the total amount of federal funds obligated to the subrecipient (for all federal programs) by the department, including current and other open subawards. This error occurred in the following programs:
  - Adoption Assistance Program – Three of three samples tested.
  - Child Care Development Block Grant – 14 of 14 samples tested.
  - Child Support Enforcement – Nine of nine samples tested.
  - Medical Assistance – Six of six samples tested.
  - Supplemental Nutrition Assistance Program, Social Services Block Grant, Temporary Assistance for Needy Families – 10 of 10 samples tested for each federal program.
2. For 9 of the 14 Child Care Development Block Grant samples tested, the department did not communicate: 1) any requirements imposed by the department to ensure the subawards were used in accordance with federal requirements; 2) indirect cost rate agreed upon by the subrecipient and the federal government; the indirect cost rate agreed upon by the department and the subrecipient; or a de minimis rate of 10 percent; and 3) its right and the right of auditors to have access to the subrecipient's records.
3. For one of six Medical Assistance Program samples tested, the department did not communicate: 1) the subrecipient's unique entity identifier, and 2) the federal award identification number.
4. For 3 of 10 Temporary Assistance for Needy Families samples tested, the department did not communicate the subrecipient's unique entity identifier.
5. For 7 of 10 Temporary Assistance for Needy Families samples tested, the department did not communicate the closeout terms and conditions.

**Questioned Costs:**

None.

**Context:**

The responsibility for communicating federal award information is decentralized to the local county agencies. The department has federal program-specific personnel who are responsible for communicating this information.

**Cause:**

The department did not have effective internal controls in place to ensure it communicated all federal award information for all federal programs to subrecipients. Specifically, the department either did not utilize a grant agreement template, or its template did not include all the required information.

**Effect:**

There is an increased risk that the department's subrecipients are not aware of federal requirements and are not compliant with federal requirements.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

The Department of Human Services should enhance its internal controls to ensure it communicates the required federal award information to its subrecipients.

**Views of Responsible Officials and Planned Corrective Action:**

The Minnesota Department of Human Services did not explicitly state that it agrees with this finding. However, the department outlines the planned corrective action it will take to resolve the finding and the anticipated completion date.

## Report CLA-18

<b>State Agency</b>	Minnesota State Colleges and Universities
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	84.033 – Federal Work Study Program
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	Not Provided

**Finding Number 2018-020 (CLA-18-1) (CLA Report 2018-001) *There was no reading tutor listed on the FISAP.***

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, 34 CFR 675.9, states that an institution must employ at least one Federal Work Study student as a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project.

**Condition:**

It was noted during our testing of the Fiscal Operations Report and Application to Participate, one of the twelve college and universities selected had no reading tutor.

**Questioned Costs:**

None – Procedural Finding Only.

**Context:**

During the review of the FISAP at Anoka Technical College (the College), we noted there was no reading tutor employed during the year.

**Cause:**

The College's management did not employ a reading tutor.

**Effect:**

The College is not in compliance with Department of Education requirements that they must employ a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project.

**Repeat Finding:**

Yes, prior audit finding 2017-008 (CLA Report Finding 2017-001). The college cited in the prior year finding (2017-008 and CLA Report Finding 2017-001) has successfully implemented their corrective action plan as described in the 2016-17 audit response. It is important to note that the current finding is for a different college.

**Auditor's Recommendation:**

We recommend that the College review their procedures to ensure they are employing at least one reading tutor each year.

**Views of Responsible Officials and Planned Corrective Action:**

There is no disagreement with the audit finding.

## Report CLA-18

<b>State Agency</b>	Minnesota State Colleges and Universities
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	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 84.379 – Teacher Education Assistance for College and Higher Education Grants
<b>Questioned Costs:</b>	Unknown
<b>Federal Project Nos./ Award Year</b>	Not Provided

**Finding Number 2018-021 (CLA-18-2) (CLA Report 2018-002) *Inaccurate R2T4 calculations.***

**Award Period:**

July 1, 2017, through June 30, 2018.

**Type of Finding:**

Significant Deficiency in Internal Control Over Compliance.

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, 34 CFR 668.22(f)(2)(i), states that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

**Condition:**

We noted one of the Return of Title IV (R2T4) calculations tested out of 40 used the incorrect number of days for a scheduled break. Upon further discussion with Alexandria Technical and Community College (the College), they concluded they used the incorrect number of days for scheduled breaks of five days or more for all R2T4 calculations in the 2018 spring term.

**Questioned Costs:**

Unknown.

**Context:**

The incorrect number of scheduled break days was used in the 2018 spring term R2T4 calculations.

**Cause:**

Incorrect break days were used in the calculation due to an error in calculating the scheduled break days for the spring 2018 term.

**Effect:**

The College is not completing accurate R2T4 calculations as defined by the regulations.

**Repeat Finding:**

No.

**Auditor's Recommendation:**

We recommend the College review the R2T4 requirements and implement procedures to ensure the R2T4 calculations are using the correct number of break days and are accurately completed.

**Views of Responsible Officials and Planned Corrective Action:**

There is no disagreement with the audit finding.

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**State of Minnesota  
Financial and Compliance Report on Federally Assisted Programs  
Fiscal Year Ended June 30, 2018**

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STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2018

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
<b>U.S. Department of Agriculture</b>								
10.551	Supplemental Nutrition Assistance Program	Human Services	Reimbursed for unallowable costs.	2	18-05	1	2017-001	2017
<b>U.S. Department of Education</b>								
84.007	Federal Supplemental Edu Opp Grants	MnSCU	There was no reading tutor listed on the FISAP.	2	CLA-17	1	2017-008	2017
84.007	Federal Supplemental Edu Opp Grants	MnSCU	School has not had any procedures in place to correct errors within 10 days.	1	CLA-17	2	2017-009	2017
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-16	2	2016-011	2016
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-15	3	2015-025	2015
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-14	3	2014-037	2014
84.033	Federal Work Study Program	MnSCU	There was no reading tutor listed on the FISAP.	2	CLA-17	1	2017-008	2017
84.033	Federal Work Study Program	MnSCU	School has not had any procedures in place to correct errors within 10 days.	1	CLA-17	2	2017-009	2017
84.033	Federal Work Study Program	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-16	2	2016-011	2016
84.033	Federal Work Study Program	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-15	3	2015-025	2015
84.033	Federal Work Study Program	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-14	3	2014-037	2014
84.038	Federal Perkins Loans	MnSCU	There was no reading tutor listed on the FISAP.	2	CLA-17	1	2017-008	2017
84.038	Federal Perkins Loans	MnSCU	School has not had any procedures in place to correct errors within 10 days.	1	CLA-17	2	2017-009	2017
84.038	Federal Perkins Loans	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-16	2	2016-011	2016
84.038	Federal Perkins Loans	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-15	3	2015-025	2015
84.038	Federal Perkins Loans	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-14	3	2014-037	2014
84.063	Federal Pell Grant Program	MnSCU	There was no reading tutor listed on the FISAP.	2	CLA-17	1	2017-008	2017
84.063	Federal Pell Grant Program	MnSCU	School has not had any procedures in place to correct errors within 10 days.	1	CLA-17	2	2017-009	2017
84.063	Federal Pell Grant Program	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-16	2	2016-011	2016
84.063	Federal Pell Grant Program	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-15	3	2015-025	2015
84.063	Federal Pell Grant Program	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-14	3	2014-037	2014
84.126	Vocational Rehabilitation	DEED	Noncompliance with federal earmarking requirements	1	18-06	1	2017-006	2017
84.126	Vocational Rehabilitation	DEED	Indirect costs overcharged	1	18-06	2	2017-007	2017
84.126	Vocational Rehabilitation	DEED	Inadequate controls to ensure the required amount was spent on specified activities	1	17-10	2	2016-005	2016
84.268	Federal Direct Student Loans	MnSCU	There was no reading tutor listed on the FISAP.	2	CLA-17	1	2017-008	2017
84.268	Federal Direct Student Loans	MnSCU	School has not had any procedures in place to correct errors within 10 days.	1	CLA-17	2	2017-009	2017
84.268	Federal Direct Student Loans	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-16	2	2016-011	2016
84.268	Federal Direct Student Loans	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-15	3	2015-025	2015
84.268	Federal Direct Student Loans	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-14	3	2014-037	2014
84.379	Teacher Edu Asst for College and Higher Ed.	MnSCU	There was no reading tutor listed on the FISAP.	2	CLA-17	1	2017-008	2017
84.379	Teacher Edu Asst for College and Higher Ed.	MnSCU	School has not had any procedures in place to correct errors within 10 days.	1	CLA-17	2	2017-009	2017
84.379	Teacher Edu Asst for College and Higher Ed.	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-16	2	2016-011	2016
84.379	Teacher Edu Asst for College and Higher Ed.	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-15	3	2015-025	2015
84.379	Teacher Edu Asst for College and Higher Ed.	MnSCU	Inaccurate information on NSLDS status update reports	1	CLA-14	3	2014-037	2014





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**State of Minnesota**

**Financial and Compliance Report on Federally Assisted Programs  
Fiscal Year Ended June 30, 2018**

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**Supplemental Information  
Status of Prior Federal Program Audit Findings**

Please see the Index of Corrective Action Plans for planned corrective action plans submitted by the agencies for any current year repeat findings.

**Report 14-11**

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds

**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.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 6 (2018-013). See agency provided corrective action plan number 2018-013.

## Report 15-07

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2014-023 (15-07-1)** *Noncompliance with federal eligibility requirements.*

- 1. The Department of Human Services did not adequately ensure that recipients receiving benefits met the eligibility requirements for Temporary Assistance for Needy Families.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 4 (2018-011). See agency provided corrective action plan number 2018-011.

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## Report 15-07

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.575 Child Care and Development Block Grant  
93.596 Child Care Mandatory and Matching Funds

**Finding 2014-027 (15-07-5)** *Not adequately monitoring program activities.*

- 5. The Department of Human Services did not always perform licensing visits to child care facilities in timely manner.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 6 (2018-013). See agency provided corrective action plan number 2018-013.

## Report 16-06

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2015-011 (16-06-1)** *Noncompliance with federal eligibility requirements.*

- 1. The Department of Human Services did not ensure the effectiveness of controls over eligibility determinations for Temporary Assistance for Needy Families.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 4 (2018-011). See agency provided corrective action plan number 2018-011.

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## Report 16-06

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2015-013 (16-06-3)** *Did not consistently reduce cash assistance benefits.*

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

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 3 (2018-010). See agency provided corrective action plan number 2018-010.

## Report 16-06

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.575 Child Care and Development Block Grant  
93.596 Child Care Mandatory and Matching Funds

**Finding 2015-014 (16-06-4)** *Not adequately monitoring program activities.*

**4. The Department of Human Services did not always perform on-site licensing reviews of child care centers within the required timeframe. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 6 (2018-013). See agency provided corrective action plan number 2018-013.

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## Report 17-11

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2016-006 (17-11-1)** *Noncompliance with federal eligibility requirements.*

**1. The Department of Human Services did not adequately ensure eligibility requirements were met for families receiving Temporary Assistance for Needy Families benefits. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 4 (2018-011). See agency provided corrective action plan number 2018-011.

## Report 17-11

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2016-008 (17-11-3)** *Did not consistently reduce cash assistance benefits.*

- 3. The Department of Human Services did not consistently reduce enrollees' cash assistance benefits when the enrollees refused to cooperate with child support enforcement requirements. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 3 (2018-010). See agency provided corrective action plan number 2018-010.

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## Report 17-11

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds

**Finding 2016-009 (17-11-4)** *Not adequately monitoring program activities.*

- 4. The Department of Human Services did not always perform on-site licensing reviews of child care centers within the required timeframe. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 6 (2018-013). See agency provided corrective action plan number 2018-013.

## Report 18-05

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Agriculture

**CFDA Number(s)/Program Name(s):**

10.551 Supplemental Nutrition Assistance Program (SNAP)

**Finding 2017-001 (18-05-1)** *Reimbursed for unallowable costs.*

- 1. The Department of Human Services requested reimbursement for unallowable costs, related to Group Residential housing.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 1 (2018-008). See agency provided corrective action plan number 2018-008.

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## Report 18-05

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2017-002 (18-05-2)** *Noncompliance with federal eligibility requirements.*

- 2. The Department of Human Services did not adequately ensure eligibility requirements were met for families receiving Temporary Assistance for Needy Families benefits. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 4 (2018-011). See agency provided corrective action plan number 2018-011.

## Report 18-05

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.558 Temporary Assistance for Needy Families (TANF)

**Finding 2017-003 (18-05-3)** *Did not consistently reduce cash assistance benefits.*

- 3. The Department of Human Services did not consistently reduce enrollees' cash assistance benefits when the enrollees refused to cooperate with child support enforcement requirements. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 3 (2018-010). See agency provided corrective action plan number 2018-010.

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## Report 18-05

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds

**Finding 2017-004 (18-05-4)** *Not adequately monitoring program activities.*

- 4. The Department of Human Services did not always perform on-site licensing reviews of child care centers within the required timeframe. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 6 (2018-013). See agency provided corrective action plan number 2018-013.

## Report 18-05

**State Agency:** Minnesota Department of Human Services

**Federal Agency(ies):** U.S. Department of Health and Human Services

**CFDA Number(s)/Program Name(s):**

93.778 Medical Assistance Program

**Finding 2017-005 (18-05-5)** *Did not ensure completion of training prior to approving eligibility.*

- 5. The Department of Human Services did not ensure county and department employees completed the required training before determining and approving individual eligibility for medical assistance benefits.**

This finding is repeated in the current audit report. See Section III, Report 19-06, Finding 11 (2018-018). See agency provided corrective action plan number 2018-018.

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## Report CLA-17

**State Agency:** Minnesota State Colleges and Universities

**Federal Agency(ies):** U.S. Department of Education

**CFDA Number(s)/Program Name(s):**

84.007 Federal Supplemental Education Opportunity Grants  
84.033 Federal Work Study Program  
84.038 Federal Perkins Loans (FPL)  
84.063 Federal Pell Grant Program  
84.268 Federal Direct Student Loans  
84.379 Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)

**Finding 2017-008 (CLA-17-1) (CLA Report 2017-001)** *There was no reading tutor listed on the FISAP*

This finding is repeated in the current audit report. See Section III, Report CLA-18, Finding 1 (2018-020). See agency provided corrective action plan number 2018-020.

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**State of Minnesota**  
**Financial and Compliance Report on Federally Assisted Programs**  
**Agency Provided Corrective Action Plans**  
**Fiscal Year Ended June 30, 2018**

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*Protecting, Maintaining and Improving the Health of All Minnesotans*

March 15, 2019

Mr. James R. Nobles  
Legislative Auditor  
Office of the Legislative Auditor  
658 Cedar St. Room 140  
Centennial Office Building  
St. Paul, MN 55155-1603

Myron Frans  
Commissioner  
Minnesota Management and Budget  
658 Cedar St., Suite 400  
Centennial Office Building  
St. Paul, MN 55155-1603

Dear Mr. Nobles and Commissioner Frans:

Thank you for the opportunity to respond to the finding and recommendation of the Office of the Legislative Auditor's Federal Compliance Audit for the Minnesota Department of Health for the year ending June 30, 2018.

**Finding 2018-001 (19-02-1)**

*Recommendation:*

The Department of Health should develop effective internal controls to account for corrections made to interagency expenditures. In addition, the Department of Health should calculate any interest owed and discuss with the federal government whether the funds should be returned.

*Response:*

We partially agree with this recommendation. We have effective internal detective controls in place to catch errors like this. However, the audit occurred before the federal award close out period when the detective controls would have happened. During the award close out period, we compare revenues and expenditures for the entire award to ensure they match. We would have seen that the revenues exceeded the expenditures and adjusted our final cash draw by that amount or, if necessary, returned the funds.

We have already taken steps to strengthen our preventive internal controls by changing the date we use when correcting interagency expenditure transactions. Previously, we would correct interagency transactions using the date the transaction originally occurred, effectively removing the expenditure from the accounting system and the record of transactions for that date. Under our new procedure, a

correction made to an interagency expenditure will affect the date the correction occurs, and not the original date of the transaction. The report we generate from the accounting system to identify the total expenditures posted since the previous federal draw will capture all interagency expenditure corrections.

Finally, we are working with our federal agency to determine if any interest is due as a result of this finding. Carmen Patton-Minder, Interim Finance Director is responsible for the corrective actions and anticipate this work to be complete by March 31, 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Malcolm". The signature is fluid and cursive, with a prominent loop at the beginning and a long, sweeping tail.

Jan Malcolm  
Commissioner  
P.O. Box 64975  
St. Paul, MN 55164-0975

March 13, 2019

James R. Nobles  
Legislative Auditor  
Office of the Legislative Auditor  
658 Cedar Street  
St. Paul, MN 55155-1603

Myron Frans  
Commissioner  
Office of Management & Budget  
400 Centennial Office Building/658 Cedar Street  
St. Paul, MN 55155-1603

Dear Mr. Nobles and Mr. Frans:

Thank you for the opportunity to respond to the draft audit report regarding the Federal Single Audit Act for the period from July 1, 2017, through June 30, 2018. The OLA's time and effort in conducting this audit is very much appreciated, and the staff who conducted the audit were diligent, professional and are a credit to your office. This letter is the Department of Transportation (MnDOT) response to the draft report issued by the Office of Legislative Auditor.

**Finding 2018-002 (19-03-1) – The Department of Transportation did not issue management decisions for audit findings pertaining to the Highway Planning and Construction Program for four of its subrecipients.**

*Recommendation – The Department of Transportation should enhance its internal controls to ensure it obtains and reviews the required audits for all of its subrecipients. .*

*Recommendation – The Department of Transportation should issue management decisions on the audit findings for the four subrecipients cited.*

Response - MnDOT believes strongly in financial integrity. MnDOT continues to refine and improve its business processes and will address the finding in the following manner:

- MnDOT will increase regularity of the federal audit clearinghouse to assure timeliness of organization identification where findings exist and management decision letters are required due to transportation grants. Concurrently, MnDOT will work with our partner agencies to discuss, develop and deploy an enterprise solution and/or process to minimize duplication of efforts; articulate roles and responsibilities of the cognizant agency in “Cross Cutting” findings, and eliminate conflicting agency position in regards to the expectations and efforts for the local municipalities grant.
- MnDOT acknowledges that management decision letters need to be written for the three counties and one city described in the finding. We have since issued management decisions for those four sub-recipients.

Responsible Staff: Robin Sylvester, Controller, Director Office of Financial Management.

Implementation Date: Immediately

Thank you for the opportunity to respond to your finding and recommendations. MnDOT will monitor the implementation to assure successful resolution of this finding. Please contact Kara Taylor, Accounting Director, at 651-366-4878 with questions.

Sincerely,

A handwritten signature in blue ink that reads "Margaret Anderson Kelliher". The signature is written in a cursive, flowing style.

Margaret Anderson Kelliher  
Commissioner of Transportation

CC: Sue Mulvihill, Deputy Commissioner/Chief Engineer  
Kristi Schroedl, Chief Financial Officer  
Janet Cherney, Assistant Commissioner Workforce and Agency Services  
Robin Sylvester, Financial Controller/Director  
Dan Kahnke, MnDOT Audit Director  
Josh Knatterud-Hubinger, Financial Reporting and Analysis Director  
Kara Taylor, Accounting Director  
Holly Folkers, Grant Director  
Amy Jorgenson, MMB Director of Internal Controls

*Equal Opportunity Employer*

March 13, 2019

Mr. James Nobles, Legislative Auditor  
Office of the Legislative Auditor  
Room 140 Centennial Building  
658 Cedar Street  
St. Paul, Minnesota 55155-1603

Mr. Myron Frans, Commissioner  
Minnesota Management and Budget  
400 Centennial Office Building  
658 Cedar Street  
St. Paul, Minnesota 55155

Dear Mr. Nobles and Mr. Frans:

Thank you for the opportunity to respond to the findings and recommendations in accordance with the Federal Single Audit Act for the period from July 1, 2017, through June 30, 2018. The federal programs audited include Employment Services Cluster (CFDA 17.207, 17.801, 17.807), Rehabilitation Services – Vocational Rehabilitation Grants to States Program (CFDA 84.126), Disability and Social Security Insurance Cluster (CFDA 96.001 and 96.006).

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

### **Finding Number 2018-003 (19-04-1) *Noncompliance with period of performance***

**Award Period:** July 1, 2017, through June 30, 2018

**Type of Finding:** Significant Deficiency in Internal Control Over Compliance

**Criteria or Specific Requirement:**

The Code of Federal Regulations, Title 2 Part 200, Section 309(b) states that a non-federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency made the Federal award that were authorized by the Federal awarding agency.

**Condition:**

The Department of Employment and Economic Development charged three of 28 expenditures tested to grant awards when it incurred those costs outside of the period of performance. For one expenditure charged to the

Minnesota Department of Employment and Economic Development  
Administrative and Financial Services  
332 Minnesota Street, Suite E200, St. Paul, Minnesota 55101  
Phone 651/259-7161 or 1-800-657-3858  
[mn.gov/deed](http://mn.gov/deed)

Federal award before the award began, the department also did not obtain prior authorization from the U.S. Department of Labor.

**Questioned Costs:**

\$16,464. There are likely additional questioned costs that were incurred outside of the period of performance that were not identified during our sample testing.

**Context:**

The department reviews and approves all expenditures before it pays for those costs. However, the department was unable to tell us what it reviewed before providing approval.

**Cause:**

The department did not have effective internal controls to ensure it charged expenditures to the proper grant award periods.

**Effect:**

The department requested and received \$16,464 in Federal funds for costs it incurred outside of the period of performance.

**Repeat Finding:** No

**Auditor's Recommendation:**

The Department of Employment and Economic Development should either return the \$16,464 in questioned costs or record an expenditure correction to charge the costs to the proper grant award period. The Department of Employment and Economic Development should develop controls to ensure it only charges expenditures to grant award periods that align with the incurred cost.

**DEED's Response:**

DEED agrees with this finding. There were a total of three transactions for this finding. The largest transaction of these three, in the amount of \$15,464, has had an expenditure correction recorded per the auditor's recommendation, and is now charged to the proper period of performance. The remaining two immaterial findings (\$876.30 and \$123.92) are being addressed through development of new procedures and training related to period of performance. Several staff attended a national conference last fall which dealt specifically with period of performance and have brought that information back to the department. New procedures have been developed as well as training surrounding period of performance, and appropriate internal controls to ensure there is not a repeat finding in this area.

The expenditure of \$876.30 was determined to have been charged to the Federal award prior to the award start date, which would have necessitated authorization from the U.S. Department of Labor. This invoice was

for MNIT services, which are billed in arrears. The services were incurred in June and the invoice received in July was erroneously paid using a July accounting date. No prior approval was requested nor would have been required for this transaction if paid in the correct accounting period. New procedures have been developed as well as training surrounding period of performance, and appropriate internal controls to ensure there is not a repeat finding in this area.

**Person responsible for corrective action:**

Julie Freeman

**Anticipated completion date for corrective action:**

August 30, 2019

**Finding Number 2018-004 (19-04-2) *Noncompliance with reporting requirements***

**Award Period:** July 1, 2017, through June 30, 2018

**Type of Finding:** Significant Deficiency in Internal Control Over Compliance

**Criteria or Specific Requirement:**

According to Rehabilitation Services Administration Policy Directive 14-02, the recipient is required to report the amount of expenditures accrued.

**Condition:**

The Department of Employment and Economic Development did not report State Services for the Blind expenditures on the Annual Vocational Rehabilitation Program/Cost Report (RSA-2) for the State Vocational Rehabilitation Services Program in accordance with Federal reporting requirements.

**Questioned Costs:** \$50,329.

**Context:**

In the report, the federal government requires expenditures to be reported on an accrual basis. A separate report is submitted for each federal fiscal year. Therefore, expenditures should only be reported for that year.

**Cause:**

The department did not design internal controls to ensure it used the correct dates for the report when obtaining the financial data from the state's accounting system. Since the department did not use the correct dates, expenditures were not reported to the federal government on an accrual basis.

**Effect:**

The department over-reported the federal fiscal year 2018 award expenditures by \$50,329.

**Repeat Finding:** No

**Auditor's Recommendation:**

The Department of Employment and Economic Development should correct and resubmit the Annual Vocational Rehabilitation Program/Cost Report (RSA-2). In addition, the Department of Employment and Economic Development should design internal controls to ensure the correct dates are being used when obtaining financial data from the state's accounting system.

**DEED's Response:**

DEED agrees with this finding. A mistake was made in the creation of the RSA-2 report and will be rectified by resubmitting a corrected RSA-2 by 3/22/19 using the correct accrual date since Federal Fiscal Year 2018 is still open. Additionally, a cross agency workgroup has developed procedures which guide the completion of the RSA-2 that were implemented on March 8, 2019. This includes the appropriate internal controls to ensure there is not a repeat finding. A contractor is also being brought in to provide training in this area to ensure appropriate reporting.

**Person responsible for corrective action:**

Carol Pankow

**Anticipated completion date for corrective action:**

March 22, 2019

**Finding Number 2018-005 (19-04-3) *Noncompliance with reporting requirements***

**Award Period:** July 1, 2017, through June 30, 2018

**Type of Finding:** Significant Deficiency in Internal Control Over Compliance

**Criteria or Specific Requirement:**

The Social Security Administration Program Operations Manual System, Disability Insurance 39506.231 states that the SSA-4514 report should reflect all hours worked by personnel engaged in the disability program during the reporting period.

**Condition:**

The Department of Employment and Economic Development did not include all personnel service hours in the January to March 2018 SSA-4514 Time Report of Personnel Services for Disability Determination Services.

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Administrative and Financial Services  
332 Minnesota Street, Suite E200, St. Paul, Minnesota 55101  
Phone 651/259-7161 or 1-800-657-3858  
[mn.gov/deed](http://mn.gov/deed)

**Questioned Costs:** None – Procedural Finding Only

**Context:**

The department generates a payroll report from the state’s accounting system after all payroll for the quarter is posted to the system.

**Cause:**

The department did not have effective internal controls to ensure all personnel service hours are reported. Due to changes in personnel, the department generated the payroll report from the state’s accounting system before all payroll for the quarter was posted.

**Effect:**

The department omitted 7,988.75 hours or 11.78 percent of all hours reported.

**Repeat Finding:** No

**Auditor’s Recommendation:**

The Department of Employment and Economic Development should submit an addendum to the SSA-4514 report. In addition, the Department of Employment and Economic Development should implement effective internal controls to ensure it reports all personnel service hours.

**DEED’s Response:**

DEED agrees with this finding. Total hours worked in a month are not available in the accounting-reporting tool provided by DEED until after the next pay date in the following month. In this instance, the last pay-period of the last month in the quarter (March) had a pay date of April 13<sup>th</sup>. In an effort to meet the federal deadline, the report from the accounting tool was generated too early on April 6<sup>th</sup> in error by a staff member who was transitioning to retirement. Staff have been trained to wait until after the last pay period pay date to generate reports for the previous month. A corrected SSA-4514 will be submitted.

**Person responsible for corrective action:**

Craig Williams, DDS Fiscal Supervisor

**Anticipated completion date for corrective action:**

April 1, 2019

**Finding Number 2018-006 (19-04-4) *Noncompliance with procurement requirements***

**Award Period:** July 1, 2017, through June 30, 2018

Minnesota Department of Employment and Economic Development  
Administrative and Financial Services  
332 Minnesota Street, Suite E200, St. Paul, Minnesota 55101  
Phone 651/259-7161 or 1-800-657-3858  
[mn.gov/deed](http://mn.gov/deed)

**Type of Finding:** Significant Deficiency in Internal Control Over Compliance

**Criteria or Specific Requirement:**

The *Code of Federal Regulations*, Title 2, Part 200, Section 317, requires that the state must follow the same policies and procedures it uses for procurements from its non-federal funds. *Minnesota Statutes* 16C.08, subd. 4(c), states that within 30 days of final completion of a contract over \$25,000, the Department of Employment and Economic Development must submit a report to the Department of Administration. The report must include a written performance evaluation of the work done under the contract and an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract.

**Condition:**

The Department of Employment and Economic Development did not complete and submit vendor evaluation reports to the Department of Administration for four contracts over \$25,000 that expired during our audit scope.

**Questioned Costs:** None – Procedural Finding Only

**Context:**

The state implemented this requirement to ensure greater transparency in identifying contractors that did not perform satisfactory services.

**Cause:**

The department was not aware of the state statute requiring evaluations.

**Effect:**

The department or other state agencies may unknowingly continue to engage with contractors that did not perform satisfactorily.

**Repeat Finding:** No

**Auditor's Recommendation:**

The Department of Employment and Economic Development should design internal controls to ensure it completes and submits vendor evaluation reports to the Department of Administration for four contracts over \$25,000 that expired during our audit scope.

**DEED's Response:**

Disability Determination Services was not aware of the state statute requiring vendor evaluation reporting. The program area has since reviewed the statute and will prepare written procedures related to completing vendor evaluation reports when a contract ends. Additionally, DDS will follow the Auditor's recommendation and submit evaluation reports for the four contracts that expired during the audit scope. The Department of Administration report of expired contracts that require the vendor evaluation report will also be reviewed to ensure none are missed so this does not become a repeat finding.

**Person responsible for corrective action:**

Milla Kokotovich, DDS Asst. Director for Medical Services

**Anticipated completion date for corrective action:**

April 1, 2019

If you have any questions or need additional information, please contact Julie Freeman, CFO, at [Julie.freeman@state.mn.us](mailto:Julie.freeman@state.mn.us) or 651-259-7085.

Regards,



Steve Grove  
Commissioner



March 15, 2019

Myron Frans, Commissioner  
Minnesota Management and Budget  
400 Centennial Office Building  
658 Cedar Street  
St. Paul, MN 55155

James R. Nobles, Legislative Auditor  
Office of the Legislative Auditor  
140 Centennial Office Building  
658 Cedar Street  
St. Paul, MN 55155

Dear Mr. Frans and Mr. Nobles:

Thank you for the opportunity to respond to the finding and recommendations in the Office of the Legislative Auditor's (OLA) Federal Compliance Audit report. We appreciate the diligent and professional work of your staff on this important issue.

Finding [2018-007 (19-05-1)]:

For fiscal year 2018, the Minnesota Department of Education (MDE) did not follow carryforward provisions in federal law. MDE allowed six local education agencies to carry over more than 15 percent of funds from federal fiscal year 2016 without first obtaining a waiver. For three of these, the local education agencies were not eligible for a waiver.

Recommendations:

MDE should design and implement internal controls to track carryforwards and waivers. For the three local educational agencies that were not eligible for a waiver, MDE should reduce the carryforward amounts to 15 percent of the Title I funds allocated. For the three local educational agencies cited that were eligible for a waiver, MDE should either reduce the carryforward amounts to 15 percent of Title I funds allocated or grant waivers for the excess.

Response:

MDE agrees. MDE will implement the following corrective actions to track carryforwards and waivers:

- MDE will review and revise carryover waiver timeline and technical assistance materials
- MDE will revise the procedure to notify LEAs of carryover waiver eligibility
- MDE will develop a procedure to review carryover dollar amounts, notify districts when limits have been exceeded, and reduce funds of impacted districts

MDE will consult with the U.S. Department of Education on the resolution of the carryforward amounts exceeding 15 percent during the review period (July 1, 2017 through June 30, 2018).

Person Responsible: Leigh Schleicher  
Estimated Completion Date: October 31, 2019

If you have further questions, please contact Denise Anderson, Chief Financial Officer, at (651) 582-8560.

Sincerely,



Mary Cathryn Ricker, NBCT  
Commissioner

Cc: Denise Anderson, CFO  
Leigh Schleicher, Interim Director



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

March 18, 2019

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

Myron Frans, Commissioner  
Minnesota Management & Budget  
658 Cedar Street  
St. Paul, MN 55155

Dear Mr. Nobles and Commissioner Frans,

Thank you for the opportunity to review and comment on findings from your Office evaluating the department's compliance with major federal programs for state fiscal year ending June 30, 2018. We value the thorough examination of our major federal programs, and appreciate the opportunity we had to work with your dedicated and professional staff.

Each year we work hard to manage our major federal programs in an efficient and effective manner. We have successfully reduced the county eligibility error rates and remained under the acceptable federal error rate limits for both Medical Assistance and the Child Care Assistance programs. We are working diligently with counties to further reduce the error rate in the Temporary Assistance for Needy Families program, and continue to provide guidance and assistance in meeting the compliance requirements for each federal program administered by this department. The results of this year's compliance work reminds us how difficult that task is, and that we need to continuously be vigilant to detect and address risks and internal control weaknesses that are created by changes in programs, staff, policies, and procedures. One major adjustment we are making this year involves implementing a compliance framework that we believe will improve our ability to manage risks that impact our programs. While disappointed in the number of findings in this report, we are confident that the steps we are taking will address the report's findings and help us better manage program risks.

Below are the department's responses to the findings and recommendations in the 2018 Federal Compliance Audit.

**Audit Finding 2018-008 (19-06-01)**

The Department of Human Services incorrectly requested reimbursement for \$3,779, 302 in unallowable costs. In addition, the department requested reimbursement for \$2,046,221 in costs after communicating to the federal government that it would not request reimbursement for federal fiscal year 2018 cost.

**Audit Recommendation 2018-008 (19-06-01)**

- *The Department of Human Services should work with the Federal government to rectify the federal fiscal year 2017 unallowable costs it requested for reimbursement and the federal fiscal year 2018 reimbursement request.*
- *The Department of Human Services should implement effective internal controls to insure it requests reimbursement for allowable costs only.*

**Response to Audit Recommendation 2018-008 (19-06-01)**

The department agrees with the recommendation related to the federal fiscal year 2018 reimbursement request, and returned the FFY 2018 funds to the United States Department of Agriculture (USDA) on March 14, 2019. The FFY 2017 reimbursement issue was resolved earlier as approved by USDA and should not be reported here as a finding.

Responsible Person: Jovon Perry, Director, Economic Assistance and Employment Supports  
Chris Ricker, Program Operations Manager, Financial Operations Director

Estimated Completion Date: September 30, 2019

**Audit Finding 2018-009 (19-06-02)**

The Department of Human Services charged costs to the 2018 TANF award that it incurred prior to the start date of that award.

**Audit Recommendation 2018-009 (19-06-02)**

- *The Department of Human Services should enhance its internal controls to ensure that costs charged to TANF awards were not incurred before the start date of those awards.*
- *The Department of Human Services should reallocate the costs cited from the 2018 TANF award to the 2017 TANF award.*

**Response to Audit Recommendation 2018-009 (19-06-02)**

The department agrees with this finding and will enhance our internal controls to ensure that costs charged to TANF are not incurred before the start date of those awards.

Responsible Person: Chris Ricker, Program Operations Manager, Financial Operations  
Estimated Completion Date: Enhance internal controls – September 30, 2019  
Federal Clarity - Completed

**Audit Finding 2018-010 (19-06-03)**

The Department of Human Services did not always reduce Temporary Assistance for Needy Families' cash assistance benefits provided to the families of individuals who did not cooperate with child support requirements.

**Audit Recommendation 2018-010 (19-06-03)**

- *The Department of Human Services should enhance its internal controls to ensure it properly reduces TANF benefits to the families of all individuals who are not cooperating with child support requirements.*
- *The Department of Human Services should collect the overpaid TANF benefits for the six cases cited.*

**Response to Audit Recommendation 2018-010 (19-06-03)**

In May 2017, MFIP policy was updated to consistently direct eligibility workers to provide 10 days to impose a sanction once notified of non-compliance by Child Support Officers. We believe that this has begun to positively impact this finding and will continue to do so.

The Economic Assistance and Employment Supports (EAESD) Division has submitted the business plan to MN.IT to update the MAXIS system to ensure child support messages (DAILS) notifying eligibility workers to impose child support sanctions are addressed before they can be deleted. Currently, the DAILS can be deleted without the sanction being imposed and therefore inaccurate benefit amounts can be issued.

Responsible Person: Jovon Perry, Director, Economic Assistance and Employment Supports

Estimated Completion Date: Unknown. System changes will be completed per MN.IT Services timelines.

**Audit Finding 2018-0011 (19-06-04)**

The Department of Human Services provided TANF benefits to some ineligible recipients and provided inaccurate TANF benefit amounts to some recipients.

**Audit Recommendations 2018-011 (19-06-04)**

- *The Department of Human Services should improve its internal controls to ensure it provides TANF benefits to eligible recipients only and provides accurate TANF benefit amounts.*
- *The Department of Human Services should collect the overpaid TANF benefits for the 151 cases cited.*

**Response to Audit Recommendation 2018-011 (19-06-04)**

Economic Assistance and Employment Supports (EAESD) staff, in collaboration with partners, are working to identify technical versus eligibility errors noted in the OLA audit findings. Technical errors are considered procedural in nature versus eligibility errors which often result in monetary adjustments. The goal is that identifying technical errors will lead to a reduction of eligibility errors. In addition, as of January 2019, EAESD staff are developing strategies and guidance to address the most common findings from internal and

external audits to help clarify and streamline policy that will lead to a reduction in the number of errors. If applicable, EAESD will work with the Legislative team to update statute, as needed.

Based on the OLA findings, DHS staff will review the cases found to have been overpaid TANF benefits. DHS has updated guidance to external partners regarding collectible overpayments when the overpayment is the result of agency errors. The updated guidance may result in fewer overpayments or a reduction in the total amount of the overpayments.

Responsible Person: Jovon Perry, Director, Economic Assistance and Employment Supports

Estimated Completion Date: Implement changes that do not require legislative action -- December 2019  
Estimated completion for cases without an appeal – December 2019  
Estimated completion for cases with an appeal – June 2020

#### **Audit Finding 2018-012 (19-06-05)**

The Department of Human Services did not correctly calculate income when determining Child Care Accessibility Program (CCAP) eligibility for three of the 25 cases tested. For one case, the department provided assistance to a family that was not eligible. For the other two cases, the department required a \$20 co-payment when one was not required and also understated the co-payment amount by \$2.

#### **Audit Recommendations 2018-012 (19-06-05)**

- *The Department of Human Services should ensure county workers cease benefits to the ineligible family and correct the co-payments for the other two cases.*
- *The Department of Human Services should develop effective internal controls to ensure county workers accurately calculate income when determining eligibility and co-payment amounts.*

#### **Response to Audit Recommendation 2018-012 (19-06-05)**

For the specific cases reviewed by the OLA, the department is working with the counties to ensure an overpayment is assessed for the period of ineligibility, closing the case if family is currently ineligible and to re-assess the co-payments for the other two cases.

DHS has focused our resources on federal compliance and being below the federal threshold of a 10% payment error rate. For federal fiscal year end September 30, 2019, Minnesota has calculated a preliminary payment error rate of 5.93% with 96% of the testing completed. While we expect to be under the federal threshold of 10%, we recognize that improvement is still needed and will work to further reduce the payment error rate.

The department will continue to review current tools available to counties on calculating income, and continue to educate counties on developing effective internal controls in order to ensure county workers are accurately calculating income. The department will ensure that education and training provided to counties targets calculation of income, income eligibility and determination of co-payment amounts. The department will continue to use case review follow up calls as opportunities to reinforce correct application of policy.

Responsible Person: Laurie Possin, Manager, Child Care Assistance

Estimated Completion Date: December 31, 2019

**Audit Finding 2018-013 (19-06-06)**

The Department of Human Services did not comply with federal requirements and complete licensing reviews, as required by its Child Care Development Plan effective from July 1, 2017 through September 30, 2017.

**Audit Recommendations 2018-013 (19-06-06)**

- *The Department of Human Services should ensure that it performs on-site reviews and enforces licensing requirements for child care centers.*

**Response to Audit Recommendation 2018-013 (19-06-06)**

The department accepts the recommendation and finding. Prior to 2016, the Child Care Center Licensing Unit had 9.5 child care licensors, 2 supervisors and 1 manager, who are responsible for monitoring 1,750 child care centers. This resulted in a caseload ratio of approximately 1:175. The funding of child care center licensing staff is supported largely by licensing fees. However, the State received additional funding in the 2017 Legislative session to hire additional licensors and reduce caseloads in order to complete timely inspections. Since July 2017, the department has been hiring and training additional staff to meet required timelines and the current Unit complement now stands at 38 staff, with an average licensor caseload of 92. All hiring will be complete by June 30, 2019. We are estimating that more than 50% of licensed centers will be inspected within the current fiscal year, and all centers will be on an annual inspection cycle in SFY2020.

Responsible Person: Reggie Wagner, Deputy Inspector General

Estimated Completion Date: December 31, 2019

**Audit Finding 2018-014 (19-06-07)**

The Department of Human Services requested Adoption Assistance reimbursement from the federal government for expenditures for which it had already received payment. The department did not have documented policies and procedures. Therefore, a new employee assigned to the process mistakenly processed a duplicate reimbursement request.

**Audit Recommendations 2018-014 (19-06-07)**

- *The Department of Human Services should develop written policies and procedures to formalize its internal controls and prevent future duplicate reimbursement requests.*
- *The Department of Human Services should return \$235,145 in excess funds requested plus any interest owed to the federal government, or reduce future draws by that amount plus any interest.*

Response to Audit Recommendation 2018-014 (19-06-07)

The department agrees with this finding and, to address knowledge transfer issues, has started documenting policies and procedures related to the calculation of the Adoption Assistance claim and subsequent reporting on the quarterly CB-496. As the error involved reporting the same expenditure twice on the CB-496, the department will also submit a prior period adjustment on the next CB-496 in the amount of the finding. Last, the department will confirm with our federal partners - Administration for Children & Families (ACF) concerning whether any interest is owed.

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

Estimated Completion Date: Policy and Procedure Documentation – June 30, 2019  
CB-496 Prior Period Adjustment – To be included in the CB-496 for the March 2019 Quarter End.

**Audit Finding 2018-015 (19-06-08)**

For two of the CB-496, Title IV-E Programs Quarterly Financial Report tested, the Department of Human Services did not accurately report expenditures, under-reported federal expenditures by a net amount of \$393,829.

Audit Recommendations 2018-015 (19-06-08)

- *The Department of Human Services should correct and resubmit the CB-496 report. In addition, the Department of Human Services should implement effective internal controls to ensure it accurately reports required information to the federal government.*

Response to Audit Recommendation 2018-015 (19-06-08)

The department agrees with this finding and has started documenting policies and procedures related to the IV-E claim calculations and subsequent reporting on the quarterly CB-496. Additionally, we have implemented a peer review process which entails a second review of the claim calculation and reporting of expenditures. Last, we will submit prior period adjustments on the CB-496 as requested.

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

Estimated Completion Date: Policy and procedure – June 30, 2019  
Peer Review – Completed  
CB-496 Prior Period Adjustment - To be included in the CB-496 for the March 2019 Quarter End.

**Audit Finding 2019-016 (19-06-09)**

The Department of Human Services did not report the correct indirect cost rate and indirect cost base amount on the FFR for each SSBG award. The department's internal controls were not sufficient to ensure it accurately reported SSBG financial information on the FFR.

Audit Recommendations 2018-016 (19-06-09)

- *The Department of Human Services should enhance its internal controls to ensure it accurately reports indirect cost rates and indirect cost base amounts on the FFR for SSBG awards.*

Response to Audit Recommendation 2018-016 (19-06-09)

The department agrees with this finding and has already developed policy and procedures (shared with the OLA) to increase its internal controls in this area.

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

Estimated Completion Date: Completed

**Audit Finding 2018-017 (19-06-10)**

The Department of Human Services did not revalidate the enrollment for two of the 40 providers we tested within the allotted five year period.

Audit Recommendations 2018-017 (19-06-10)

- *The Department of Human Services should adopt internal control procedures to ensure that it does the provider revalidations that are required under federal law.*
- *The Department of Human Services should revalidate the enrollment for one provider tested that did was not properly revalidated.*

Response to Audit Recommendation 2018-017 (19-06-10)

The department agrees with the findings and recommendation. The Department of Human Services Provider Eligibility and Compliance (PEC) Unit has tracking logs for all providers undergoing revalidation. We run monthly reports to track the date we sent revalidation letters and to track the completion of revalidations currently in process. PEC specialists work the reports to identify and process the documentation received and send notices for additional documentation required, enrollment terminations or successful revalidation.

Regarding the second recommendation, all waiver services providers, including the provider identified in this test, were revalidated in 2014 per the existing standard, and then additionally verified several months later when we gained access to additional verification databases that meet the current screening standard. Revalidation is required every five years, making 2019 the year we must complete waiver services providers' revalidation.

Responsible Person: Lori Shimon, Director, Member and Provider Services, Health Care Administration

Estimated Completion Date: August 31, 2019

**Audit Finding 2018-018 (19-06-11)**

The Department of Human Services did not correctly determine eligibility for two of the 78 medical assistance recipients we tested. For one recipient, the department did not correctly calculate the recipient's assets. The recipient received medical assistance that they were not eligible to receive. The department could not provide support for the other recipient's assets reported. We were unable to determine the recipient's eligibility without support for the assets reported.

**Audit Recommendations 2018-018 (19-06-11)**

- *The Department of Human Services should cease benefits and correct the assets reported for one recipient. For the other recipient, the department should request supporting documentation to verify assets reported.*
- *The Department of Human Services should develop effective internal controls to ensure county employees complete the required training.*

**Response to Audit Recommendation 2018-018 (19-06-11)**

DHS agrees with this finding. DHS is working with the county to take the appropriate actions to provide the recipient with the required opportunity to reduce assets and close coverage if the recipient remains over the asset limit. For the other recipient, DHS has requested that the county obtain from the recipient, or assist the recipient in obtaining, the supporting documentation to verify assets reported. DHS will also review the sample in which the county employee did not complete the required training and will develop communications to remind them of the requirement. This finding is in compliance with the federal error rate limit of 3%. DHS continues to work with counties to maintain the error rate under the federal limit.

Responsible Person: Karen Gibson, Director, Health Care Eligibility and Access  
Tammy Smith, Director, Health Care Eligibility Operations, Health Care Administration

Estimated Completion Date: May 1, 2019

**Audit Finding 2018-019 (19-06-12)**

The Department of Human Services did not communicate all of the required information to the subrecipient at the time of the subaward.

**Audit Recommendations 2018-019 (19-06-12)**

- *The Department of Human Services should enhance its internal controls to ensure it communicates the required federal award information to its subrecipients.*

Response to Audit Recommendation 2018-019 (19-06-12)

DHS' program contract staff are responsible for communicating required federal award information to their recipients of contracts involving federal funds. This topic will become a component of our department-wide trainings going forward.

Responsible Person: Sebastian Stewart, Director, Contracts, Procurement and Legal Compliance

Estimated Completion Date: September 2019

Thank you again for the professional and dedicated efforts of your staff during this audit. The department of Human Services' policy is to follow up on all audit findings to evaluate the progress being made to resolve them. Progress is monitored until full resolution has occurred. If you have any further questions, please contact Gary L. Johnson, Internal Audit Director, at (651) 431-3623.

Sincerely,



Tony Lourey  
Commissioner



**MINNESOTA STATE**

**30 East 7th Street  
St. Paul, MN 55101**

**651-201-1800  
888-667-2848**

November 13, 2018

Board of Trustees  
Devinder Malhotra, Chancellor  
Minnesota State Colleges and Universities

CliftonLarsonAllen has audited the compliance of Minnesota State Colleges and Universities with the types of compliance requirements described in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, that are applicable to each of our major federal programs, as determined by the State of Minnesota Office of the Legislative Auditor, for the year ended June 30, 2018. The Schedule of Expenditures of Federal Awards is presented by management for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements.

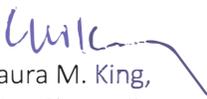
It is the auditor's opinion that Minnesota State Colleges and Universities complied, in all material respects, with the requirements referred to above that are applicable to each of the major federal programs for the year ended June 30, 2018. The auditors noted no matters involving Minnesota State Colleges & Universities' internal control over compliance and its operation that would be considered a material weakness. However, in the course of the audit, instances of non-compliance with internal controls and other federal requirements were identified.

It is noteworthy that in fiscal year 2018 our colleges and universities administered over \$776 million in federal financial aid to the benefit of nearly 107,000 Minnesota students, and that this audit contains no material findings. This report contains process improvement recommendations and a pair of isolated compliance issues, but the positive results are attributable to the diligent and efficient efforts of college and university administrators, and to the compliance activities performed by the Student Financial Aid staff of the system office.

The purpose of this letter and the attachment are to convey management's acceptance of the noted issues of non-compliance and to indicate steps that will be taken to remedy the conditions. Management of the system office and the colleges and universities named in the audit accept responsibility for the auditor's findings and have already undertaken remedies.

The auditor's unqualified opinion serves as added assurance to the Board of Trustees, Devinder Malhotra, Chancellor, and the public that care and stewardship are exercised by employees across the state.

Sincerely,

  
Laura M. King,  
Vice Chancellor and Chief Financial Officer

  
Chris Halling,  
System Director of Financial Aid

**MANAGEMENT RESPONSE TO FEDERAL AWARD FINDINGS**

**Audit Finding 2018-001**

Condition: During the testing of 12 institutions within Minnesota State Colleges and Universities, we noted one college that did not employ a reading tutor.

Questioned Costs: None

Institutional Response: The College accepts the recommendation and will review their procedures to ensure they are employing at least one reading tutor each year.

Effective Date: October 15, 2018

Responsible Person: Brittany Tweed, Director of Financial Aid

**Audit Finding 2018-002**

Condition: It was noted during our testing of R2T4 calculations that one College excluded an incorrect number of days for scheduled breaks of five days or more in the 2018 spring term.

Questioned Costs: Unknown

Institutional Response: The college accepts the recommendation and has implemented corrective actions.

Effective Date: November 1, 2018

Responsible Person: Steve Richards, Financial Aid Director  
Kathy Kloehn, Assistant Financial Aid Director