

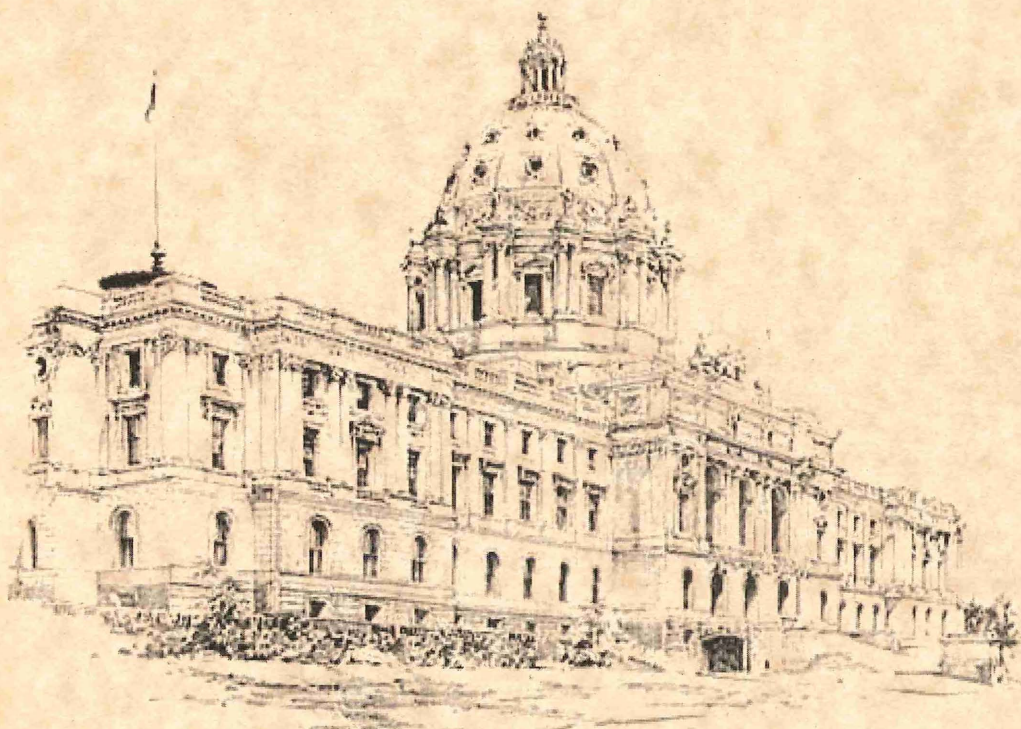


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State of Minnesota

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Minnesota Financial and Compliance Report on Federally Assisted Programs



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For the Year Ended June 30, 2002

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

Minnesota Department of Finance
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155-1489
651/297-1326

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

The Minnesota Financial and Compliance Report on Federally Assisted Programs is available at the following web site:

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

State of Minnesota

Financial and Compliance Report On Federally Assisted Programs The Year Ended June 30, 2002

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State of Minnesota Department of Finance

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March 20, 2003

The Honorable Tim Pawlenty, Governor

Members of the Legislature

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2002. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

This single audit report includes all federal assistance received by the state agencies determined to be a part of the primary government and its blended component units. The criteria used to define the state's reporting entity are those established by the Governmental Accounting Standards Board. All federal program activity of this reporting entity was included under the state's single audit. Programs administered by discretely presented component units are reported in separate single audit reports issued by the individual entities.

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 annual financial audit. This is an efficient approach for Minnesota because state agencies are all subject to the same centralized controls (the accounting, personnel/payroll and procurement systems).

Management Responsibilities

The Department of Finance is responsible for the accuracy, fairness and completeness of the financial schedules, including all disclosures, presented in this report. The department is also responsible for the Minnesota Accounting and Procurement System (MAPS), which was used in preparing this report. I believe these schedules provide a fair representation of financial activity for federal programs for the year ended June 30, 2002.

The Department of Finance is responsible for designing and applying the 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; that resource use is consistent with laws, regulations and policies; that transactions are executed in accordance with management's authorization; and that the accounting records from which the 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 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 2002, the state of Minnesota received approximately \$6.2 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 the Department of Finance. Another purpose of the statewide audit is to provide information to the Governor, Legislature and heads of state agencies concerning financial and accounting issues involving the state and its agencies. The scope of the annual statewide audit also includes the federal requirements of the Single Audit Act and OMB Circular A-133.

The Office of the Legislative Auditor has audited the federal programs' financial schedules and their report on them is included as a part of this report. Also included are Office of the Legislative Auditor reports on internal control and compliance.

All subrecipients receiving federal assistance from Minnesota state agencies have been required to have audits in accordance with OMB Circular A-133. State agencies are responsible for assuring that their subrecipients have audits and resolve audit recommendations resulting from these audits. Results of these audits are summarized in the Report on Audits of Subrecipients issued by the Office of the State Auditor.

Report

This Single Audit Report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 2002, and includes financial information for federal programs compiled by the Department of Finance. It is divided into four sections: Transmittal Letter; Financial Statement Section, which includes the auditor's report on internal control and compliance over financial reporting; Federal Programs Section, which includes the auditor's report on internal control and compliance for major federal programs, schedule of expenditures and notes to the schedules; and the Corrective Action Plans Section, which includes the status of prior audit findings and schedule of corrective action plans.

The Office of the Legislative Auditor is responsible for preparing the auditor's reports on internal control and compliance; summary of auditor's results; and the schedules of audit findings for statewide financial statements and federal programs. The Department of Finance is responsible for preparing the schedules of expenditures for federal programs, the schedule of corrective action plans for current year audit findings, and the status of prior federal program audit findings schedule.

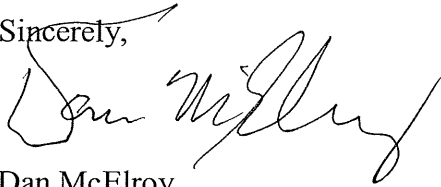
The financial schedules presented are meant to provide a consistent basis for reporting on the expenditures of federal assistance received by state agencies. They are not meant to replace recipient financial reporting currently required for each individual program of federal assistance.

In addition to this financial and compliance report, the single audit for the state of Minnesota includes the departmental audit reports issued by the Office of the Legislative Auditor and the Report on Audits of Subrecipients issued by the Office of the State Auditor.

Acknowledgments

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

Sincerely,

A handwritten signature in black ink, appearing to read "Dan McElroy", written over a horizontal line.

Dan McElroy
Commissioner

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Minnesota Office of the Legislative Auditor
Statewide Audit
Summary of Auditor's Results
Year Ended June 30, 2002

Financial Statements

Type of independent auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? X yes _____ no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? X yes _____ no

Type of auditor's report issued on compliance
for major programs: Qualified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? X yes _____ no

Identification of Major Programs (See listing on next page)

Dollar threshold used to distinguish between
Type A and Type B programs: \$18.7 Million

Auditee qualified as low-risk auditee? _____ yes X no

Listing of Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
Agriculture	
Food Distribution Program	10.550
Special Nutrition for Women, Infants & Children	10.557
<i>Child Nutrition Cluster</i>	
School Breakfast	10.553
National School Lunch	10.555
Special Milk for Children	10.556
Summer Food Service for Children	10.559
<i>Food Stamp Cluster</i>	
Food Stamps	10.551
State Admin. Match Grant - Food Stamps	10.561
Defense	
Military Affairs Operations	12.40X
Education	
Chapter 1 - Local Education Agencies	84.010
Migrant Education – Basic State Grants	84.011
Vocational Education - Basic State Grants	84.048
Vocational Rehabilitation Grants	84.126
Class Size Reduction	84.340
<i>Special Education Cluster</i>	
Special Education - State Grants	84.027
Special Education - Preschool Grants	84.173
<i>Student Financial Assistance Cluster</i>	
Supplemental Education Opportunity Grant	84.007
Federal Family Education Loans	84.032
Federal Work-Study	84.033
Federal Perkins Loan	84.038
Federal Pell Grant	84.063
Federal Direct Student Loans	84.268
Nursing Student Loans	93.364
Federal Emergency Management Agency	
Public Assistance Grants	83.544

Health & Human Services

Temp Aid for Needy Families	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Foster Care	93.658
Social Services Block Grant	93.667
HIV Care Formula Grants	93.917
Substance Abuse Preventive Treatment	93.959

Child Care Cluster

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

Medicaid Cluster

State Medicaid Fraud Control Units	93.775
State Health Care Providers Survey	93.777
Medical Assistance	93.778

Housing & Urban Development

Community Development Block - States	14.228
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Interior*Fish & Wildlife Cluster*

Sport Fish Restoration	15.605
Wildlife Restoration	15.611

Labor

Unemployment Insurance	17.225
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Employment Services Cluster

Employment Service	17.207
Disabled Veterans Outreach Program	17.801
Local Veterans' Employment Representative	17.804

Workforce Investment Act (WIA) Cluster

WIA - Adult and Youth	17.255
WIA - Adult Program	17.258
WIA - Youth Activities	17.259
WIA - Dislocated Workers	17.260

Transportation

Airport Improvement	20.106
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Highway Planning and Constructions Cluster

Highway Planning & Construction	20.205
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Recreational Trails Program	20.219
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FINANCIAL STATEMENT SECTION

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OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Legislature

The Honorable Jesse Ventura, Governor

Ms. Anne Barry, Acting Commissioner of Finance

We have audited the basic financial statements of the State of Minnesota as of and for the year ended June 30, 2002, and have issued our report thereon dated December 6, 2002. We did not audit the financial statements of the Minnesota State Colleges and Universities (MnSCU), a business-type activity. The MnSCU financial statements represent 73 percent of the assets and 38 percent of the operating revenues of the primary government's total business-type activities. We also did not audit the financial statements of the University of Minnesota, Metropolitan Council, Housing Finance Agency, Public Facilities Authority, Minnesota Workers Compensation Assigned Risk Plan, National Sports Center Foundation, Higher Education Services Office, and Minnesota Partnership for Action Against Tobacco, which cumulatively represent 99 percent of the assets and 99 percent of the revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned proprietary fund and discretely presented component units, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Minnesota Workers Compensation Assigned Risk Plan, National Sports Center Foundation, and Minnesota Partnership for Action Against Tobacco, which are discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the State of Minnesota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

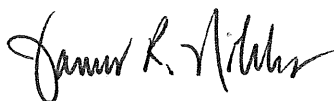
Members of the Legislature
The Honorable Jesse Ventura, Governor
Ms. Anne Barry, Acting Commissioner of Finance
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Minnesota's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions and other internal control matters are included in the accompanying *Minnesota Office of the Legislative Auditor Statewide Audit Schedule of Financial Statement Audit Findings*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Minnesota's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Minnesota Legislature, the management of affected state agencies, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



James R. Nobles
Legislative Auditor



Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

December 6, 2002

Minnesota Office of the Legislative Auditor

Schedule of Financial Statement Audit Findings Fiscal Year Ended June 30, 2002

PURPOSE

The *Minnesota Office of the Legislative Auditor Statewide Audit Schedule of Financial Statement Audit Findings* lists matters relating to internal control and compliance over financial reporting that were noted as a result of the audit of the State of Minnesota's Comprehensive Annual Financial Report for the year ended June 30, 2002. The following schedule should be used in conjunction with the *Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated December 6, 2002. The schedule is intended primarily to be a reference to separately issued individual reports. Details concerning findings listed on the schedule, including agency responses, are included in the individual agency audit reports.

The organization and terminology used in the schedule are discussed after the schedule of financial statement audit findings.

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE AUDIT
SCHEDULE OF FINANCIAL STATEMENT AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

14

STATE AGENCY	AREA	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM
PRIMARY GOVERNMENT						
Administration	Statewide Data Access	02-26	1	X		Inadequate control over ACF2 security rules and groups
Administration	Statewide Data Access	02-26	2	X		Inadequate control over powerful ACF2 privileges
Administration	Statewide Data Access	02-26	4	X		Inadequate documentation of ACF2 security infrastructure
Children, Families & Learning	Subsystem Controls	03-15	1	X		Reliance on one employee to maintain critical information systems
Children, Families & Learning	Accounts Payable	03-15	6	X		Improper recording of liability dates on MAPS
Commerce	Unclaimed Property	03-18	1	X		Omitted unclaimed property assets and accruals
Commerce	Unclaimed Property	03-18	2	X		Inadequate controls ensuring accuracy of database
Employee Relations	Financial Statement Disclosure	03-14	2	X		Inadequate reporting of required supplementary information on insurance plan
Finance	SEMA4 Information Technology	02-57	1	X		Excessive security clearances for technology professionals.
Finance	SEMA4 Information Technology	02-57	2	X		Inadequate security of interface files during transmission
Finance	MAPS Interface Controls	02-68	1	X		Unnecessary clearance to subsystem interface data
Finance	MAPS Interface Controls	02-68	2	X		Inadequate control over one powerful MAPS account
Finance	Financial Statement Preparation	03-17	1	X		Financial statement databases and queries not secured
Finance	Budgetary Reporting	03-17	2	X		Inconsistent budgetary reports and error in budgetary statements
Finance	Financial Statement Preparation	03-17	3	X		Inaccurate financial information submitted by state agencies
Human Services	MAXIS Data Integrity	02-53	1	X		No periodic validation of effectiveness of MAXIS security controls
Human Services	MAXIS Data Integrity	02-53	2	X		Inappropriate security clearances to MAXIS
Human Services	MAXIS Data Integrity	02-53	3	X		Inadequate control and security over scheduled batch processing
Human Services	Accounts Receivable	03-11	8	X		Inadequate process for identifying AR for financial reporting
Iron Range Resources and Rehab	NE MN Economic Protection	02-66	5		X	Venture capital fund transactions may not comply with statutory use of funds
Iron Range Resources and Rehab	NE MN Economic Protection	02-66	6	X		Inadequate monitoring of venture capital financial activity
MN State Colleges & Universities	Cash	D&T	4		X	Insufficient depository insurance and collateral at some institutions
Natural Resources	License Revenue	02-65	2	X	X	No authority to issue refunds and inadequate control over refunds.
Natural Resources	License Revenue	02-65	3	X		Inadequate safeguarding of license receipts
Natural Resources	License Revenue	02-65	4	X		No verification of overall license receipt reasonableness
Natural Resources	License Revenue	02-65	6	X		Excessive security clearances to the Electronic Licensing System
Public Employees Retirement	Computer System Security	02-62	1	X		Ineffective security program
Public Employees Retirement	Computer System Security	02-62	2	X		Ineffective controls against some Internet-based attacks
Public Employees Retirement	Computer System Security	02-62	3	X		Lack of software updates to remedy known security flaws
Public Employees Retirement	Computer System Security	02-62	4	X		Inadequate security of databases
Public Employees Retirement	Computer System Security	02-62	5	X		Lack of security over data and enforcement of password controls
Public Employees Retirement	Computer System Security	02-62	6	X		Excessive number of network access points
Revenue	Tax Revenue	03-06	1		X	Incorrect calculation of general tax levy to be assessed by counties
Transportation	Right of Way	03-19	1	X		Inadequate separation of duties within right of way division
Transportation	Financial Statement Preparation	03-19	2	X		Inaccurate financial information compiled by agency
DISCRETELY PRESENTED COMPONENT UNITS						
Metropolitan Council	Transaction Processing - Metro Transit	OSA	98-6	X		Ineffective finance function and cash management
Metropolitan Council	Financial Statement Preparation	OSA	01-1	X		Insufficient documentation of journal entries
Metropolitan Council	Financial Statement Prep - Metro Transit	OSA	01-2	X		Inaccurate and untimely year-end closing and reporting
Metropolitan Council	Financial Statement Preparation	OSA	01-3	X		Inadequate year-end financial statement reporting process

THE ATTACHED EXPLANATION IS AN INTEGRAL PART OF THIS SCHEDULE.

Minnesota Office of the Legislative Auditor

Explanation of the Schedule of Financial Statement Audit Findings Fiscal Year Ended June 30, 2002

This schedule shows the financial statement audit findings relating to the State of Minnesota's Comprehensive Annual Financial Report for the year ended June 30, 2002, by agency and area, for both the state's primary government and its discretely presented component units. Internal control findings are referenced in the schedule. The schedule includes reportable conditions and other internal control matters identified in our audit of the financial statements. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. The schedule also includes instances of noncompliance at the financial statement level. However, our audit disclosed no instances of material noncompliance that are required to be reported under *Government Auditing Standards*.

The schedule refers to fiscal year 2002 audit reports that contain a detailed discussion of the respective audit finding and include agency responses. The report numbers in the format 0X-XX refer to reports issued by the Minnesota Office of the Legislative Auditor. All audit reports issued by the Minnesota Office of the Legislative Auditor can be accessed electronically through the office website at www.auditor.leg.state.mn.us. The financial statements of the MN State Colleges and Universities, a part of the state's primary government, were audited by Deloitte & Touche LLP (D&T). The financial statements of the Metropolitan Council, a discretely presented component unit, were audited by the Minnesota Office of the State Auditor (OSA). Complete financial statements and the related reports of the Metropolitan Council can be obtained by contacting its administrative office at Metropolitan Council, Mears Park Center, 230 East Fifth Street, Saint Paul, Minnesota 55101.

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FEDERAL PROGRAM SECTION

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OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Members of the Legislature

The Honorable Tim Pawlenty, Governor

Dan McElroy, Commissioner of Finance

Compliance

We have audited the compliance of the State of Minnesota with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2002. The State of Minnesota's major federal programs are identified in the *Minnesota Office of the Legislative Auditor Summary of Auditor's Results*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Minnesota's management. Our responsibility is to express an opinion on the State of Minnesota's compliance based on our audit.

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

As described in the accompanying *Minnesota Office of the Legislative Auditor Statewide Single Audit Schedule of Federal Program Audit Findings*, the State of Minnesota did not comply with certain compliance requirements that are applicable to specific major federal programs. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Minnesota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the State of Minnesota is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Minnesota's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted reportable conditions and other matters involving the internal control over compliance and its operation that are described in the accompanying *Minnesota Office of the Legislative Auditor Statewide Single Audit Schedule of Federal Program Audit Findings*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State of Minnesota's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

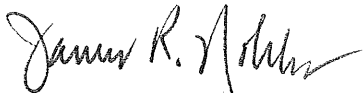
Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the State of Minnesota as of and for the year ended June 30, 2002, and have issued our report thereon dated December 6, 2002. We did not audit the financial statements of the Minnesota State Colleges and Universities (MnSCU), a business-type activity. The MnSCU financial statements represent 73 percent of the assets and 38 percent of the operating revenues of the primary government's total business-type activities. We also did not audit the financial statements of the University of Minnesota, Metropolitan Council, Housing Finance Agency, Public Facilities Authority, Minnesota Workers Compensation Assigned Risk Plan, National Sports Center Foundation, Higher Education Services Office, and Minnesota Partnership for Action Against Tobacco, which cumulatively represent 99 percent of the assets and 99 percent of the revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose reports

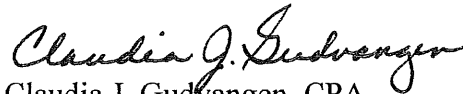
Members of the Legislature
The Honorable Tim Pawlenty, Governor
Dan McElroy, Commissioner of Finance
Page 3

thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned proprietary fund and discretely presented component units, is based solely on the reports of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying *State of Minnesota Major Federal Programs Schedule of Expenditures* is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Minnesota Legislature, the management of affected state agencies, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



James R. Nobles
Legislative Auditor



Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

February 10, 2003, except for Schedule of Expenditures of Federal Awards as to which the date is December 6, 2002

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**Minnesota Office of the Legislative Auditor
Statewide Audit**

**Schedule of Federal Program Audit Findings
Fiscal Year Ended June 30, 2002**

PURPOSE

The schedule of audit findings for federal programs is presented to accommodate the federal inspector general, program staff, and other federal officials in resolving audit findings associated with federal programs. This schedule is intended primarily to be a reference to the individual management letters (reports) which we have issued to each affected state agency. All audit report findings associated with major and nonmajor federal programs are included in this schedule. We classified findings separately related to internal control and compliance.

This schedule is not intended to replace the individual audit reports and the respective state agency responses. The audit reports contain a detailed discussion of each finding, as well as the state agency's formal response to the findings. Therefore, users of this report are encouraged to utilize the schedule in conjunction with those documents. All audit reports issued by the Minnesota Office of the Legislative Auditor can be accessed electronically through the office website at www.auditor.leg.state.mn.us.

The organization and terminology used in the schedule are discussed after the
schedule of federal program audit findings.

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Agriculture								
10.551	Food Stamps	Human Services	03-11	6		L	Incorrect reporting of some expenditures on financial reports	P
10.551	Food Stamps	Human Services	03-11	7		N	Noncompliance with food stamp coupon inventory limitations	P
10.551	Food Stamps	Human Services	02-53	1	X		No periodic validation of effectiveness of MAXIS security controls	P
10.551	Food Stamps	Human Services	02-53	2	X		Inappropriate security clearances to MAXIS	P
10.551	Food Stamps	Human Services	02-53	3	X		Inadequate control and security over scheduled batch processing	P
10.557	Special Nutrition/Women/Infants/Children	Health	03-08	1		H	WIC expenditures charged to the wrong federal fiscal year	P
U.S. Department of Education								
84.010	Chapter 1-Local Education Agencies	Children, Families & Learning	03-15	1	X		Reliance on one employee to maintain federal payment system	P
84.010	Chapter 1-Local Education Agencies	Children, Families & Learning	03-15	3		B	Lack of documentation to support administrative salaries	\$850,000 ⁽¹⁾
84.010	Chapter 1-Local Education Agencies	Children, Families & Learning	03-15	4		L	Lack of documentation to support data reported	NQ
84.011	Migrant Education-Basic State Grant	Children, Families & Learning	03-15	1	X		Reliance on one employee to maintain federal payment system	P
84.011	Migrant Education-Basic State Grant	Children, Families & Learning	03-15	3		B	Lack of documentation to support administrative salaries	(1)
84.011	Migrant Education-Basic State Grant	Children, Families & Learning	03-15	4		L	Lack of documentation to support data reported	NQ
84.011	Migrant Education-Basic State Grant	Children, Families & Learning	03-15	5		B	Use of funds for ineligible costs	\$42,000
84.011	Migrant Education-Basic State Grant	Children, Families & Learning	03-15	6	X		Improper recording of liability dates on MAPS	P
84.027	Special Education-State Grants	Children, Families & Learning	03-15	1	X		Reliance on one employee to maintain federal payment system	P
84.027	Special Education-State Grants	Children, Families & Learning	03-15	6	X		Improper recording of liability dates on MAPS	P
84.032	Federal Family Education Loan Program	Hibbing CC	DT-02	4	X	B	Aid exceeded program limit, and nonpayment of refund for failing grades	\$1,873
84.032	Federal Family Education Loan Program	Lake Superior College	DT-02	5	X	B	Aid exceeded program limit due to errors in recording transferred credits	\$849
84.032	Federal Family Education Loan Program	Metropolitan State University	DT-02	6	X	B	Aid exceeded program limit due to processing errors	\$3,527
84.048	Vocational Education-Basic State Grants	State Colleges and Universities	DT-02	1	X	F	Equipment not inventoried every two years as required	P
84.048	Vocational Education-Basic State Grants	North Hennepin CC	DT-02	3	X	B	Inadequate documentation for printing expenditure	\$360
84.063	Federal Pell Grant	North Hennepin CC	DT-02	2	X	L	Program disbursements not reported within 30 days	P
Federal Emergency Management Agency								
83.544	Public Assistance Grants	Public Safety	03-13	1		M	Did not obtain audit reports from some subrecipients	P
U.S. Department of Health & Human Services								
93.558	Temporary Assistance for Needy Families	Human Services	02-53	1	X		No periodic validation of effectiveness of MAXIS security controls	P
93.558	Temporary Assistance for Needy Families	Human Services	02-53	2	X		Inappropriate security clearances to MAXIS	P
93.558	Temporary Assistance for Needy Families	Human Services	02-53	3	X		Inadequate control and security over scheduled batch processing	P
93.558	Temporary Assistance for Needy Families	Human Services	03-11	2		E,N	Untimely resolution of income discrepancies identified by IEVS	NQ
93.563	Child Support Enforcement	Human Services	03-11	4		E	State plan does not incorporate a federal requirement	NQ
93.778	Medical Assistance	Human Services	03-11	2		E	Untimely resolution of income discrepancies identified by IEVS	NQ
93.778	Medical Assistance	Human Services	03-11	3	X	E	Inadequate reconciliation of eligibility status between systems	NQ
93.778	Medical Assistance	Human Services	03-11	5	X		Inadequate separation of duties over receipt collections	P

THE ATTACHED EXPLANATION IS AN INTEGRAL PART OF THIS SCHEDULE.

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Interior								
15.605	Sport Fish Restoration	Natural Resources	03-20	1	X	F	Program reimbursement of land and equipment not adequately identified	P
15.611	Wildlife Restoration	Natural Resources	03-20	1	X	F	Program reimbursement of land and equipment not adequately identified	P
U.S. Department of Labor								
17.207	Employment Services	Economic Security	03-16	3	X		Unclear relationship with subgrant vendor	P
17.225	Unemployment Insurance	Economic Security	03-16	2	X		Significant error compiling single audit schedule expenditures	P
17.258	Workforce Investment Act-Adult	Economic Security	03-16	1		B	Failure to allocate cost of consulting contract	\$186,321 ⁽²⁾
17.259	Workforce Investment Act-Youth	Economic Security	03-16	1		B	Failure to allocate cost of consulting contract	⁽²⁾
17.260	Workforce Investment Act-Dislocated Worker	Economic Security	03-16	1		B	Failure to allocate cost of consulting contract	⁽²⁾
17.260	Workforce Investment Act-Dislocated Worker	Trade & Economic Development	03-10	1		M	Inadequate monitoring of subrecipient audit reports	P
Transportation								
20.205	Highway Planning and Construction	Transportation	03-19	3	X	A	Noncompliance with reporting requirements	NQ
20.205	Highway Planning and Construction	Transportation	03-19	4	X	A	Noncompliance with contract permit requirements	NQ
20.205	Highway Planning and Construction	Transportation	03-19	5	X	A,D	Project oversight procedures need improvement	NQ
20.219	Recreational Trails	Natural Resources	03-20	2	X	A	Subgrantee costs incurred before grant agreement was signed	P

Note (1): Total questioned costs of \$850,000 relate to both programs. A breakdown by individual program could not be determined.

(2): Total questioned costs of \$186,321 relate to all programs in the WIA Cluster. However, a breakdown by individual program could not be determined.

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Minnesota Office of the Legislative Auditor Statewide Audit

Explanation of the Schedule of Federal Program Audit Findings Fiscal Year Ended June 30, 2002

Introduction

This schedule shows the federal program audit findings for entities included in the state's primary government. The internal control and compliance findings are summarized in the schedule of federal program audit findings by federal grantor agency and program. The federal program is identified by its Catalog of Federal Domestic Assistance (CFDA) number. The federal programs are listed in numerical sequence for each federal agency. The schedule shows the reference to our audit reports, which contain discussion of the respective audit finding. The name of the state agency, the audit report number, and the finding number are also identified. All audit reports issued by the Minnesota Office of the Legislative Auditor can be accessed electronically through the office website at www.auditor.leg.state.mn.us. Deloitte & Touche LLP issued the management letter for the Minnesota State Colleges and Universities. The schedule shows references to their report as DT-02.

Internal Control

Internal control findings are referenced in the schedule. The schedule includes reportable conditions and other internal control matters identified in our audit of the federal programs. We noted no matters involving the internal control over the state's administration of federal financial assistance programs that we consider to be material weaknesses.

Compliance Requirements

Compliance findings referenced in the schedule relate to the requirements specified in federal laws and regulations. Most of these requirements are described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*. Compliance findings are categorized by the type of compliance requirement specified in the compliance supplement (Categories A through N).

Summary of Problem and Financial Impact

The schedule contains a brief discussion of the specific problem cited in the respective state agency audit report. This discussion should be interpreted cautiously because of its brevity. We encourage users of this report to refer to the audit report comments for any items which may interest them.

The schedule indicates the financial impact of the finding. We have utilized three standard references in this column:

- P Indicates a procedural finding which normally relates to a weakness in internal control or a nonfinancial instance of noncompliance. The area is generally not subject to quantification, and it is unlikely that a measurable financial impact accrues to the finding. However, leaving the finding unresolved subjects the state agency to a higher than normal risk of errors, irregularities, or inefficiencies.
- NQ Indicates that there is the likelihood of some financial benefits or losses, but the amount was not readily quantifiable. We either did not believe that quantifying the problem would enhance the finding, or records were not available to determine the financial impact.
- Amount Signifies that a finding results in a quantifiable amount, which indicates the potential dollar impact resulting from noncompliance or inconsistency with the requirements set forth in contracts, awards, loan agreements, statutes, or regulations governing the allocation, allowance, or reasonableness of costs charged to federal programs. Amounts are shown for specific dollars questioned. Negative amounts represent undercharges to programs as a result of the erroneous allocation of costs.

STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2002

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
AGRICULTURE				
	SPECIAL NUTRITION/WOMEN/INFANTS & CHILDREN (6)	10.557	HEALTH	\$ 72,358,910
			Program	Total: \$ 72,358,910
	Child Nutrition Cluster			
	SCHOOL BREAKFAST PROGRAM	10.553	CHILDREN FAMILIES & LEARNING	17,022,080
	NATIONAL SCHOOL LUNCH PROGRAM	10.555	CHILDREN FAMILIES & LEARNING	75,311,382
		10.555	HUMAN SERVICES	93,890
	SPECIAL MILK PROGRAM FOR CHILDREN	10.556	CHILDREN FAMILIES & LEARNING	820,832
	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	CHILDREN FAMILIES & LEARNING	3,280,378
			Child Nutrition Cluster Total:	\$ 96,528,562
	Food Stamp Cluster			
	FOOD STAMPS (4)	10.551	HUMAN SERVICES	193,777,412
	STATE ADMIN MATCH GRANT-FOOD STAMPS	10.561	HUMAN SERVICES	33,594,421
			Food Stamp Cluster Total:	\$ 227,371,833
DEFENSE				
	NATIONAL GUARD BUREAU (10)	12.40X	MILITARY AFFAIRS	25,067,664
			Program	Total: \$ 25,067,664
EDUCATION				
	CHAPTER 1-LOCAL EDUCATION AGENCIES	84.010	CHILDREN FAMILIES & LEARNING	83,308,306
			Program	Total: \$ 83,308,306
	MIGRANT EDUCATION-BASIC STATE GRANT	84.011	CHILDREN FAMILIES & LEARNING	2,333,628
			Program	Total: \$ 2,333,628
	VOCATIONAL EDUCATION-BASIC STATE GRANTS	84.048	STATE COLLEGES & UNIVERSITIES	17,291,729
			Program	Total: \$ 17,291,729
	VOCATIONAL REHABILITATION GRANTS	84.126	ECONOMIC SECURITY	55,367,496
			Program	Total: \$ 55,367,496
	CLASS SIZE REDUCTION	84.340	CHILDREN FAMILIES & LEARNING	14,049,428
			Program	Total: \$ 14,049,428

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
EDUCATION (Continued)				
Special Education Cluster				
	SPECIAL EDUCATION-STATE GRANTS	84.027	CHILDREN FAMILIES & LEARNING	\$ 97,102,634
	SPECIAL EDUCATION-PRESCHOOL GRANTS	84.173	CHILDREN FAMILIES & LEARNING	5,551,397
		84.173	STATE COLLEGES & UNIVERSITIES	80,527
	Special Education Cluster Total:			\$ 102,734,558
Student Financial Assistance Cluster				
	SUPPLEMENTAL EDUCATION OPPORTUNITY	84.007	STATE COLLEGES & UNIVERSITIES	5,228,611
	FEDERAL WORK-STUDY	84.033	STATE COLLEGES & UNIVERSITIES	7,214,050
	FEDERAL PELL GRANT	84.063	STATE COLLEGES & UNIVERSITIES	82,729,836
	Student Financial Assistance Cluster Total:			\$ 95,172,497
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	PUBLIC ASSISTANCE GRANTS	83.544	PUBLIC SAFETY	32,007,746
			Program Total:	\$ 32,007,746
HEALTH & HUMAN SERVICES				
	TEMPORARY AID FOR NEEDY FAMILIES	93.558	HUMAN SERVICES	265,843,691
		93.558	STATE COLLEGES & UNIVERSITIES	70,973
			Program Total:	\$ 265,914,664
	CHILD SUPPORT ENFORCEMENT	93.563	HUMAN SERVICES	94,566,941
			Program Total:	\$ 94,566,941
	LOW INCOME HOME ENERGY ASSISTANCE	93.568	COMMERCE	62,030,378
		93.568	ECONOMIC SECURITY	4,111,862
			Program Total:	\$ 66,142,240
	FOSTER CARE	93.658	HUMAN SERVICES	73,420,976
			Program Total:	\$ 73,420,976
	SOCIAL SERVICES BLOCK GRANT	93.667	HUMAN SERVICES	52,897,287
			Program Total:	\$ 52,897,287
	HIV CARE FORMULA GRANTS	93.917	HEALTH	3,069,532
		93.917	HUMAN SERVICES	747,834
			Program Total:	\$ 3,817,366

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
HEALTH & HUMAN SERVICES (Continued)				
	SUBSTANCE ABUSE PREVENTIVE TREATMENT	93.959	HUMAN SERVICES	\$ 21,216,151
			Program	Total: \$ 21,216,151
Child Care Cluster				
	CHILD CARE & DEVELOPMENT BLOCK	93.575	CHILDREN FAMILIES & LEARNING	12,471,930
		93.575	HUMAN SERVICES	192,097
		93.575	STATE COLLEGES & UNIVERSITIES	77,396
	CHILD CARE MANDATORY & MATCHING FUNDS	93.596	CHILDREN FAMILIES & LEARNING	84,951,255
			Child Care Cluster Total:	\$ 97,692,678
Medicaid Cluster				
	STATE MEDICAID FRAUD CONTROL UNITS	93.775	ATTORNEY GENERAL	968,110
	STATE HEALTH CARE PROVIDERS SURVEY	93.777	HEALTH	4,855,281
		93.777	HUMAN SERVICES	3,949,205
		93.777	PUBLIC SAFETY	560,985
	MEDICAL ASSISTANCE	93.778	HUMAN SERVICES	2,669,165,977
			Medicaid Cluster Total:	\$ 2,679,499,558
HOUSING & URBAN DEVELOPMENT				
	COMMUNITY DEVELOPMENT BLOCK-STATES	14.228	TRADE & ECONOMIC DEVELOPMENT	33,279,804
			Program	Total: \$ 33,279,804
INTERIOR				
Fish & Wildlife Cluster				
	SPORT FISH RESTORATION	15.605	NATURAL RESOURCES	10,160,279
	WILDLIFE RESTORATION	15.611	NATURAL RESOURCES	6,616,630
		15.611	STATE COLLEGES & UNIVERSITIES	4,499
			Fish & Wildlife Cluster Total:	\$ 16,781,408
LABOR				
	UNEMPLOYMENT INSURANCE (7)	17.225	ECONOMIC SECURITY	986,364,915
			Program	Total: \$ 986,364,915

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
LABOR (Continued)				
Employment Services Cluster				
	EMPLOYMENT SERVICE	17.207	ECONOMIC SECURITY	\$ 23,857,870
		17.207	STATE COLLEGES & UNIVERSITIES	426,803
	DISABLED VETERANS OUTREACH PROGRAM	17.801	ECONOMIC SECURITY	1,578,570
	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE	17.804	ECONOMIC SECURITY	1,905,065
Employment Services Cluster Total:				\$ 27,768,308
Workforce Investment Act Cluster				
	WIA - ADULT AND YOUTH (10)	17.255	ECONOMIC SECURITY	3,419,256
	WIA ADULT PROGRAM (10)	17.258	ECONOMIC SECURITY	6,746,079
	WIA YOUTH ACTIVITIES (10)	17.259	ECONOMIC SECURITY	9,895,780
	WIA DISLOCATED WORKERS (10)	17.260	ECONOMIC SECURITY	872,100
		17.260	STATE COLLEGES & UNIVERSITIES	57,513
		17.260	TRADE & ECONOMIC DEVELOPMENT	10,142,595
Workforce Investment Act Cluster Total:				\$ 31,133,323
TRANSPORTATION				
	AIRPORT IMPROVEMENT	20.106	TRANSPORTATION	73,056,033
Program Total:				\$ 73,056,033
	RECREATIONAL TRAILS PROGRAM	20.219	NATURAL RESOURCES	593,689
Program Total:				\$ 593,689
Highway Planning and Construction Cluster				
	HIGHWAY PLANNING & CONSTRUCTION	20.205	STATE COLLEGES & UNIVERSITIES	9,810
		20.205	TRADE & ECONOMIC DEVELOPMENT	53,859
		20.205	TRANSPORTATION	427,455,105
Highway Planning and Construction				\$ 427,518,774
Major Program Total:				\$5,775,256,472

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
AGRICULTURE				
	PLANT/ANIMAL DISEASE/CARE/PEST CONTROLS	10.025	AGRICULTURE	3,000
		10.025	ANIMAL HEALTH	78,817
	FEDERAL-STATE MARKETING IMPROVEMENT	10.156	AGRICULTURE	58,290
	INSPECTION GRADING & STANDARDIZATION	10.162	AGRICULTURE	200,257
	AGRICULTURAL COMPETITIVE RESEARCH	10.206	STATE COLLEGES & UNIVERSITIES	1,359
	HIGHER EDUCATION CHALLENGE GRANTS	10.217	STATE COLLEGES & UNIVERSITIES	15,065
	AGRICULTURAL & RURAL ECONOMIC RESEARCH	10.250	TRADE & ECONOMIC DEVELOPMENT	118,334
	INTEGRATED PROGRAMS	10.303	AGRICULTURE	8,167
	MEAT & POULTRY INSPECTION STATE PROGRAMS	10.475	AGRICULTURE	426,760
	CHILD & ADULT CARE FOOD PROGRAM	10.558	CHILDREN FAMILIES & LEARNING	56,216,267
		10.558	STATE COLLEGES & UNIVERSITIES	8,157
	STATE ADMIN EXPENSES FOR CHILD NUTRITION	10.560	CHILDREN FAMILIES & LEARNING	2,239,294
	COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.565	HEALTH	582,882
	NUTRITION PROGRAM FOR THE ELDERLY	10.570	HUMAN SERVICES	2,970,178
	WIC FARMERS' MARKET NUTRITION	10.572	AGRICULTURE	553,127
	PROVISIONS 2 & 3	10.573	CHILDREN FAMILIES & LEARNING	110,752
	TEAM NUTRITION GRANTS	10.574	CHILDREN FAMILIES & LEARNING	141,414
	FORESTRY RESEARCH	10.652	NATURAL RESOURCES	10,594
	COOPERATIVE FORESTRY ASSISTANCE	10.664	AGRICULTURE	150,905
		10.664	NATURAL RESOURCES	2,005,432
	ADDITIONAL LANDS-GRANTS TO MINNESOTA	10.668	FINANCE	2,101,500
	RURAL DEVELOPMENT GRANTS	10.769	STATE COLLEGES & UNIVERSITIES	11,000
	RURAL BUSINESS OPPORTUNITY GRANTS	10.773	STATE COLLEGES & UNIVERSITIES	50,000
	WATERSHED PROTECTION & FLOOD PREVENTION	10.904	NATURAL RESOURCES	2,915
	INTERNATIONAL AGRICULTURAL RESEARCH	10.961	STATE COLLEGES & UNIVERSITIES	8,837
	SPECIALTY CROPS	10.XXX	AGRICULTURE	1,221,480
Emergency Food Assistance Cluster				
	EMERGENCY FOOD ASSISTANCE-ADMIN COSTS	10.568	CHILDREN FAMILIES & LEARNING	837,801
Emergency Food Assistance Cluster Total:				\$ 837,801
Schools and Roads Cluster				

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
AGRICULTURE (Continued)				
	SCHOOLS AND ROADS-GRANTS TO STATES	10.665	FINANCE	\$ 1,806,938
			Schools and Roads Cluster Total:	\$ 1,806,938
COMMERCE				
	ECONOMIC DEVELOPMENT-TECHNICAL ASSIST	11.303	STATE COLLEGES & UNIVERSITIES	56,578
	ECONOMIC ADJUSTMENT ASSISTANCE	11.307	TRADE & ECONOMIC DEVELOPMENT	66,293
	FISHERY PRODUCTS INSPECTION/CERTIFICATION	11.413	AGRICULTURE	30,339
	COASTAL ZONE MANAGEMENT ADMIN AWARDS	11.419	NATURAL RESOURCES	877,930
DEFENSE				
	FLOOD PLAIN MANAGEMENT SERVICES	12.104	FINANCE	7,392
	REIMBURSEMENT OF TECHNICAL SERVICES	12.113	POLLUTION CONTROL	388,108
EDUCATION				
	ADULT EDUCATION-STATE GRANT	84.002	CHILDREN FAMILIES & LEARNING	2,727,466
		84.002	STATE COLLEGES & UNIVERSITIES	18,354
	TITLE I-NEGLECTED & DELINQUENT CHILDREN	84.013	CHILDREN FAMILIES & LEARNING	146,601
	HIGHER EDUCATION-INSTITUTIONAL AID	84.031	STATE COLLEGES & UNIVERSITIES	484,454
	PUBLIC LIBRARY SERVICES	84.034	HUMAN SERVICES	2,259
	IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116	STATE COLLEGES & UNIVERSITIES	2,351,039
	CENTERS FOR INDEPENDENT LIVING	84.132	ECONOMIC SECURITY	778,136
	IMMIGRANT EDUCATION	84.162	CHILDREN FAMILIES & LEARNING	1,804,699
	INDEPENDENT LIVING	84.169	ECONOMIC SECURITY	3,332,047
	OLDER BLIND INDIVIDUALS INDEPEND LIVING	84.177	ECONOMIC SECURITY	1,388,550
	INFANTS & FAMILIES WITH DISABILITIES	84.181	CHILDREN FAMILIES & LEARNING	6,216,062
		84.181	HUMAN SERVICES	117,964
	BYRD HONORS SCHOLARSHIPS	84.185	CHILDREN FAMILIES & LEARNING	727,875
	SAFE & DRUG-FREE SCHOOLS-STATE GRANTS	84.186	CHILDREN FAMILIES & LEARNING	2,351,928
	SUPPORTED EMPLOYMENT SERVICES-DISABLED	84.187	ECONOMIC SECURITY	559,281

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
EDUCATION (Continued)				
	BILINGUAL EDUCATION SUPPORT SERVICES	84.194	CHILDREN FAMILIES & LEARNING	\$ 1,374,956
	BILINGUAL EDUCATION-PROFESSIONAL DEVELOPMENT	84.195	STATE COLLEGES & UNIVERSITIES	10,891
	EDUCATION FOR HOMELESS CHILDREN & YOUTH	84.196	CHILDREN FAMILIES & LEARNING	286,777
	EVEN START-STATE EDUCATION AGENCIES	84.213	CHILDREN FAMILIES & LEARNING	1,385,363
	FUND FOR IMPROVEMENT OF EDUCATION	84.215	CHILDREN FAMILIES & LEARNING	179,501
	CAPITAL EXPENSES	84.216	CHILDREN FAMILIES & LEARNING	6,430
	ASSISTIVE TECHNOLOGY STATE GRANTS	84.224	ADMINISTRATION	343,226
		84.224	STATE COLLEGES & UNIVERSITIES	51
	PROJECTS WITH INDUSTRY	84.234	ECONOMIC SECURITY	272,503
	TECH-PREP EDUCATION	84.243	STATE COLLEGES & UNIVERSITIES	1,624,031
	LITERACY PROGRAMS FOR PRISONERS	84.255	CORRECTIONS	431,606
	STATE VOC REHAB UNIT IN-SERVICE TRAINING	84.265	ECONOMIC SECURITY	115,958
	GOALS 2000-STATE & LOCAL ED IMPROVEMENT	84.276	CHILDREN FAMILIES & LEARNING	6,300,949
	JOB TRAINING-PILOT & DEMO PROGRAMS	84.278	CHILDREN FAMILIES & LEARNING	3,522,553
		84.278	STATE COLLEGES & UNIVERSITIES	173,864
	EISENHOWER PROF DEVELOPMENT- STATE	84.281	CHILDREN FAMILIES & LEARNING	1,533,179
		84.281	STATE COLLEGES & UNIVERSITIES	302,918
	CHARTER SCHOOLS	84.282	CHILDREN FAMILIES & LEARNING	5,631,517
	TWENTY-FIRST CENTURY COMMUNITY LEARNING	84.287	CHILDREN FAMILIES & LEARNING	17,178
	INNOVATIVE EDUCATION STRATEGIES	84.298	CHILDREN FAMILIES & LEARNING	4,107,095
	FEDERAL PERKINS LOAN - CAPITAL CONTRIBUTIONS	84.308	STATE COLLEGES & UNIVERSITIES	6,234
	EVEN START-STATEWIDE LITERACY PROGRAM	84.314	CHILDREN FAMILIES & LEARNING	127,048
	TECHNOLOGY LITERACY CHALLENGE FUND GRANTS	84.318	CHILDREN FAMILIES & LEARNING	4,440,331
	SPECIAL EDUCATION-STATE PROGRAM IMPROVEMENT	84.323	CHILDREN FAMILIES & LEARNING	683,258
	SPECIAL EDUCATION-RESEARCH & INNOVATION	84.324	CHILDREN FAMILIES & LEARNING	109,838
		84.324	STATE COLLEGES & UNIVERSITIES	885,221
	SPECIAL ED - PERSONNEL PREP FOR DISABLED CHILDREN	84.325	STATE COLLEGES & UNIVERSITIES	116,803
	SPECIAL EDUCATION-TECHNICAL ASSISTANCE	84.326	CHILDREN FAMILIES & LEARNING	275,031
	ADVANCED PLACEMENT INCENTIVE PROGRAM	84.330	CHILDREN FAMILIES & LEARNING	274,894
	COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	84.332	CHILDREN FAMILIES & LEARNING	1,032,294
	GAIN EARLY AWARE AND READINESS FOR UNDERGRADUATE	84.334	STATE COLLEGES & UNIVERSITIES	998
	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	84.335	STATE COLLEGES & UNIVERSITIES	39,218

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
EDUCATION (Continued)				
	READING EXCELLENCE	84.338	CHILDREN FAMILIES & LEARNING	\$ 730,266
	PREPARING TOMORROW'S TEACHERS TO USE TECHNOLOGY	84.342	STATE COLLEGES & UNIVERSITIES	1,904,766
	TRIO DISSEMINATION PARTNERSHIP	84.344	STATE COLLEGES & UNIVERSITIES	56,508
	OCCUPATIONAL & EMPLOYMENT INFORMATION GRANT	84.346	STATE COLLEGES & UNIVERSITIES	131,600
	TITLE 1 ACCOUNTABILITY GRANTS	84.348	CHILDREN FAMILIES & LEARNING	1,425,838
	SCHOOL RENOVATION GRANTS	84.352	CHILDREN FAMILIES & LEARNING	2,577,339
TRIO Cluster				
	STUDENT SUPPORT SERVICES	84.042	STATE COLLEGES & UNIVERSITIES	5,110,689
	TALENT SEARCH	84.044	STATE COLLEGES & UNIVERSITIES	1,046,854
	UPWARD BOUND	84.047	STATE COLLEGES & UNIVERSITIES	3,348,417
	EDUCATIONAL OPPORTUNITY CENTERS	84.066	STATE COLLEGES & UNIVERSITIES	633,530
TRIO Cluster Total:				\$ 10,139,490
ENERGY				
	STATE ENERGY CONSERVATION	81.041	COMMERCE	1,348,379
	WEATHERIZATION ASSISTANCE-LOW INCOME (5)	81.042	COMMERCE	1,589,330
	OFFICE OF SCIENTIFIC AND TECHNICAL INFORMATION	81.064	STATE COLLEGES & UNIVERSITIES	1,711
	RENEWABLE ENERGY RESEARCH AND DEVELOPMENT	81.087	STATE COLLEGES & UNIVERSITIES	19,189
	NATIONAL INDUSTRIAL COMPETITIVENESS	81.105	COMMERCE	42,062
	ENERGY EFFICIENCY	81.117	COMMERCE	23,794
ENVIRONMENTAL PROTECTION AGENCY				
	STATE INDOOR RADON GRANTS	66.032	HEALTH	542,678
	WATER POLLUTION CONTROL-STATE/INTERSTATE	66.419	HEALTH	95,902
		66.419	POLLUTION CONTROL	255,270
	STATE PUBLIC WATER SYSTEM SUPERVISION	66.432	HEALTH	3,245,628
	WATER QUALITY MANAGEMENT PLANNING	66.454	POLLUTION CONTROL	349,687
	NONPOINT SOURCE IMPLEMENTATION	66.460	AGRICULTURE	53,597
		66.460	POLLUTION CONTROL	9,017,077
		66.460	STATE COLLEGES & UNIVERSITIES	29,694

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY (Continued)				
	WETLANDS PROTECTION	66.461	NATURAL RESOURCES	\$ 15,895
		66.461	POLLUTION CONTROL	86,827
		66.461	WATER & SOIL RESOURCES	30,820
	NATIONAL POLLUTANT DISCHARGE ELIMINATION	66.463	POLLUTION CONTROL	119,171
	DRINKING WATER STATE REVOLVING FUND	66.468	HEALTH	1,705,567
		66.468	TRADE & ECONOMIC DEVELOPMENT	35,660
	GREAT LAKES PROGRAM	66.469	POLLUTION CONTROL	93,385
	ENVIROMENTAL PROTECTION-CONSOLIDATED RESEARCH	66.500	POLLUTION CONTROL	472,066
	AIR POLLUTION CONTROL RESEARCH	66.501	POLLUTION CONTROL	32,186
	PERFORMANCE PARTNERSHIP GRANT	66.605	POLLUTION CONTROL	7,468,223
	SURVEYS, STUDIES, & INVESTIGATIONS	66.606	HEALTH	137,614
		66.606	POLLUTION CONTROL	679,216
		66.606	TRADE & ECONOMIC DEVELOPMENT	274,164
	TRAINING AND FELLOWSHIP GRANT	66.607	POLLUTION CONTROL	35,362
	ONE STOP REPORTING	66.608	POLLUTION CONTROL	334,629
	CONSOLIDATED PESTICIDE ENFORCEMENT	66.700	AGRICULTURE	853,645
	TOXIC SUBSTANCES COMPLIANCE MONITORING	66.701	POLLUTION CONTROL	16,875
	CERTIFICATION OF LEAD-BASED PAINT PROFS	66.707	HEALTH	268,137
	POLLUTION PREVENTION GRANTS	66.708	POLLUTION CONTROL	78,074
	STATE & TRIBAL ENVIRONMENTAL JUSTICE	66.713	POLLUTION CONTROL	47,510
	SUPERFUND STATE SITE-COOP AGREEMENTS	66.802	POLLUTION CONTROL	3,542,522
	UNDERGROUND STORAGE TANK TRUST FUND	66.805	POLLUTION CONTROL	1,410,568
	SOLID WASTE MANAGEMENT ASSISTANCE	66.808	ENVIRONMENTAL ASSISTANCE	377,415
	ENVIRONMENTAL EDUCATION GRANTS	66.951	POLLUTION CONTROL	20,588
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
	FAIR EMPLOYMENT PRACTICES CONTRACTS	30.002	HUMAN RIGHTS	338,525
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	HAZARDOUS MATERIALS TRAINING SUPERFUND	83.011	STATE COLLEGES & UNIVERSITIES	73,921

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
FEDERAL EMERGENCY MANAGEMENT AGENCY (Continued)				
	HAZARDOUS MATERIALS ASSISTANCE	83.012	PUBLIC SAFETY	\$ 3,986
	COMMUNITY ASSISTANCE	83.105	NATURAL RESOURCES	98,654
	EMERGENCY FOOD & SHELTER NATIONAL BOARD	83.523	CHILDREN FAMILIES & LEARNING	101
	FLOOD MITIGATION ASSISTANCE	83.536	NATURAL RESOURCES	23,900
	DISASTER UNEMPLOYMENT ASSISTANCE	83.541	ECONOMIC SECURITY	659,466
	INDIVIDUAL & FAMILY GRANTS	83.543	PUBLIC SAFETY	2,201,252
	ANTI-TERRORISM TRAINING	83.547	STATE COLLEGES & UNIVERSITIES	73,602
	HAZARD MITIGATION GRANT	83.548	NATURAL RESOURCES	3,430
		83.548	PUBLIC SAFETY	7,862,653
	NATIONAL DAM SAFETY PROGRAM	83.550	NATURAL RESOURCES	53,637
	PROJECT IMPACT GRANTS	83.551	PUBLIC SAFETY	79,778
	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	83.552	PUBLIC SAFETY	1,860,111
HEALTH & HUMAN SERVICES				
	PUBLIC HEATH & SOCIAL SERVICES EMER FUND	93.003	HEALTH	47,171
	PREVENT ELDER ABUSE/NEGLECT/EXPLOITATION	93.041	HUMAN SERVICES	41,220
	OLDER INDIVIDUALS LONG-TERM CARE	93.042	HUMAN SERVICES	117,811
	AGING-DISEASE PREVENTION & HEALTH PROMOTION	93.043	HUMAN SERVICES	256,078
	SPECIAL AGING PROGRAMS	93.048	HUMAN SERVICES	410,538
	NATIONAL FAMILY CAREGIVER SUPPORT	93.052	HUMAN SERVICES	201,271
	FOOD & DRUG ADMINISTRATION RESEARCH	93.103	AGRICULTURE	103,618
	MATERNAL & CHILD HEALTH-FEDERAL	93.110	CHILDREN FAMILIES & LEARNING	86,925
		93.110	HEALTH	312,848
	TUBERCULOSIS CONTROL PROGRAMS	93.116	HEALTH	706,216
	PRIMARY CARE SERVICES	93.130	HEALTH	187,275
	PREVENTION RESEARCH CENTERS	93.135	STATE COLLEGES & UNIVERSITIES	2,211
	INJURY PREVENTION & CONTROL RESEARCH	93.136	HEALTH	1,141,469
	ASSIST IN TRANSITION FROM HOMELESSNESS	93.150	HUMAN SERVICES	460,000
	TOXIC SUBSTANCES & DISEASE REGISTRY	93.161	HEALTH	838,090
	GRANTS FOR STATE LOAN REPAYMENTS	93.165	HEALTH	127,500
	HEALTH EDUCATION AND TRAINING CENTERS	93.189	STATE COLLEGES & UNIVERSITIES	102,969

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
HEALTH & HUMAN SERVICES (Continued)				
	ALLIED HEALTH SPECIAL PROJECTS	93.191	STATE COLLEGES & UNIVERSITIES	\$ 222,675
	CHILDHOOD LEAD POISONING PREVENTION	93.197	HEALTH	708,141
	FAMILY PLANNING SERVICES	93.217	HEALTH	204,793
	CONSOLIDATED KNOWLEDGE DEVELOPMENT&APPLICATION	93.230	CHILDREN FAMILIES & LEARNING	2,529,727
		93.230	HUMAN SERVICES	34,065
	TRAUMATIC BRAIN INJURY	93.234	HUMAN SERVICES	5,775
	ABSTINENCE EDUCATION	93.235	HEALTH	741,146
	STATE RURAL HOSPITAL FLEXABILITY PROGRAM	93.241	HEALTH	705,581
	ADVANCED EDUCATION NURSING GRANT PROGRAM	93.247	STATE COLLEGES & UNIVERSITIES	253,155
	UNIVERSAL NEWBORN HEARING SCREENING	93.251	HEALTH	246,908
	STATE PLANNING - HEALTH CARE ACCESS FOR UNINSURED	93.256	HEALTH	748,834
	OCCUPATIONAL SAFETY & HEALTH GRANTS	93.262	HEALTH	857,094
	CHILDHOOD IMMUNIZATION GRANTS	93.268	HEALTH	4,123,223
	ALCOHOL RESEARCH PROGRAMS	93.273	HUMAN SERVICES	70,602
	CENTER FOR DISEASE CONTROL & PREVENTION	93.283	HEALTH	8,570,807
	NURSE PRACTITIONER EDUCATION	93.298	STATE COLLEGES & UNIVERSITIES	1,412
	ADVANCED NURSE EDUCATION	93.299	STATE COLLEGES & UNIVERSITIES	5,839
	PROFESSIONAL NURSE TRAINEESHIPS	93.358	STATE COLLEGES & UNIVERSITIES	83,464
	NURSING-SPECIAL PROJECTS	93.359	HEALTH	148,829
		93.359	STATE COLLEGES & UNIVERSITIES	206,531
	ACADEMIC RESEARCH ENHANCEMENT AWARD	93.390	STATE COLLEGES & UNIVERSITIES	265
	CANCER CAUSE & PREVENTION RESEARCH	93.393	HEALTH	116,305
		93.393	STATE COLLEGES & UNIVERSITIES	1,678
	CANCER CONTROL	93.399	HEALTH	573,335
	PROMOTING SAFE & STABLE FAMILIES	93.556	HUMAN SERVICES	3,256,152
	JOB OPPORTUNITIES & BASIC SKILLS TRAINING	93.561	ECONOMIC SECURITY	152,110
	REFUGEE & ENTRANT ASSISTANCE-STATE ADMIN	93.566	HUMAN SERVICES	8,449,387
	COMMUNITY SERVICES BLOCK GRANT	93.569	CHILDREN FAMILIES & LEARNING	5,247,951
	COMMUNITY SERVICES GRANT	93.570	CHILDREN FAMILIES & LEARNING	26,764
	COMMUNITY FOOD & NUTRITION	93.571	CHILDREN FAMILIES & LEARNING	54,924

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
HEALTH & HUMAN SERVICES (Continued)				
	REFUGEE & ENTRANT ASSISTANCE	93.576	CHILDREN FAMILIES & LEARNING	\$ 971,484
		93.576	HEALTH	387,776
		93.576	HUMAN SERVICES	560,699
	REFUGEE & ENTRANT TARGETED ASSISTANCE	93.584	HUMAN SERVICES	1,001,565
	EMPOWERMENT ZONES	93.585	HUMAN SERVICES	52,624
	STATE COURT IMPROVEMENT PROGRAM	93.586	SUPREME COURT	121,856
	COMMUNITY BASED FAMILY RESOURCE & SUPPORT	93.590	CHILDREN FAMILIES & LEARNING	1,854,957
		93.590	HUMAN SERVICES	113,718
	WELFARE REFORM RESEARCH	93.595	HUMAN SERVICES	121,129
		93.595	STATE COLLEGES & UNIVERSITIES	62,585
		93.595	TRADE & ECONOMIC DEVELOPMENT	720,488
	ACCESS & VISITATION GRANT	93.597	HUMAN SERVICES	271,720
	HEAD START	93.600	CHILDREN FAMILIES & LEARNING	106,798
		93.600	STATE COLLEGES & UNIVERSITIES	31,594
	CHILD SUPPORT ENFORCEMENT	93.601	HUMAN SERVICES	197,984
	ADOPTION INCENTIVE PAYMENTS	93.603	HUMAN SERVICES	661,667
	DEVELOPMENTAL DISABILITIES-BASIC SUPPORT	93.630	ADMINISTRATION	1,060,063
	DEVELOPMENTAL DISABILITIES-NATIONAL SIGNIFICANCE	93.631	ADMINISTRATION	56,886
	CHILDREN'S JUSTICE-GRANTS TO STATES	93.643	HUMAN SERVICES	212,651
	CHILD WELFARE SERVICES-STATE GRANTS	93.645	HUMAN SERVICES	4,434,601
	SOCIAL SERVICES RESEARCH & DEMONSTRATION	93.647	CHILDREN FAMILIES & LEARNING	199,823
		93.647	HUMAN SERVICES	77,123
	CHILD WELFARE SERVICES TRAINING GRANTS	93.648	STATE COLLEGES & UNIVERSITIES	155
	ADOPTION ASSISTANCE	93.659	HUMAN SERVICES	15,511,866
	CHILD ABUSE & NEGLECT GRANT	93.669	HUMAN SERVICES	400,158
	FAMILY VIOLENCE PREVENTION & SERVICES	93.671	CRIME VICTIMS SERVICES CENTER	22,727
		93.671	PUBLIC SAFETY	1,470,655
	INDEPENDENT LIVING	93.674	HUMAN SERVICES	2,526,821
	TICKET-TO-WORK INFRASTRUCTURE GRANTS	93.768	HUMAN SERVICES	493,379
	HEALTH CARE FINANCING RESEARCH	93.779	HUMAN SERVICES	549,084
	HEALTH CAREERS OPPORTUNITY PROGRAM	93.822	STATE COLLEGES & UNIVERSITIES	49,147
	BLOOD DISEASES & RESOURCES RESEARCH	93.839	STATE COLLEGES & UNIVERSITIES	29

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
HEALTH & HUMAN SERVICES (Continued)				
	MICROBIOLOGY & INFECTIOUS DISEASES RESEARCH	93.856	STATE COLLEGES & UNIVERSITIES	\$ 2,359
	RURAL HEALTH OPERATION OFFICES	93.913	HEALTH	90,199
	BREAST & CERVICAL CANCER EARLY DETECTION	93.919	HEALTH	3,464,166
	PREVENTION OF HIV & OTHER HEALTH PROBLEMS	93.938	CHILDREN FAMILIES & LEARNING	679,174
	HIV PREVENTION ACTIVITIES-HEALTH DEPT	93.940	HEALTH	3,206,640
	RESEARCH, TREAT, & EDUCATION-LYME DISEASE	93.942	HEALTH	18,847
	HIV/AIDS SURVEILLANCE	93.944	HEALTH	400,510
	CHRONIC DISEASE PREVENTION AND CONTROL	93.945	HEALTH	697,008
	COMMUNITY MENTAL HEALTH SERVICES BLOCK	93.958	HUMAN SERVICES	5,586,623
	SPECIAL MINORITY INITIATIVES	93.960	STATE COLLEGES & UNIVERSITIES	87,748
	GERIATRIC EDUCATION CENTERS	93.969	STATE COLLEGES & UNIVERSITIES	10,554
	SEXUALLY TRANSMITTED DISEASES CONTROL	93.977	HEALTH	806,653
	STATE DIABETES CONTROL & SURVEILLANCE	93.988	HEALTH	1,003,990
	PREVENTIVE HEALTH & SERVICES BLOCK GRANT	93.991	CRIME VICTIMS SERVICES CENTER	1,107
		93.991	HEALTH	5,011,905
		93.991	PUBLIC SAFETY	99,891
	MATERNAL & CHILD HEALTH SERVICES BLOCK	93.994	HEALTH	9,324,340
	PUBLIC HEALTH & SOCIAL SERVICES (10)	93.XXX	ECONOMIC SECURITY	156
Aging Cluster				
	AGING SUPPORT SERVICES & SENIOR CENTERS	93.044	HUMAN SERVICES	7,237,309
	AGING-NUTRITION SERVICES	93.045	HUMAN SERVICES	7,570,152
Aging Cluster Total:				\$ 14,807,461
HOUSING & URBAN DEVELOPMENT				
	EMERGENCY SHELTER GRANTS PROGRAM	14.231	CHILDREN FAMILIES & LEARNING	1,301,740
	SUPPORTIVE HOUSING PROGRAM	14.235	CHILDREN FAMILIES & LEARNING	937,126
	COMMUNITY OUTREACH PARTNERSHIP CENTER PROGRAM	14.511	STATE COLLEGES & UNIVERSITIES	8,228
	COMMUNITY DEVELOPMENT WORK-STUDY	14.512	STATE COLLEGES & UNIVERSITIES	147,170
	LEAD-BASED PAINT HAZARD CONTROL-PRIVATE	14.900	HEALTH	75,195

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
INTERIOR				
	COOP ENDANGERED SPECIES CONSERVATION	15.615	NATURAL RESOURCES	69,316
	CLEAN VESSEL ACT	15.616	NATURAL RESOURCES	22,100
	FED AID IN SPORT FISH/WILDLIFE RESTORE	15.618	NATURAL RESOURCES	25,853
	NATIONAL SPATIAL DATA INFRASTRUCTURE AGREEMENTS	15.809	MINNESOTA PLANNING	13,609
	NATIONAL COOPERATIVE GEOLOGIC MAPPING	15.810	NATURAL RESOURCES	19,868
	RIVERS, TRAILS & CONSERVATION ASSISTANCE	15.921	NATURAL RESOURCES	42,038
	UPPER MISSISSIPPI RIVER SYSTEM LTRMP	15.978	NATURAL RESOURCES	359,922
	ENDANGERED SPECIES PLANTS (NON-TITLE 6) (10)	15.FFB	NATURAL RESOURCES	16,347
	SCIENTIFIC & NATURAL AREAS (10)	15.FFC	NATURAL RESOURCES	474,164
JUSTICE				
	NARCOTICS & DANGEROUS DRUGS TRAINING	16.004	PUBLIC SAFETY	147,848
	STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT	16.007	PUBLIC SAFETY	863,447
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT	16.523	ECONOMIC SECURITY	4,787,462
		16.523	PUBLIC SAFETY	279,622
	JUVENILE JUSTICE & DELINQUENCY PREVENTION	16.540	ECONOMIC SECURITY	2,366,789
	JUVENILE JUSTICE & DELINQUENCY PREVENTION	16.541	PUBLIC SAFETY	126,485
	VICTIMS OF CHILD ABUSE	16.547	HUMAN SERVICES	57,901
	STATE JUSTICE STATISTICS	16.550	MINNESOTA PLANNING	158
	CRIME VICTIM ASSISTANCE	16.575	CRIME VICTIMS SERVICES CENTER	81,213
		16.575	PUBLIC SAFETY	5,581,506
	CRIME VICTIM COMPENSATION	16.576	PUBLIC SAFETY	595,082
	BYRNE FORMULA GRANT	16.579	PUBLIC SAFETY	9,471,969
	BYRNE STATE/LOCAL LAW ENFORCEMENT	16.580	PUBLIC SAFETY	809,580
	VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	CRIME VICTIMS SERVICES CENTER	44,594
		16.588	PUBLIC SAFETY	2,435,791
	RURAL DOMESTIC VIOLENCE & CHILD VICTIMIZATION	16.589	PUBLIC SAFETY	495,904
	LOCAL LAW ENFORCEMENT BLOCK	16.592	PUBLIC SAFETY	679,643
	SUBSTANCE ABUSE TREAT-STATE PRISONERS	16.593	PUBLIC SAFETY	378,989

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
JUSTICE (Continued)				
	EXECUTIVE OFFICE FOR WEED & SEED	16.595	PUBLIC SAFETY	\$ 1,165,230
	MOTOR VEHICLE THEFT PROTECTION ACT	16.597	PUBLIC SAFETY	48,674
	STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	16.606	CORRECTIONS	1,529,727
	PUBLIC SAFETY PARTNERSHIP & COMMUNITY POLICING	16.710	NATURAL RESOURCES	90,802
		16.710	PUBLIC SAFETY	850,510
	POLICE CORPS	16.712	PUBLIC SAFETY	1,279,272
	ENFORCE UNDERAGE DRINKING LAWS	16.727	PUBLIC SAFETY	477,042
LABOR				
	MN OCCUPATIONAL INFO COORDINATING COMM.	17.000	ECONOMIC SECURITY	137,073
	LABOR FORCE STATISTICS	17.002	ECONOMIC SECURITY	1,631,166
	COMPENSATION & WORKING CONDITIONS	17.005	LABOR & INDUSTRY	109,423
	SENIOR COMMUNITY SERVICE EMPLOYMENT	17.235	ECONOMIC SECURITY	2,098,984
	TRADE ADJUSTMENT ASSISTANCE-WORKERS	17.245	ECONOMIC SECURITY	5,963,244
	JOB TRAINING-PILOT & DEMO PROGRAMS	17.249	CHILDREN FAMILIES & LEARNING	845,846
	WELFARE TO WORK	17.253	ECONOMIC SECURITY	5,712,706
		17.253	STATE COLLEGES & UNIVERSITIES	936,173
	TRAINING FULFILLMENT CENTERS	17.261	STATE COLLEGES & UNIVERSITIES	37,751
	OCCUPATIONAL SAFETY & HEALTH-STATE PROGRAM	17.503	LABOR & INDUSTRY	3,842,479
	CONSULTATION AGREEMENTS	17.504	LABOR & INDUSTRY	996,545
	MINE HEALTH & SAFETY GRANTS	17.600	STATE COLLEGES & UNIVERSITIES	159,809
NATIONAL & COMMUNITY SERVICE COMMISSION				
	RETIRED SENIOR VOLUNTEER PROGRAM	94.000	HUMAN SERVICES	23,260
	STATE COMMISSIONS	94.003	CHILDREN FAMILIES & LEARNING	291,483
		94.003	ECONOMIC SECURITY	127,309
	DEVELOPMENT SERVICE LEARNING	94.004	CHILDREN FAMILIES & LEARNING	578,531
	LEARN & SERVE AMERICA-HIGHER EDUCATION	94.005	STATE COLLEGES & UNIVERSITIES	200,818

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**STATE OF MINNESOTA
NONMAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
NATIONAL & COMMUNITY SERVICE COMMISSION (Continued)				
AMERICORPS		94.006	CHILDREN FAMILIES & LEARNING	\$ 3,430,318
		94.006	NATURAL RESOURCES	39,663
		94.006	STATE COLLEGES & UNIVERSITIES	759,189
PLANNING & PROGRAM DEVELOPMENT		94.007	CHILDREN FAMILIES & LEARNING	233,164
TRAINING & TECHNICAL ASSISTANCE		94.009	CHILDREN FAMILIES & LEARNING	150,330
NATIONAL AERONAUTICS & SPACE ADMINISTRATION				
AEROSPACE EDUCATION SERVICES		43.001	STATE COLLEGES & UNIVERSITIES	165,646
TECHNOLOGY TRANSFER		43.002	STATE COLLEGES & UNIVERSITIES	44,771
NATIONAL FOUNDATION ARTS & HUMANITIES				
PROMOTION OF THE ARTS-STATE/REGIONAL		45.025	STATE ARTS BOARD	609,076
		45.025	STATE COLLEGES & UNIVERSITIES	1,633
PROMOTION OF HUMANITIES-FEDERAL/STATE PARTNERSHIP		45.129	STATE COLLEGES & UNIVERSITIES	15,447
PROMOTION OF THE HUMANITIES		45.164	STATE COLLEGES & UNIVERSITIES	344
STATE LIBRARY PROGRAM		45.310	CHILDREN FAMILIES & LEARNING	1,765,764
NATIONAL SCIENCE FOUNDATION				
MATHEMATICAL & PHYSICAL SCIENCES		47.049	STATE COLLEGES & UNIVERSITIES	256,619
GEOSCIENCES		47.050	STATE COLLEGES & UNIVERSITIES	35,048
BIOLOGICAL SCIENCES		47.074	STATE COLLEGES & UNIVERSITIES	115,933
SOCIAL, BEHAVIORAL & ECONOMIC SCIENCES		47.075	STATE COLLEGES & UNIVERSITIES	10,770
EDUCATION & HUMAN RESOURCES		47.076	STATE COLLEGES & UNIVERSITIES	1,056,703
SMALL BUSINESS ADMINISTRATION				
SMALL BUSINESS DEVELOPMENT CENTER		59.037	STATE COLLEGES & UNIVERSITIES	742,172
		59.037	TRADE & ECONOMIC DEVELOPMENT	1,330,880

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
SOCIAL SECURITY ADMINISTRATION				
	SOCIAL SECURITY RESEARCH & DEMONSTRATION	96.007	ECONOMIC SECURITY	538,245
		96.007	HUMAN SERVICES	7,001
	SOCIAL SECURITY-BENEFITS PLANNING, ASSIST, OUTREACH	96.008	ECONOMIC SECURITY	162,583
Disability Insurance/SSI Cluster				
	SOCIAL SECURITY-DISABILITY INSURANCE	96.001	ECONOMIC SECURITY	17,948,795
Disability Insurance/SSI Cluster Total:				\$ 17,948,795
STATE				
	PROFESSIONAL DEVELOP-EDUCATORS/ADMINISTRATION	19.404	STATE COLLEGES & UNIVERSITIES	500
	COLLEGE AND UNIVERSITY PARTNERSHIPS PROGRAM	19.405	STATE COLLEGES & UNIVERSITIES	68,823
TRANSPORTATION				
	BOATING SAFETY FINANCIAL ASSISTANCE	20.005	NATURAL RESOURCES	1,784,023
	AVIATION EDUCATION	20.100	STATE COLLEGES & UNIVERSITIES	3,655,161
		20.100	TRANSPORTATION	2,008,061
	HIGHWAY TRAINING & EDUCATION	20.215	STATE COLLEGES & UNIVERSITIES	321,040
	MOTOR CARRIER SAFETY ASSISTANCE PROGRAM	20.218	PUBLIC SAFETY	3,449,430
	LOCAL RAIL FREIGHT ASSISTANCE	20.308	TRANSPORTATION	31,416
	FEDERAL TRANSIT TECHNICAL STUDIES GRANTS	20.505	TRANSPORTATION	3,811,444
	PUBLIC TRANSPORTATION-NONURBANIZED AREA	20.509	TRANSPORTATION	6,345,459
	CAP ASSIST FOR ELDERLY AND DISABLED	20.513	TRANSPORTATION	381,080
	OCCUPANT PROTECTION	20.602	PUBLIC SAFETY	226,646
	FEDERAL HIGHWAY SAFETY DATA IMPROVEMENT	20.603	PUBLIC SAFETY	33,084
	PIPELINE SAFETY	20.700	PUBLIC SAFETY	964,617
	INTERAGENCY HAZARD MATERIALS TRAINING	20.703	PUBLIC SAFETY	313,638
		20.703	STATE COLLEGES & UNIVERSITIES	27,939
Federal Transit Cluster				

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, 2002**

Federal Agency	Federal Program Name	CFDA Number	State Agency	Federal Expenditures
TRANSPORTATION (Continued)				
	FEDERAL TRANSIT CAPITAL IMPROVEMENT	20.500	TRANSPORTATION	\$ 1,544,957
	FEDERAL TRANSIT FORMULA GRANT	20.507	TRANSPORTATION	10,992,970
			Federal Transit Cluster Total:	\$ 12,537,927
Highway Safety Cluster				
	STATE & COMMUNITY HIGHWAY SAFETY	20.600	PUBLIC SAFETY	4,419,269
		20.600	STATE COLLEGES & UNIVERSITIES	20,400
	ALCOHOL TRAFFIC SAFETY/DRUNK DRIVING PREVENTION	20.601	PUBLIC SAFETY	913,248
	SAFETY INCENTIVE GRANTS FOR USE OF SEATBELTS	20.604	PUBLIC SAFETY	1,722,561
			Highway Safety Cluster Total:	\$ 7,075,478
VETERANS AFFAIRS				
	VETERANS STATE DOMICILIARY CARE	64.014	VETERANS HOMES	2,010,427
	VETERANS STATE NURSING HOME CARE	64.015	VETERANS HOMES	10,082,945
	CHAPTER 36 COUNSELING	64.125	LABOR & INDUSTRY	30,324
		64.125	STATE COLLEGES & UNIVERSITIES	3,002
	STATE CEMETERY GRANTS	64.203	VETERANS AFFAIRS	746,345
Total Nonmajor Programs:				\$467,306,776

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

STATE OF MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2002

These notes provide disclosures relevant to the schedules of expenditures of federal awards presented on the preceding pages.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The reporting policies for fiscal year 2002 conform to the Federal Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The required Schedule of Expenditures of Federal Awards is presented for the state's fiscal year ended June 30, 2002. The Schedule of Expenditures of Federal Awards is divided into two sections: major and nonmajor federal programs.

The auditor uses a risk-based approach as defined in the U.S. Office of Management and Budget (OMB) Circular A-133 to determine which federal programs are major programs. Programs expending \$18.7 million or more in federal awards are Type A programs and are considered major programs. Type B programs are programs expending less than \$18.7 million in federal awards. If the auditors assess Type A programs as low-risk, they may replace Type A programs by higher risk Type B programs as major programs.

For purposes of financial reporting, the Catalog of Federal Domestic Assistance (CFDA) number from the June 2002 basic edition catalog identifies federal programs. The schedules are presented in numeric CFDA order within each federal agency.

Financial Reporting Entity of the State of Minnesota

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

The federal programs included in this report are part of the state's primary government. Separate single audit reports issued by individual entities report on the federal programs administered by discretely presented component units.

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

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

Basis of Accounting

The state's Comprehensive Annual Financial Report and these supplemental schedules are presented in accordance with generally accepted accounting principles (GAAP), 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 special revenue fund), but several other special revenue funds (Trunk Highway, Minnesota Resources, Game and Fish, and Miscellaneous Special Revenue funds) and enterprise funds (MnSCU Activities and Unemployment Insurance funds) include federal activity. The Minnesota Accounting and Procurement System is the primary source of financial information. Some state agencies maintain additional manual records or separate cost accounting systems to provide additional information.

Classification of Statement Information

Expenditures are presented for all federal programs and include amounts subgranted to other state or local governmental units, nongovernmental organizations or individuals. Subgrant expenditures are recognized by the primary state agency subgranting the funds, not by the state agency receiving a subgrant from the primary state agency except for portions of Temporary Aid for Needy Families (TANF) CFDA 93.558. TANF subgrants, 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.

2. PERKINS AND NURSING STUDENT LOAN PROGRAMS

The amount reported on the financial statements for the Perkins Loans (CFDA 84.038) for the Minnesota State College and University System is the administrative and collection costs. Below is a summary of the loan activity for the Perkins Loans and Nursing Loans (NSL) program (CFDA 93.364) during fiscal year 2002.

	Perkins	NSL
Loans Receivable Beginning	\$ 36,328,891	\$ 158,280
Loan Repayments	(6,222,238)	(21,725)
Loan Cancellations	(568,234)	(980)
New Loans Issued	6,135,879	14,950
Loans Receivable Ending	<u>\$ 35,674,298</u>	<u>\$ 150,525</u>

3. FEDERAL FAMILY EDUCATION LOAN PROGRAMS

The Minnesota State College and University System (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 Family Education Loans (FFEL) program (CFDA 84.032), financial institutions make loans to students attending institutions of higher education. The Federal Direct Student Loan (FDSL) program (CFDA 84.268) operates similarly to the FFEL program except that the federal government, rather than a private lender, provides the loan principal to the student. MnSCU distributed the following FFEL and FDSL loans to students attending state colleges or universities during fiscal year 2002.

Federal Family Education Loans Issued:

Federal Subsidized Stafford	\$ 85,392,047
Federal Unsubsidized Stafford	81,264,405
Federal Parent Loans for Undergraduate Students	1,227,403
Total Federal Family Education Loans	<u>\$ 167,883,855</u>
 Federal Direct Student Loans	 <u>\$ 37,683,979</u>

4. FOOD STAMPS PROGRAM

The amounts reported on the schedule for the Food Stamps program (CFDA 10.551) primarily consist of electronic benefits and emergency cash payments to individuals. During fiscal year 2002, the state also issued food coupons to recipients totaling \$2,105. Inventory of food stamps on hand at June 30, 2002 is valued at \$258,843.

5. OIL OVERCHARGE FUNDING

Grants made from oil overcharge funds are included in this report as federal expenditures for the Weatherization Assistance (CFDA 81.042) program. Loans are also administered from these funds by the departments of Finance and Commerce. A summary of the loan activity for fiscal year 2002 is shown below.

	Finance	Commerce
Loans Receivable Beginning	\$ 1,444,972	\$ 427,413
Loan Repayments	(799,807)	(168,379)
New Loans Issued	108,851	155,404
Loans Receivable Ending, Federal	<u>\$ 754,016</u>	<u>\$ 414,438</u>

6. WOMEN, INFANTS AND CHILDREN 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 for program purposes. During fiscal year 2002, the state of Minnesota received a total rebate of \$19,261,565 on sales of formula to participants in the WIC program.

7. UNEMPLOYMENT INSURANCE PROGRAM

For fiscal year 2002, expenditures for the Unemployment Insurance program (CFDA 17.225) include federal and state unemployment insurance grant expenditures as well as federal administrative expenditures. The federal unemployment insurance grant expenditures were \$95,246,152 and the state unemployment insurance grant expenditures were \$847,486,883. The federal administrative expenditures were \$43,631,880, which includes REED Act expenditures of \$1,226,570. The Unemployment Insurance Program serves workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work. For audits and reporting under OMB Circular A-133, the U.S. Department of Labor requires that both federal and state unemployment insurance funds be considered federal awards for determining Type A (major) federal programs and for reporting expenditures of federal awards.

8. FOOD COMMODITIES

The Food Distribution program (CFDA 10.550) for the Department of Children, Families and Learning receives food commodities from the U.S. Department of Agriculture. The expenditures consist of non-cash contributions in the form of food commodities provided for distribution to school districts and other organizations. During fiscal year 2002, the state of Minnesota received food commodities of \$17.6 million.

9. WATER QUALITY CAPITALIZATION GRANTS

Water quality capitalization grants (CFDA 66.458) are used by states to create revolving funds which will provide financing for construction of wastewater treatment facilities and implementation of other water quality management activities. Loans are administered from these funds by the departments of Trade and Economic Development, Agriculture, and Pollution Control. The state's loan programs are Tourism Septic Loan (TLP), Small Cities (SCDP), Agriculture Best Management Practices (AG BMP) and Clean Water Partnership (CWP). A summary of the loan activity for fiscal year 2002 is shown below.

	<u>TLP</u>	<u>SCDP</u>	<u>AG BMP</u>	<u>CWP</u>
Loans Receivable Beginning	\$ 327,416	\$ 911,862	\$ 29,841,033	\$ 9,458,221
Loan Repayments	(59,063)	(112,997)	(289,514)	-
New Loans Issued	125,597	-	5,188,103	992,448
Loans Receivable Ending	<u>\$ 393,950</u>	<u>\$ 798,865</u>	<u>\$ 34,739,622</u>	<u>\$ 10,450,669</u>

10. CFDA NUMBERS

The U.S. Department of Labor required that expenditures for program year 2000 funds awarded in fiscal year 2001 be reported in CFDA 17.255 (WIA-Adult and Youth). CFDA 17.255 was used in the federal expenditure schedule for all program year 2000 Adult, Youth and Dislocated Worker awards expended through June 30, 2002. Program year 2001 WIA formula awards, which started on April 1, 2001 and July 1, 2001, are now separately reported in WIA-Adult (CFDA 17.258), WIA-Youth (CFDA 17.259) and WIA-Dislocated Workers (CFDA 17.260).

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 presented are no longer operating programs. These programs resulted in funds being carried over from previous years. In other cases, the Department of Finance assigned a number. State agencies using the number assigned by the Department of Finance in fiscal year 2002 were asked to work with the federal granting agency to obtain a valid CFDA number for the grant program.

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CORRECTIVE ACTION PLANS SECTION

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**State of Minnesota
Department of Finance**

**Schedule of Corrective Action Plans
for Financial Statement and Federal Program Audit Findings
Fiscal Year Ended June 30, 2002**

PURPOSE

This schedule is presented to comply with the reporting requirements under the U.S. Office of Management and Budget (OMB) Circular A-133. Those audit findings required to be reported under this Circular associated with the fiscal year 2002 financial audit and single audit are included in this schedule.

This schedule is intended to identify corrective action plans by a state agency to resolve current year audit findings. The schedule includes the Office of the Legislative Auditor report number and finding number⁽¹⁾; the individual responsible for implementation of the corrective action plan; estimated completion dates of the corrective action; and a description of the corrective action to be taken. The schedule is sorted by audit report number and finding number. If a state agency does not agree with the audit findings or believes corrective action is not required, the corrective action plan includes an explanation and specific reasons why the state agency disagrees.

SOURCE OF INFORMATION

The narrative for the corrective action plans was extracted from agency responses to the Legislative Audit findings in the referenced reports. The agency response is included as part of the published audit report, and can be found by reviewing the referenced audit report. If the state agency response did not include an individual responsible for implementation of corrective action plans and/or estimated completion dates, the state agency was contacted in an attempt to obtain this information.

⁽¹⁾Audit reports and findings by other auditors are also included in the schedule.

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
<hr/>		
02-26-01	Ray Kermode	September 2002
<p>The Mainframe Security Function unit is identifying a contact ("owner") for each authorized access and recording this access in the ACF2 database. Plans are being developed for the installation of the latest version of ACF2 that permits elimination of exits allowing read-only access to the data on the mainframe that does not have ACF2 rules. Following installation, all uses of this exit require review and where appropriate and necessary, they will be eliminated.</p>		
02-26-02	Ray Kermode	September 2002
<p>The Mainframe Security Function unit at InterTechnologies is developing an ongoing review and annual re-certification process for all ACF2 access authorizations to ensure that all privileged accesses that have been previously certified remain appropriate and necessary, and that the documentation remains current. Developed a step-by-step procedure to review all ACF2 authorized accesses for appropriateness and necessity, and to deactivate or limit any determined to be inappropriate and/or unnecessary. Those determined to be appropriate and necessary will be certified as being acceptable.</p>		
02-26-04	Ray Kermode	September 2002
<p>The Mainframe Security Function unit at InterTechnologies is working with state agency security officers to develop written documentation providing guidance, as necessary, in describing each ACF2 access authorization.</p>		
02-53-01	Kate Wulf, Director, MAXIS Division	June 30, 2003
<p>Several security reviews have been conducted focusing on various parts of the operation. The Department of Human Services agrees with the recommendation that MAXIS should designate a single employee to coordinate security and oversee ongoing security risk assessment. The department will need to look into securing additional resources for a new position.</p>		
02-53-02	Kate Wulf, Director MAXIS Division	February 28, 2003
<p>The Department of Human Services has reassessed security clearances for users identified in the audit. Clearances have been removed or revised commensurate with the employees' job duties. Security groups have also been reexamined. As a result of this review, some members were either removed entirely from the system or moved to groups that were appropriate to their job responsibilities.</p>		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
<hr/>		
02-53-03	Kate Wulf, Director, MAXIS Division	February 28, 2003
MAXIS system security staff met with other Department of Human Services security staff about the exposure identified in the audit. JCL has already been revised to remove some exposure and more changes are planned.		
02-57-01	John Vanderwerf	March 2003
The Departments of Employee Relations and Finance are reviewing security to make sure that security is granted appropriately. The departments are removing authorities that are not needed on an on-going basis in the current system. It is necessary to maintain powerful security clearances for selected employees that have responsibility to resolve problems within the application systems. Many of the problem resolutions occur after normal working hours and access must be available to them with little notice. The departments will also continue to use logging and detection reporting to monitor the changing of information by these employees. As job responsibilities and system requirements change, security clearance for these employees will be reviewed and their authority adjusted accordingly.		
02-57-02	John Vanderwerf	October 2002
The Departments of Employee Relations and Finance will meet quarterly with InterTechnologies to monitor and approve all security clearances authorized to manage the SEMA4 environment.		
02-62-01	Dave DeJonge	July 2003
Public Employees Retirement Association (PERA) will develop more formal risk assessments and document the resulting security policies, procedures, and standards. PERA plans to hire a full-time network/security administrator to perform security duties. On an on-going basis PERA will continue to assess the situation and determine if additional monitoring tools or better ways to deal with the data received are needed. PERA will also periodically scan the infrastructure for common security vulnerabilities.		
02-62-02	Dave DeJonge	Complete
Public Employees Retirement Association will continue to review and assess the firewall rules on a regular basis.		
02-62-03	Dave DeJonge	December 2002
Public Employees Retirement Association is developing formal processes to identify and review new patches, determine the necessity and risks associated with the patch, which equipment is affected by the patch, and how quickly it needs to be applied.		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
02-62-04	Dave DeJonge	April 2003
Public Employees Retirement Association (PERA) is in the process of password protecting accounts and testing the changes to make sure the software still works correctly. Database accounts will be reviewed periodically, eliminating unused accounts and to determine the validity of access for individual users. PERA is building a database that replicates the production database so that those employees who need information directly from the database can get that information without actually connecting to the production database. PERA is changing the security on the production database to application level security.		
02-62-05	Dave DeJonge	May 2003
Public Employees Retirement Association is in the process of changing the way some of their software accounts interact with other software, databases and servers to see if there are ways to reduce security clearances on the software accounts. Employees presently share their login password with the network administrator and help desk administrator. Those two individuals assist users when they have computer problems and handle all of the upgrades and maintenance issues. Passwords are reviewed by an administrator to ensure that strong passwords are used.		
02-62-06	Dave DeJonge	Complete
Public Employees Retirement Association limited the number of access points through the firewall immediately once the auditors pointed out this weakness. The department will continue to review and monitor access points.		
02-65-02	Tom Keefe and Suellen Rau, Information Education and Licensing Bureau	December 31, 2002
The Department of Natural Resources will review current internal controls on refunds, ensure adequate controls are in place and implement additional controls that are warranted. The department will attempt to pursue legal authorization to grant refunds as part of the legislative agenda during the 2004 session.		
02-65-03	Suellen Rau, Information Education and Licensing Bureau	June 30, 2003
The License Center will keep mail with checks enclosed locked in file storage until processed. An update to the exemption from the daily deposit has been sent to the Department of Finance.		
02-65-04	Linda Schneider, Information, Education and Licensing Bureau	June 30, 2003
The Department of Natural Resources (DNR) is working with Central Bank and DNR MIS on developing reports to calculate the information from the Central Bank system.		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
<hr/>		
02-65-06	Suellen Rau and Tom Keefe, Information Education and Licensing Bureau	
The Department of Natural Resources will continue the review of security needs, and implement needed changes as funding and time become available.		
02-66-05	Brian Hiti, Acting Commissioner	
The Iron Range Resources and Rehabilitation Agency believes that the transactions to provide financial assistance to the Iron Range Ventures (IRV) were legal and authorized uses of Northeast Minnesota Economic Protection Fund monies. IRV has shown a very clear and identifiable benefit to the Taconite Tax Relief Area.		
02-66-06	Brian Hiti, Acting Commissioner	
The Iron Range Ventures has complied with all requirements of the respective agreements, with compliance being carefully monitored by agency staff. An amendment will be added to the Iron Range Resources and Rehabilitation Agency's (IRRRA) current agreement that specifically deals with the correct definition of the term "equity" and also identifies allowable expenditures of IRRRA.		
02-68-01	Steve Olson	November 2002
In May 2002, the Department of Finance began logging and monitoring activity performed by information technology professionals with extremely powerful security clearances. This effort was completed in October 2002. In July 2002, the department implemented a security change to restrict many CITA users to accessing their own agency's data, and worked with InterTechnologies staff to resolve technical issues.		
02-68-02	Mary Kill	Complete
The issue of securing powerful MAPS accounts so that unauthorized people cannot use them was resolved in July 2002. As an additional precaution, the department monitors files so that instances of risk that may arise in the future can be detected.		
03-06-01	Dan Salomone, Commissioner	
The Department of Revenue has implemented greater scrutiny of the reports from counties and new audit steps have been put into effect to ensure that airports are properly excluded from the state tax base. The department has been active in developing legislative improvements to the state tax, including more explicit direction for dealing with errors.		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
<hr/>		
03-08-01	David A. Johnson, Assistant Commissioner	Complete
<p>The Minnesota Department of Health established processes whereby funds are encumbered for each conference, training session or meeting at the time approval is required. This eliminates the guesswork at the time the payment is made as to in which state fiscal year the payment should occur.</p>		
03-10-01	Elaine Bliss	Complete
<p>On October 24, 2002, the Commissioners from the Department of Trade and Economic Development and the Department of Economic Security signed a Memorandum of Understanding outlining various duties that the Department of Economic Security will provide in support of the Dislocated Worker Program for fiscal year 2003. The subrecipient audit monitoring and resolution function is included in these duties.</p>		
03-11-02	Ramona Scarpace, Director Assessment and Integrity Division	December 31, 2003
<p>The Department of Human Services will work with each county agency to ensure that income discrepancies are resolved in a timely manner. In addition, the department will be undertaking an intensive project with Hennepin County with the goal of resolving all overdue and future income discrepancies within an appropriate time frame.</p>		
03-11-03	Kate Wulf, Kathleen Henry and Larry Woods	March 31, 2003
<p>The Department of Human Services developed and implemented a reliable reconciliation report in September 2002 utilizing client eligibility information transferred from MMIS and MAXIS to the department's data warehouse. Discrepancies are reported to county workers for resolution, and department staff contact workers with high discrepancy rates to give them specific resolution instructions. In addition, the department will implement a new step in the reconciliation process in March 2003 by automatically closing selected individuals whose discrepancy is not satisfactorily resolved. Staff will continue to monitor the process and contact county workers with high error rates.</p>		
03-11-04	Wayland Campbell, Director, Child Support Enforcement Division	May 31, 2003
<p>The Department of Human Services originally believed it was in substantial compliance with the requirement because over 80 percent of Minnesota citizens voluntarily provide SSN information when applying for their driver's licenses, and a valid driver's license or state I.D. card is a requirement to obtain a recreational license. The department presented that argument in the form of a waiver request and the request was ultimately rejected. Therefore, the department is proposing legislation to meet the federal requirements this year.</p>		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
Corrective Action Plan		
03-11-05	Larry Woods, Director, Health Care Operations Division	June 30, 2003
The Department of Human Services will revise its receipt procedures to include sending a copy of the appropriate receipt registers to the controlling program area. The program area will then be able to verify amounts deposited into their accounts against the accounting records provided to them by the Special Recovery Unit.		
03-11-06	Jon Darling, Director, Financial Management Division	June 30, 2003
The Department of Human Services has reimbursed the 2002 USDA accounts using negative letter of credit draws and then filed a federal back claim for the eligible costs from the 2001 USDA accounts. The department also corrected the 2001 and 2002 federal cost reports. The department reimbursed the 2002 USDA account for the unallowable county administrative costs using a negative letter of credit draw. The shortfall was recovered from the state account and the 2002 federal cost report was corrected. The federal share of food stamp administrative costs is slightly overstated due to the rounding of county costs by the department's cost allocation system. Any future system enhancements will include a review of this rounding problem to determine if the cost of reprogramming would be practical compared to the benefits that would be realized. The department has corrected its internal procedures to prevent future erroneous occurrences. A corrective action plan was filed on November 22, 2002 with the USDA. The department is awaiting final acceptance and resolution from the federal agency.		
03-11-07	Kate Wulf, Director, MAXIS Division	Complete
The Department of Human Services consulted with the USDA Food and Nutrition Service (FNS) on the disposition of the excess food stamp coupons. The FNS has asked the department to maintain its coupon inventory as it is not cost effective to return the supply to FNS, and the department will be unable to get any additional coupons once the inventory is depleted.		
03-11-08	Jon Darling, Wayland Campbell and Larry Woods	June 30, 2003
The Department of Human Services will continue to work with the Department of Finance and the Office of the Legislative Auditor to modify the Department of Finance's financial reporting instructions to reflect the new government accounting principles concerning revenue and accounts receivable recognition. The department is also modifying the Benefit Recovery procedures to recognize on a quarterly basis legally established claims as a department receivable.		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
03-13-01	Richard Stanek, Commissioner	Complete
<p>The Department of Public Safety will change the language in the grant shell to require audits within six months of the grantee's fiscal year. In July the single audit coordinator will issue reminder letters to subrecipients requesting audits. Letter will be issued in September from the Director of Fiscal and Administrative Services to any subrecipients who have not turned in an audit report. The Commissioner of Public Safety and the division program managers will be notified at this time of the noncompliance.</p>		
03-14-02	Cal Ludeman, Commissioner	
<p>The Public Employees Insurance Program (PEIP) provides health, dental and life insurance coverage. The dental and life insurance coverages are fully insured, and therefore the program's only claim liability at year-end related to unpaid medical claims. The reporting of Required Supplemental Information (RSI) requires that financial data be identified on a fiscal and policy year basis. Public entities that participate in PEIP have different renewal/policy dates (renewals occur during each of the calendar months). The Department of Employee Relations (DOER) recommends that the RSI be reported on a fiscal year basis (ending June 30th). Assuming a June 30th policy year, it will then be necessary to identify during which fiscal year the claims were paid. This information can only be provided by the carriers and has not yet been requested or provided. DOER will contact the carriers to determine how much historical information they can provide, and attempt to acquire this information for fiscal year 2003.</p>		
03-15-01	Ken Gorsegner, Director of Management Services	
<p>The newly appointed Director of Management Services within the Department of Children, Families and Learning is working to correct the problem of relying on one employee to maintain its critical information systems. Staff will cross-train on the PAYS and IDEAS systems.</p>		
03-15-03	Cheri Pierson Yecke, Commissioner	
<p>Directors and supervisors are required to document, in writing, an employee's time so that the Department of Children, Families and Learning is correctly charging administrative salaries to federal accounts. The documentation will be maintained with the director of the appropriate division, with the director of administrative services and in human resources. This will provide a back-up system in case documentation is lost.</p>		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
<hr/>		
03-15-04	Tom Melcher, Director of Prog. Finance and Ken Gorsegrner, Director of Mgmt. Svcs.	
Beginning with the report on expenditures for fiscal year 2002, staff preparing the report will retain an electronic copy of each query as well as a paper copy. A copy of the report and all supporting database queries will also be provided to the Director of Program Finance at the time the report is submitted to the federal government, and retained in the director's files.		
03-15-05	Cheri Pierson Yecke, Commissioner	
The Department of Children, Families and Learning (CFL) staff discovered that the district was using inappropriate accounting procedures that did not differentiate the costs of the food program between migrant eligible and non-eligible participants. As a result, the district has reimbursed the CFL Migrant Education Program for the over expenditures for the summer of 2001. CFL staff will provide technical assistance to the fiscal agent for the summer of 2003 MEP program so that the district will use appropriate accounting practices to bill only eligible MEP participants for meals served for the Summer Food Service Program. The formal food service agreement with the district will reflect these new accounting requirements. Staff will make site visits to the MEP projects throughout the summer to assure that CFL charges only for the excess costs of the meals of MEP participants.		
03-15-06	Cheri Pierson Yecke, Commissioner	
The Department of Children, Families and Learning staff within the administrative services division and staff within each appropriate division will be required to attend training with regard to state laws on contracting, grantmaking, indirect costs and the state's accounting principles and systems, including properly recording transactions on the state's accounting system. The department will work with staff so that generally accepted accounting principles are used.		
03-16-01	John Stavros, Chief Financial Officer	Complete
The Department of Economic Security disagrees with the finding. The types of activities outlined in the contract are not inconsistent with what is defined by the federal government as a legitimate use of Workforce Investment Act funds. The department confirmed this interpretation with the USDOL Office of Financial and Administrative Services.		
03-16-02	John Stavros, Chief Financial Officer	Complete
When the Department of Economic Security prepares the two reports next year, they will ensure that they are in agreement.		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
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03-16-03	John Stavros, Chief Financial Officer	Complete
The Department of Economic Security will treat subsequent agreements in a manner consistent with federal guidelines.		
03-17-01	Barb Ruckheim, Financial Reporting Director	June 30, 2003
The financial reporting software is not part of the statewide accounting system, but is a reporting tool used by financial reporting to prepare the Comprehensive Annual Financial Report. Access is limited to employees in financial reporting. Four of the five recommendations have been implemented including separate passwords for the two employees with administrative responsibilities. The remaining issue related to establishing individual access accounts to Idata will be implemented by June 30, 2003.		
03-17-02	Barb Ruckheim, Financial Reporting Director	September 30, 2003
The Department of Finance publishes two separate budgetary reports, the Fund Balance Analysis Report (FBA) and Legal Level of Budgetary Control Report (LLBC), which have two distinct purposes. The FBA and the LLBC do not use the same criteria to account for financial events because of the different purposes. The FBA is used for budget planning to develop budgets with a multiple year future perspective. The LLBC is required by Generally Accepting Accounting Principles and is used to determine whether the government limited spending within its legally adopted budget on a historical perspective based on a single year. The differences are identified by providing detailed explanations in both the "Summary of Reporting Policies" and in the financial statement notes within the LLBC. The department will work to determine whether or not the differences can be minimized to increase efficiency and reduce the potential for confusion.		
03-17-03	Barb Ruckheim, Financial Reporting Director	June 30, 2003
The Department of Finance will request that MnDOT report the additional accounts payable to the Department of Finance. The department will ensure the information is reflected in the financial statements. The department developed a mechanism to automate the preparation of agency prepared governmental funds to avoid revenue classification differences in the future. The department will work with MnDOT and the Office of the Legislative Auditor to ensure proper accounting of the federal aid receivable. The department is currently working with the Department of Human Services and the Office of the Legislative Auditor to ensure the accuracy and adequacy of the accounts receivable for financial reporting purposes. The department is also drafting an accounts receivable policy for financial reporting purposes to address recent accounting changes. The department will request additional accounts payable information from the Department of Children, Families and Learning's subsystem. The department is working with the Iron Range Resources and Rehabilitation Agency to ensure the transactions are properly reflected in the Giants Ridge financial statements.		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
Corrective Action Plan		
03-18-01	Glenn Wilson, Commissioner	Various
<p>The Department of Commerce will include the fair market value of mutual fund shares and dividend reinvestment accounts in their reports to the Department of Finance. The department has forwarded the mutual fund and dividend reinvestment records to it's securities custodian, Wells Fargo. Wells Fargo is in the process of transferring the shares from the owner of record to the custody accounts in place for the department. The department holds shares in approximately 722 separate funds and plans. The majority of the shares will be moved to Wells Fargo by the end of March, 2003. A small percentage of the funds and plans are segregated by dividend post date and are scheduled to transfer by May 1, 2003. After that date, the market value of the shares will be reflected in Wells Fargo's monthly reports to the department. Shares from the 722 funds and plans will be transferred into an account to be sold in 2006. Mutual funds and dividend reinvestment shares remitted in 2003 will be held in an account to be sold in 2007. The Accounting and Unclaimed Property units will work with the Department of Finance to develop and implement a method to estimate accrued revenue from holder reports. The Unclaimed Property unit will report accrued reciprocal unclaimed property payables and receivables in applicable financial statements at the end of each fiscal year. The Accounting unit will recognize unclaimed property obligations in the year the claims were authorized.</p>		
03-18-02	Glenn Wilson, Commissioner	May 1, 2003
<p>The Department of Commerce Accounting unit has reconciled cash receipts in the unclaimed property database to the MAPS accounting system. The unit reconciled these receipts through February 28, 2003. The unit will continue to perform a monthly reconciliation. Additionally, the Unclaimed Property unit will complete another reconciliation within the unclaimed property database. This second process will reconcile unclaimed property receipts to unclaimed property holder reports. The Unclaimed Property unit receives monthly securities reports from Wells Fargo Bank. The reports detail additions and payments from the department's securities accounts. The Unclaimed Property unit is developing a method to reconcile these monthly reports with the unclaimed property database.</p>		
03-19-01	Kevin Gray, Finance and Administration Director	Complete
<p>Minnesota Department of Transportation has taken steps to ensure adequate review and separation of duties in the right of way accounting area.</p>		
03-19-02	Kevin Gray, Finance and Administration Director	September 2003
<p>The Minnesota Department of Transportation will work with the Department of Finance and the Office of the Legislative Auditor to ensure certain transportation financial activity is fairly presented on the state's financial statements.</p>		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
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03-19-03	Richard Stehr, Robert Winter and Julie Skallman	July 2003
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The Minnesota Department of Transportation's Office of Environmental Services will conduct "just-in-time" training for district projects that include building removal/demolition work to ensure that the department is in compliance with federal and state reporting requirements. Contractors will not be allowed to start removal/demolition work unless the notice procedure has been followed per the contract. A Quality Control plan to share with the districts has been completed. An internal team is reviewing the wording of compliance requirements to ensure clarity, responsibility and understanding. The department will conduct an advance review for state, city, and county projects to ensure that the appropriate entity is contacted, people are trained, and the contractor complies with requirements.

03-19-04	Richard Stehr, Julie Skallman and Robert Winter	October 2003
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The Minnesota Department of Transportation (MnDOT) is working with the Pollution Control Agency (PCA) staff to develop new standards and a new process. The department is developing a Memorandum of Understanding between PCA and MnDOT that defines and clarifies requirements as they relate to transportation projects. MnDOT's State Aid Division advised cities and counties of neglected items at their annual meetings in January, reminding them of importance of performing weekly inspections and being mindful of permit expiration dates. That reminder will be repeated at District meetings and in the State Aid newsletter. State Aid provided Erosion Control Handbooks, and encouraged training to ensure compliance with NPDES requirements. MnDOT has directed project engineers to comply with MPCA permit requirements.

03-19-05	Julie Skallman, Rorbert Winter and Richard Stehr	Various
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The Minnesota Department of Transportation concurs with the recommendations and will take actions to improve certain project oversight procedures.

03-20-01	Gene Merriam, Commissioner	June 30, 2003
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The Department of Natural Resources agrees to implement changes to its input codes such that land transactions submitted for federal reimbursement can be retrieved on a fiscal year basis. The department will comply with the audit recommendation to denote equipment that has been submitted for federal reimbursement on a fiscal year basis. The department further agrees with the recommendation that the agency complete a physical inventory of capital assets as required by current state policy and procedure.

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
03-20-02	Gene Merriam, Commissioner	Complete
<p>The Department of Natural Resources will ensure that contracts are implemented according to the provisions contained in the agreement. The department will ensure the necessary language has been included in all state and local subgrant agreements. That language will clearly define the allowable period in which expenditures incurred are eligible for reimbursement and that the department will not process eligible reimbursements until after the contract as been fully executed.</p>		
D&T-04	Margaret Jenniges, Director of Financial Reporting	
<p>Minnesota State Colleges and Universities (MnSCU) will address this issue with all institutions, with special attention to those having problems during fiscal year 2002. MnSCU will review the process to ensure compliance with collateral requirements and will recommend improvements to those processes as needed. MnSCU will also monitor those institutions with problems in fiscal year 2002, using information from the banks.</p>		
DT-02-1	Margaret Jenniges, Director of Financial Reporting	
<p>Minnesota State Colleges and Universities (MnSCU) concurs with the need to implement procedures. The requirement that equipment purchased with federal funds be inventoried every two years is being incorporated into the MnSCU capital asset procedure. In addition, the requirement and clarification will be added to the Perkins Operational Handbook.</p>		
DT-02-2	Jackie Olsson, Financial Aid Director	Complete
<p>North Hennepin Community College accepts this finding. A new Financial Aid Director has been hired to fill the vacant position that existed at the time of the finding. The new Financial Aid Director is committed to filing the Pell grant reports with the U.S. Department of Education in a timely manner.</p>		
DT-02-3	Dawn Reimer, Chief Financial Officer	Complete
<p>North Hennepin Community College accepts this finding. The supporting documentation is believed to exist, but may have been misfiled. Student workers were used in the Business Office to help with filing but numerous alphabetizing errors were found. Therefore, the filing of this type of expenditure documentation will be done by regular Business Office staff, which should avoid this type of problem in the future.</p>		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated Completion Date
Corrective Action Plan		
DT-02-4	Paul Hatch, Financial Aid Director	
<p>Hibbing Community College agrees with the recommendation and will ensure student eligibility by checking with National Student Loan Data System. A new transfer monitoring process has been implemented by MnSCU institutions, including Hibbing Community College, using ISRS. The process identifies potential transfer students and notifies the DOE. This in turn, notifies the reporting institution via alerts and provides any award information not previously reported. Hibbing Community College would like to work with the Office of the Chancellor to also implement a detective control. Such a control would result in the periodic running of the system-wide query designed to detect overages. Results could be communicated to the campuses periodically and over awards resolved in a timely fashion.</p>		
DT-02-5	Jean Pehl, Registrar	Complete
<p>Lake Superior College agrees with the recommendation and will ensure that all transfer students' credits are properly recorded in order to calculate the appropriate class status. A new process has been implemented using the Degree Audit Reporting System (DARS). Transfer credits are entered into DARS by the Associate Registrar and then are exported into ISRS in the appropriate transfer credit field.</p>		
DT-02-6	Jim Cleaveland, Financial Aid Director	Complete
<p>Metropolitan State University agrees with the recommendation and will ensure that all student awards are within allowable Federal Family Education Loans (FFEL) loan limits. This particular case was an isolated occurrence and how the error occurred has been determined. Metropolitan State University is routinely utilizing a system generated report to prevent this type of error from occurring in the future.</p>		
OSA-01-1	Edwin Petrie, Metro Transit Director of Finance	Complete
<p>An internal memorandum was sent to all Council Finance staff regarding journal entry documentation. Staff was advised that all journal entries are to be sufficiently documented in narrative form indicating the purpose of the entry and must be accompanied by adequate supporting documentation. Only related journal entries will be included in a single entry, and all journal entries will be reviewed and approved by designated finance management staff prior to posting.</p>		
OSA-01-2	Edwin Petrie, Metro Transit Director of Finance	Complete
<p>The Metropolitan Council hired a staff person with experience in finance operations and financial reporting. This person is responsible for Metro Transit financial statement preparation.</p>		

STATE OF MINNESOTA
SCHEDULE OF CORRECTIVE ACTION PLANS
FOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	Individual(s) Responsible	Estimated
Corrective Action Plan		Completion Date

OSA-01-3 Edwin Petrie, Metro Transit Director of Finance

For the 2002 audit, the Metropolitan Council will again utilize a financial team to prepare and review financial statement presentation with a team member from Metro Transit added. A team coordinator will be designated to ensure deadlines are met and to coordinate the research and responses to questions and issues resulting from the audit process. Realistic timelines will be set for account analysis with staff accountable for meeting those timelines. Finance staff will develop a detailed schedule to identify statement analyses to be prepared and assign specific staff responsibilities for completing the work. A comprehensive review of Council fund analyses and financial statement presentations will be completed before audit work commences.

OSA-98-6 Edwin Petrie, Metro Transit Director of Finance Complete

The Metropolitan Council redesigned the process for monitoring federal grant accounts in 2001. Prior year reconciling items which were outstanding at year end have been resolved. Outstanding reconciling items will be resolved in a timely manner in the future.

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**State of Minnesota
Department of Finance**

**Status of Prior Statewide Financial Statement Audit Findings
As of December 1, 2002**

PURPOSE

This schedule is presented to comply with the reporting requirements under the U.S. Office of Management and Budget (OMB) Circular A-133. This schedule is intended to identify the status of prior year audit findings, and whether individual audit findings have been resolved or not. For those audit findings that are not fully resolved, a written narrative is included which identifies the agency's progress on the audit finding and plan for resolution of the audit finding.

SOURCE OF INFORMATION

For fiscal year 2002, the Department of Finance used the Office of the Legislative Auditor Findings for fiscal year 2001 as published in the State of Minnesota's 2001 Financial and Compliance Report on Federally Assisted Programs.

The Department of Finance worked with state agency staff and the Office of the Legislative Auditor to determine the status of prior year audit findings and requested written narrative from those state agencies that had audit findings that were not fully resolved.

The organization and terminology used in the schedule are discussed after the status of prior federal program audit findings schedule and narrative.

STATE OF MINNESOTA
STATUS OF PRIOR STATEWIDE FINANCIAL STATEMENT AUDIT FINDINGS
AS OF DECEMBER 1, 2002

STATE AGENCY	PROGRAM NAME	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND NO.	AUDIT REPORT FISCAL YR
PRIMARY GOVERNMENT						
Administration	Intertechnologies Group	Costs not allocated to the proper fiscal year	2	02-05	1	01
Administration	Materials Management Coop Purchasing	Inadequate control over computer system security	2	02-05	2	01
Administration	Print Communications	Inadequate monitoring of accounts receivable	1	02-05	3	01
Administration	Statewide Data Access	Inadequate control of data access	2	00-49	1	00
Administration	Statewide Data Access	Inadequate control of powerful ACF2 privileges	2	00-49	2	00
Administration	Statewide Data Access	Inadequate documentation of ACF2 security infrastructure	2	00-49	4	00
Children, Families & Learning	Information Systems	Inadequate staffing	2	02-16	3	01
Children, Families & Learning	Financial Statement Preparation	Incorrect recording of transactions on accounting system	2	02-16	8	01
Health	Tobacco Endowment	Inadequate review of invoices and payments	1	02-17	1	01
MN State Colleges & Universities	Financial Statement Preparation	Uncollateralized or under-collateralized cash deposits/investments	2	D&T	4	01
MN State Colleges & Universities	Financial Statement Preparation	Inconsistent use of the chart of accounts	1	D&T	6	01
MN State Colleges & Universities	Financial Statement Preparation	Reconciliations not performed	1	D&T	5,7	01
MN State Colleges & Universities	Financial Statement Preparation	Inadequate controls over financial reporting	2	D&T	8	01
MN State Colleges & Universities	Transaction Processing	Inadequate segregation of duties and control over access to assets	2	D&T	9	01
MN State Colleges & Universities	Information Systems	Inadequate implementation of effective security infrastructure	2	D&T	11	01
MN State Colleges & Universities	Revenue Fund Property and Equipment	Inconsistent application of asset capitalization policies	2	D&T	3	01
MN State Colleges & Universities	Revenue Fund Financial Statement Preparation	Lack of reasonableness tests of financial statement amounts	1	D&T	5	01
MN State Colleges & Universities	Revenue Fund Financial Statement Preparation	Inconsistent use of chart of accounts	1	D&T	6	01
MN State Colleges & Universities	Access to MnSCU Data	Inadequate implementation of effective security infrastructure	4	00-53	1	00
Natural Resources	Financial Statement Preparation	Incorrect recording of transactions on accounting system	1	02-07	1	01
Natural Resources	Grants, Timber Sales	Accounting transactions not properly coded	1	01-14	1	00
Trade & Economic Development	Loans Receivable	Inaccurate accounting for certain loans	2	02-11	1	01
Transportation	Financial Statement Preparation	Incorrect recording of transactions on accounting system	1	02-19	7	01
MN State Lottery	Information Systems	Inadequate control over information system security and upgrades	1	SDK	1	01
DISCRETELY PRESENTED COMPONENT UNITS						
MN Housing Finance Agency	Financial Statement Preparation	Lack of knowledge and communication about financial statements	1	(1)	1	01
MN Housing Finance Agency	Loans Receivable	Inadequate analysis of loan loss reserves	1	(1)	2	01
MN Housing Finance Agency	Fixed Assets	No formal guidelines regarding asset useful lives	1	(1)	5	01
MN Housing Finance Agency	Information Systems	Inadequate system security	1	(1)	6	01
MN Housing Finance Agency	Information Systems	Inadequate software change controls	1	(1)	7	01
Metropolitan Council	Metro Transit Transaction Processing	Ineffective finance function and cash management	2	(2)	98-6	01
MN Part. for Action Against Tobacco	Transaction Processing	Lack of separation of duties	1	(3)	1	01

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

2 - Findings not corrected or only partially corrected.

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

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

For Categories 2-3, reference Rpt No and Find No on the Status of Statewide Audit Findings supplemental information for more detail.

**State of Minnesota
Department of Finance**

**Explanation of the Status of Prior Statewide Financial Statement
Audit Findings
As of December 1, 2002**

Reference to Audit Report – “State Agency”

The name of the state agency to which the audit report refers is listed in the first column.

Identification of Program Name – “Program Name”

The prior audit findings are summarized in the schedule by state agency. The program name is identified in the second column of the table.

Finding Summary – “Problem”

Column three contains a brief discussion of the specific problem cited in the respective state agency audit report from the prior year. Users of this report are encouraged to refer to the audit report comments for any items which may interest them, as this is only a brief summary of the problem.

Category of Corrective Action Taken

The fourth column indicates the category of corrective action taken on the audit finding to date. Four standard references in this column have been utilized:

- 1 Indicates that the audit finding has been fully corrected.
- 2 Indicates that the audit finding was not corrected or only partially corrected. The summary schedule shall describe the planned corrective action as well as any partial corrective action taken.
- 3 Indicates that corrective action taken is significantly different from corrective action previously reported in a corrective action plan.
- 4 Indicates that the auditee believes the audit findings are no longer valid or do not warrant further action, the reasons shall be described in the summary schedule.

Report Number and Finding Number

The fifth and sixth columns identify the Office of the Legislative Auditor's audit report number and finding number of the prior audit findings.

Audit Report Fiscal Year

The last column refers to the fiscal year in which the finding was first reported.

Discretely Presented Component Unit Audits

The financial statements of the discretely presented component units listed on the schedule are audited by independent auditors whose reports thereon have been furnished to Minnesota Office of the Legislative Auditor. Complete financial statements of the discretely presented component units may be obtained from their respective administrative offices as follows:

- | | |
|---|--|
| (1) MN Housing Finance Agency
400 Sibley Street, Suite 300
Saint Paul, Minnesota 55101 | (3) MN Partnership for Action Against Tobacco
590 Park Street, Suite 400
Saint Paul, Minnesota 55103 |
| (2) Metropolitan Council
Mears Park Centre
230 East Fifth Street
Saint Paul, Minnesota 55101 | |

**State of Minnesota
Department of Finance**

**Status of Prior Federal Program Audit Findings
As of June 30, 2002**

PURPOSE

This schedule is presented to comply with the reporting requirements under the U.S. Office of Management and Budget (OMB) Circular A-133. All audit report findings associated with major and nonmajor federal programs for fiscal year 2001 are included in this schedule.

This schedule is intended to identify the status of prior audit findings, and whether individual audit findings have been resolved or not. For those audit findings that are not fully resolved, a written narrative is included which identifies the agency's progress on the audit finding and plan for resolution of the audit finding.

SOURCE OF INFORMATION

For fiscal year 2002, the Department of Finance used the Office of the Legislative Auditor Findings for fiscal year 2001 as published in the State of Minnesota's 2001 Financial and Compliance Report on Federally Assisted Programs.

The Department of Finance worked with state agency staff and the Office of the Legislative Auditor to determine the status of prior year audit findings and requested written narrative from those state agencies that had audit findings that were not fully resolved.

The organization and terminology used in the schedule are discussed after the status of prior federal program audit findings schedule and narrative.

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL PROGRAM AUDIT FINDINGS
AS OF JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND NO.	AUDIT REPORT FISCAL YR
U. S. Department of Agriculture							
10.553	School Breakfast Program	Children, Families & Learning	Federal funds not returned and prior year expenditure reports not revised	2	02-16	2	01
10.553	School Breakfast Program	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
10.555	National School Lunch Program	Children, Families & Learning	Federal funds not returned and prior year expenditure reports not revised	2	02-16	2	01
10.555	National School Lunch Program	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
10.556	Special Milk Program for Children	Children, Families & Learning	Federal funds not returned and prior year expenditure reports not revised	2	02-16	2	01
10.556	Special Milk Program for Children	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
10.557	Special Nutrition/Women/Infants & Children	Health	Overcharges on WIC vouchers were not reimbursed within 30 days	2	02-17	3	01
10.559	Summer Food Service Program for Children	Children, Families & Learning	Federal funds not returned and prior year expenditure reports not revised	2	02-16	2	01
10.559	Summer Food Service Program for Children	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
U. S. Department of Education							
84.007	Supplemental Education Opportunity Grant	Anoka Hennepin TC	Inadequate restriction to computerized systems	2	01-50	1	01
84.007	Supplemental Education Opportunity Grant	Anoka Ramsey CC	Key bank reconciliations not performed and excessive number of bank accounts	1	01-46	1	01
84.007	Supplemental Education Opportunity Grant	Anoka Ramsey CC	Inadequate restriction to computerized systems	2	01-46	2	01
84.007	Supplemental Education Opportunity Grant	Anoka Ramsey CC	Drawdown transactions not timely recorded	1	01-46	3	01
84.007	Supplemental Education Opportunity Grant	Hibbing CC	Inadequate restriction to computerized systems	1	01-28	1	01
84.007	Supplemental Education Opportunity Grant	MN State C - SE Tech	Inadequate restriction to computerized systems	2	01-36	1	01
84.007	Supplemental Education Opportunity Grant	North Hennepin CC	Key reconciliations were not performed	1	01-16	1	01
84.007	Supplemental Education Opportunity Grant	North Hennepin CC	Insufficient collateral for bank accounts	1	01-16	1	01
84.007	Supplemental Education Opportunity Grant	North Hennepin CC	Cash reconciliations were not performed	1	01-16	2	01
84.007	Supplemental Education Opportunity Grant	North Hennepin CC	Inadequate restriction to computerized systems	2	01-16	3	01
84.007	Supplemental Education Opportunity Grant	Ridgewater College	Key reconciliations not performed and inadequate monitoring of accounting records	1	01-51	1	01
84.007	Supplemental Education Opportunity Grant	Ridgewater College	Inadequate separation of duties related to tuition adjustments	1	01-51	4	01
84.007	Supplemental Education Opportunity Grant	Ridgewater College	Inadequate safeguarding of undistributed financial aid checks	1	01-51	12	01
84.007	Supplemental Education Opportunity Grant	Riverland CC	Inadequate restriction to computerized systems	2	01-30	1	01
84.007	Supplemental Education Opportunity Grant	St. Cloud State U	Inadequate restriction to computerized financial aid systems	1	01-20	6	01
84.007	Supplemental Education Opportunity Grant	St. Cloud State U	Inadequate tracking between computerized systems	2	01-20	7	01
84.007	Supplemental Education Opportunity Grant	St. Cloud TC	Unresolved prior year variances between accounting and bank balances	1	01-44	1	01
84.007	Supplemental Education Opportunity Grant	St. Cloud TC	Inconsistent adherence to college selection procedures	1	01-44	5	01
84.007	Supplemental Education Opportunity Grant	St. Cloud TC	Inadequate coordination of scholarships and grants when packaging and awarding	1	01-44	6	01
84.007	Supplemental Education Opportunity Grant	St. Cloud TC	Cost of attendance for certain students not properly determined	1	01-44	8	01
84.007	Supplemental Education Opportunity Grant	Alexandria TC	Lack of timely bank reconciliations	1	00-43	3	00
84.007	Supplemental Education Opportunity Grant	Fergus Falls CC	No review of computer system access reports	4	00-24	2	00
84.007	Supplemental Education Opportunity Grant	Minneapolis C&TC	Inadequate financial management	1	00-44	1	00
84.007	Supplemental Education Opportunity Grant	Minneapolis C&TC	Inadequate control of bank account activity	1	00-44	2	00
84.007	Supplemental Education Opportunity Grant	MN State Colleges & Univ	Inadequate security infrastructure	4	00-53	1	00
84.007	Supplemental Education Opportunity Grant	Moorhead State U	Inadequate restriction to computerized systems	4	00-37	1	00
84.007	Supplemental Education Opportunity Grant	Northwest TC	College did not consider all sources of financial aid	1	01-15	7	00
84.007	Supplemental Education Opportunity Grant	Rainy River CC	Lack of reconciling general ledger accounts to the bank	1	00-52	3	00
84.010	Title 1 Grants to Local Educational Agencies	Children, Families & Learning	Federal draws in advance of subrecipient expenditures	1	02-16	1	01
84.010	Title 1 Grants to Local Educational Agencies	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

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

2 - Findings not corrected or only partially corrected.

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

For Categories 2-3, reference Rpt No and Find No on the Status of Statewide Audit Findings supplemental information for more detail.

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL PROGRAM AUDIT FINDINGS
AS OF JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND NO.	AUDIT REPORT FISCAL YR
U. S. Department of Education - continued							
84.027	Special Education State Grants	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
84.032	Federal Family Education Loan Program	Anoka Hennepin TC	Inadequate restriction to computerized systems	2	01-50	1	01
84.032	Federal Family Education Loan Program	Anoka Ramsey CC	Inadequate restriction to computerized systems	2	01-46	2	01
84.032	Federal Family Education Loan Program	Hibbing CC	Inadequate restriction to computerized systems	1	01-28	1	01
84.032	Federal Family Education Loan Program	Metropolitan State University	Amount of aid exceeded program limit	2	DT-01	4	01
84.032	Federal Family Education Loan Program	MN State C - SE Tech	Inadequate restriction to computerized systems	2	01-36	1	01
84.032	Federal Family Education Loan Program	North Hennepin CC	Key reconciliations were not performed	1	01-16	1	01
84.032	Federal Family Education Loan Program	North Hennepin CC	Insufficient collateral for bank accounts	1	01-16	1	01
84.032	Federal Family Education Loan Program	North Hennepin CC	Cash reconciliations were not performed	1	01-16	2	01
84.032	Federal Family Education Loan Program	North Hennepin CC	Inadequate restriction to computerized systems	2	01-16	3	01
84.032	Federal Family Education Loan Program	Ridgewater College	Key reconciliations not performed and inadequate monitoring of accounting records	1	01-51	1	01
84.032	Federal Family Education Loan Program	Ridgewater College	Inadequate separation of duties related to tuition adjustments	1	01-51	4	01
84.032	Federal Family Education Loan Program	Ridgewater College	Inadequate safeguarding of undistributed financial aid checks	1	01-51	12	01
84.032	Federal Family Education Loan Program	Riverland CC	Inadequate restriction to computerized systems	2	01-30	1	01
84.032	Federal Family Education Loan Program	St. Cloud State U	Inadequate restriction to computerized financial aid systems	1	01-20	6	01
84.032	Federal Family Education Loan Program	St. Cloud State U	Inadequate tracking between computerized systems	2	01-20	7	01
84.032	Federal Family Education Loan Program	St. Cloud State U	Untimely return of undisbursed loan funds to lenders	1	01-20	8	01
84.032	Federal Family Education Loan Program	St. Cloud TC	Unresolved prior year variances between accounting and bank balances	1	01-44	1	01
84.032	Federal Family Education Loan Program	St. Cloud TC	Inadequate coordination of scholarships and grants when packaging and awarding	1	01-44	6	01
84.032	Federal Family Education Loan Program	St. Cloud TC	Inaccurate cost of attendance budgets for certain students	1	01-44	8	01
84.032	Federal Family Education Loan Program	St. Cloud TC	Inaccurate awarding of loans below annual and aggregate loan limits	1	01-44	9	01
84.032	Federal Family Education Loan Program	St. Cloud TC	Inadequate separation of awarding and disbursing for certain loan checks	1	01-44	10	01
84.032	Federal Family Education Loan Program	Alexandria TC	Lack of timely bank reconciliations	1	00-43	3	00
84.032	Federal Family Education Loan Program	Lake Superior College	Inadequate restriction to computerized systems	4	00-42	2	00
84.032	Federal Family Education Loan Program	Minneapolis C&TC	Inadequate financial management	1	00-44	1	00
84.032	Federal Family Education Loan Program	Minneapolis C&TC	Inadequate control of bank account activity	1	00-44	2	00
84.032	Federal Family Education Loan Program	MN State Colleges & Univ	Inadequate security infrastructure	4	00-53	1	00
84.032	Federal Family Education Loan Program	Normandale CC	Inadequate restriction to computerized systems	1	00-35	1	00
84.032	Federal Family Education Loan Program	Northland C&TC	Inadequate insurance and collateral for bank accounts	4	00-28	2	00
84.032	Federal Family Education Loan Program	Northwest TC	College did not consider all sources of financial aid	1	01-15	7	00
84.032	Federal Family Education Loan Program	St. Cloud State U	Aid received exceeded program limit	1	01-15	4	00
84.033	Federal Work-Study	Anoka Hennepin TC	Inadequate restriction to computerized systems	2	01-50	1	01
84.033	Federal Work-Study	Anoka Ramsey CC	Key bank reconciliations not performed and excessive number of bank accounts	1	01-46	1	01
84.033	Federal Work-Study	Anoka Ramsey CC	Inadequate restriction to computerized systems	2	01-46	2	01
84.033	Federal Work-Study	Anoka Ramsey CC	Drawdown transactions not timely recorded	1	01-46	3	01
84.033	Federal Work-Study	Hibbing CC	Inadequate restriction to computerized systems	1	01-28	1	01
84.033	Federal Work-Study	MN State C - SE Tech	Inadequate restriction to computerized systems	2	01-36	1	01
84.033	Federal Work-Study	North Hennepin CC	Key reconciliations were not performed	1	01-16	1	01
84.033	Federal Work-Study	North Hennepin CC	Insufficient collateral for bank accounts	1	01-16	1	01
84.033	Federal Work-Study	North Hennepin CC	Cash reconciliations were not performed	1	01-16	2	01
84.033	Federal Work-Study	North Hennepin CC	Inadequate restriction to computerized systems	2	01-16	3	01
84.033	Federal Work-Study	Ridgewater College	Key reconciliations not performed and inadequate monitoring of accounting records	1	01-51	1	01
84.033	Federal Work-Study	Ridgewater College	Inadequate separation of duties related to tuition adjustments	1	01-51	4	01
84.033	Federal Work-Study	Ridgewater College	Inadequate safeguarding of undistributed financial aid checks	1	01-51	12	01
84.033	Federal Work-Study	Riverland CC	Inadequate restriction to computerized systems	2	01-30	1	01

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1 - Findings have been fully corrected.

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For Categories 2-3, reference Rpt No and Find No on the Status of Statewide Audit Findings supplemental information for more detail.

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL PROGRAM AUDIT FINDINGS
AS OF JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND NO.	AUDIT REPORT FISCAL YR
U. S. Department of Education - continued							
84.033	Federal Work-Study	St. Cloud State U	Inadequate restriction to computerized financial aid systems	1	01-20	6	01
84.033	Federal Work-Study	St. Cloud State U	Inadequate tracking between computerized systems	2	01-20	7	01
84.033	Federal Work-Study	St. Cloud TC	Unresolved prior year variances between accounting and bank balances	1	01-44	1	01
84.033	Federal Work-Study	St. Cloud TC	Inadequate coordination of scholarships and grants when packaging and awarding	1	01-44	6	01
84.033	Federal Work-Study	St. Cloud TC	Inaccurate cost of attendance budgets for certain students	1	01-44	8	01
84.033	Federal Work-Study	Alexandria TC	Lack of timely bank reconciliations	1	00-43	3	00
84.033	Federal Work-Study	Lake Superior College	Inadequate restriction to computerized systems	4	00-42	2	00
84.033	Federal Work-Study	Minneapolis C&TC	Inadequate financial management	1	00-44	1	00
84.033	Federal Work-Study	Minneapolis C&TC	Inadequate control of bank account activity	1	00-44	2	00
84.033	Federal Work-Study	MN State Colleges & Univ	Inadequate security infrastructure	4	00-53	1	00
84.033	Federal Work-Study	Moorhead State U	Inadequate restriction to computerized systems	4	00-37	1	00
84.033	Federal Work-Study	Northwest TC	College did not consider all sources of financial aid	1	01-15	7	00
84.033	Federal Work-Study	Rainy River CC	Lack of reconciling general ledger accounts to the bank	1	00-52	3	00
84.038	Federal Perkins Loan	Anoka Ramsey CC	Key bank reconciliations not performed and excessive number of bank accounts	1	01-46	1	01
84.038	Federal Perkins Loan	Anoka Ramsey CC	Inadequate restriction to computerized systems	2	01-46	2	01
84.038	Federal Perkins Loan	Anoka Ramsey CC	Drawdown transactions not timely recorded	1	01-46	3	01
84.038	Federal Perkins Loan	Hibbing CC	Inadequate restriction to computerized systems	1	01-28	1	01
84.038	Federal Perkins Loan	North Hennepin CC	Key reconciliations were not performed	1	01-16	1	01
84.038	Federal Perkins Loan	North Hennepin CC	Insufficient collateral for bank accounts	1	01-16	1	01
84.038	Federal Perkins Loan	North Hennepin CC	Cash reconciliations were not performed	1	01-16	2	01
84.038	Federal Perkins Loan	North Hennepin CC	Inadequate restriction to computerized systems	2	01-16	3	01
84.038	Federal Perkins Loan	Northland C&TC	The college did not timely apply the 25 percent matching contribution	1	DT-01	2	01
84.038	Federal Perkins Loan	Ridgewater College	Key reconciliations not performed and inadequate monitoring of accounting records	1	01-51	1	01
84.038	Federal Perkins Loan	Ridgewater College	Inadequate separation of duties related to tuition adjustments	1	01-51	4	01
84.038	Federal Perkins Loan	Ridgewater College	Inadequate safeguarding of undistributed financial aid checks	1	01-51	12	01
84.038	Federal Perkins Loan	Riverland CC	Inadequate restriction to computerized systems	2	01-30	1	01
84.038	Federal Perkins Loan	St. Cloud State U	Inadequate restriction to computerized financial aid systems	1	01-20	6	01
84.038	Federal Perkins Loan	St. Cloud State U	Inadequate tracking between computerized systems	2	01-20	7	01
84.038	Federal Perkins Loan	St. Cloud State U	Inadequate reconciliation of accounting to loan subsystem balances	1	01-20	9	01
84.038	Federal Perkins Loan	St. Cloud State U	Untimely interest earnings allocations to loan account	1	01-20	10	01
84.038	Federal Perkins Loan	Fergus Falls CC	No review of computer system access reports	4	00-24	2	00
84.038	Federal Perkins Loan	MN State Colleges & Univ	Inadequate security infrastructure	4	00-53	1	00
84.038	Federal Perkins Loan	Northwest TC	College did not consider all sources of financial aid	1	01-15	7	00
84.038	Federal Perkins Loans	North Hennepin CC	Unresolved difference in recording loans receivable	1	98-27	20	98
84.048	Vocational Education Basic State Grants	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
84.048	Vocational Education Basic State Grants	Minneapolis C&TC	An approved requisition did not support an equipment purchase	1	DT-01	1	01
84.048	Vocational Education Basic State Grants	Red Wing/Winona TC	Funds used for unallowable purposes	4	98-35	13	98
84.063	Federal Pell Grant	Anoka Hennepin TC	Inadequate restriction to computerized systems	2	01-50	1	01
84.063	Federal Pell Grant	Anoka Ramsey CC	Key bank reconciliations not performed and excessive number of bank accounts	1	01-46	1	01
84.063	Federal Pell Grant	Anoka Ramsey CC	Inadequate restriction to computerized systems	2	01-46	2	01
84.063	Federal Pell Grant	Anoka Ramsey CC	Drawdown transactions not timely recorded	1	01-46	3	01
84.063	Federal Pell Grant	Hibbing CC	Inadequate restriction to computerized systems	1	01-28	1	01
84.063	Federal Pell Grant	MN State C - SE Tech	Inadequate restriction to computerized systems	2	01-36	1	01
84.063	Federal Pell Grant	North Hennepin CC	Noncompliance with reporting data to USDE	1	01-16	12	01
84.063	Federal Pell Grant	North Hennepin CC	Key reconciliations were not performed	1	01-16	1	01

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

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

2 - Findings not corrected or only partially corrected.

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

For Categories 2-3, reference Rpt No and Find No on the Status of Statewide Audit Findings supplemental information for more detail.

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL PROGRAM AUDIT FINDINGS
AS OF JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND NO.	AUDIT REPORT FISCAL YR
U. S. Department of Education - continued							
84.063	Federal Pell Grant	North Hennepin CC	Insufficient collateral for bank accounts	1	01-16	1	01
84.063	Federal Pell Grant	North Hennepin CC	Cash reconciliations were not performed	1	01-16	2	01
84.063	Federal Pell Grant	North Hennepin CC	Inadequate restriction to computerized systems	2	01-16	3	01
84.063	Federal Pell Grant	Ridgewater College	Pell expenditures not timely reported to the federal government	1	DT-01	3	01
84.063	Federal Pell Grant	Ridgewater College	Key reconciliations not performed and inadequate monitoring of accounting records	1	01-51	1	01
84.063	Federal Pell Grant	Ridgewater College	Inadequate separation of duties related to tuition adjustments	1	01-51	4	01
84.063	Federal Pell Grant	Ridgewater College	Inadequate safeguarding of undistributed financial aid checks	1	01-51	12	01
84.063	Federal Pell Grant	Riverland CC	Inadequate restriction to computerized systems	2	01-30	1	01
84.063	Federal Pell Grant	Rochester CC & TC	Federal funds were not timely drawn down for PELL grant reimbursements	1	01-37	6	01
84.063	Federal Pell Grant	St. Cloud State U	Inadequate restriction to computerized financial aid systems	1	01-20	6	01
84.063	Federal Pell Grant	St. Cloud State U	Inadequate tracking between computerized systems	2	01-20	7	01
84.063	Federal Pell Grant	St. Cloud TC	Unresolved prior year variances between accounting and bank balances	1	01-44	1	01
84.063	Federal Pell Grant	St. Cloud TC	Untimely submission of disbursement data	1	01-44	5	01
84.063	Federal Pell Grant	St. Cloud TC	Inadequate coordination of scholarships and grants when packaging and awarding	1	01-44	6	01
84.063	Federal Pell Grant	St. Cloud TC	Inaccurate cost of attendance budgets for certain students	1	01-44	8	01
84.063	Federal Pell Grant	Alexandria TC	Inadequate restriction to computerized systems	4	00-43	1	00
84.063	Federal Pell Grant	Alexandria TC	Lack of timely bank reconciliations	1	00-43	3	00
84.063	Federal Pell Grant	Fergus Falls CC	No review of computer system access reports	4	00-24	2	00
84.063	Federal Pell Grant	Lake Superior College	Inadequate restriction to computerized systems	4	00-42	2	00
84.063	Federal Pell Grant	Minneapolis C&TC	Inadequate financial management	1	00-44	1	00
84.063	Federal Pell Grant	Minneapolis C&TC	Inadequate control of bank account activity	1	00-44	2	00
84.063	Federal Pell Grant	MN State Colleges & Univ	Inadequate security infrastructure	4	00-53	1	00
84.063	Federal Pell Grant	Normandale CC	Inadequate restriction to computerized systems	1	00-35	1	00
84.063	Federal Pell Grant	Northwest TC	College did not consider all sources of financial aid	1	01-15	7	00
84.063	Federal Pell Grant	Rainy River CC	Lack of reconciling general ledger accounts to the bank	1	00-52	3	00
84.173	Special Education - Preschool Grants	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
84.185	Byrd Scholarship Program	Children, Families & Learning	Could not support program earmarking requirements	1	02-16	5	01
84.268	Federal Direct Student Loans	Moorhead State U	Aid received exceeded program limit	1	01-15	4	00
84.268	Federal Direct Student Loans	Moorhead State U	Inadequate restriction to computerized systems	4	00-37	1	00
84.323	State Improvement Grant	Children, Families & Learning	Federal draws in advance of subrecipient expenditures	1	02-16	1	01
84.340	Class Size Reduction	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
U. S. Department of Health and Human Services							
93.558	Temporary Assistance for Needy Families	Human Services	Untimely resolution of income discrepancies identified by IEVS	2	02-15	1	01
93.575	Child Care & Development Block Funds	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
93.596	Child Care & Development Program	Children, Families & Learning	Inadequate information technology staff for federal payment system	2	02-16	3	01
93.778	Medical Assistance	Health	Untimely allocation and distribution of federal funds	1	02-17	2	01
93.778	Medical Assistance	Human Services	Untimely resolution of income discrepancies identified by IEVS	2	02-15	1	01
93.778	Medical Assistance	Human Services	Inadequate reconciliation of eligibility status between systems	2	02-15	2	01

*CATEGORY OF CORRECTIVE ACTION TAKEN

- 1 - Findings have been fully corrected. 3 - Corrective action taken is significantly different than previously reported.
2 - Findings not corrected or only partially corrected. 4 - Audit findings are no longer valid or do not warrant further action.
For Categories 2-3, reference Rpt No and Find No on the Status of Statewide Audit Findings supplemental information for more detail.

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL PROGRAM AUDIT FINDINGS
AS OF JUNE 30, 2002

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND NO.	AUDIT REPORT FISCAL YR
U. S. Department of Justice							
16.575	Victims of Crime Act Grants	Public Safety	Reimbursements made to grantees before grant agreement was signed or funds encumbered	2	01-42	1	01
16.575	Victims of Crime Act Grants	Public Safety	Federal funds disbursed to grantees were not properly managed	2	01-42	2	01
16.575	Victims of Crime Act Grants	Public Safety	Subgrantees did not comply with certain reporting and closeout requirements	2	01-42	3	01
16.575	Victims of Crime Act Grants	Public Safety	The center did not properly monitor financial activity as required by federal regulations	1	01-42	4	01
16.575	Victims of Crime Act Grants	Public Safety	The center did not properly allocate employee time spent between federal and state programs	1	01-42	5	01
16.588	Violence Against Women	Public Safety	Reimbursements made to grantees before grant agreement was signed or funds encumbered	2	01-42	1	01
16.588	Violence Against Women	Public Safety	Federal funds disbursed to grantees were not properly managed	2	01-42	2	01
16.588	Violence Against Women	Public Safety	Subgrantees did not comply with certain reporting and closeout requirements	2	01-42	3	01
16.588	Violence Against Women	Public Safety	The center did not properly monitor financial activity as required by federal regulations	1	01-42	4	01
16.588	Violence Against Women	Public Safety	The center did not properly allocate employee time spent between federal and state programs	1	01-42	5	01
National & Community Service Commission							
94.004	Learn and Serve Program	Children, Families & Learning	Could not support grantee match amounts	4	02-16	5	01
94.004	Learn and Serve Program	Children, Families & Learning	No verification of grantee administrative spending limits	4	02-16	5	01
94.006	AmeriCorps	Children, Families & Learning	Reports not timely submitted to the federal government	4	02-16	6	01
U. S. Department of Transportation							
20.205	Highway Planning and Construction	Transportation	Noncompliance with reporting requirements	2	02-19	1	01
20.205	Highway Planning and Construction	Transportation	Hazardous waste disposal controls need improvement	2	02-19	2	01
20.205	Highway Planning and Construction	Transportation	Lack of independent appraisals	2	02-19	3	01
20.205	Highway Planning and Construction	Transportation	Contracts not signed prior to work	2	02-19	4	01
20.205	Highway Planning and Construction	Transportation	Noncompliance with contract guidelines	2	02-19	5	01
20.205	Highway Planning and Construction	Transportation	Project oversight procedures need improvement	2	02-19	6	01
20.205	Highway Planning and Construction	Transportation	Noncompliance with state and federal guidelines	2	01-13	1	00

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

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

For Categories 2-3, reference Rpt No and Find No on the Status of Statewide Audit Findings supplemental information for more detail.

**State of Minnesota
Department of Finance**

**Explanation of the Status of Prior Federal Program Audit Findings
As of June 30, 2002**

Identification of Federal Programs – “CFDA No. and Program Name”

The prior audit findings are summarized in the schedule by federal grantor agency and program. The federal agency responsible for administration of the program is identified on the schedule in the upper left corner of each page. The federal program is identified by its Catalog of Federal Domestic Assistance Number (CFDA No.) and program name in the first two columns. The federal programs are listed in numerical sequence for each federal agency.

Reference to Audit Report – “State Agency”

The name of the state agency to which the audit report refers is listed in the third column.

Finding Summary – “Problem”

Column four contains a brief discussion of the specific problem cited in the respective state agency audit report from the prior year. Users of this report are encouraged to refer to the audit report comments for any items which may interest them, as this is only a brief summary of the problem.

Category of Corrective Action Taken

The fifth column indicates the category of corrective action taken on the audit finding to date. Four standard references in this column have been utilized:

- 1 Indicates that the audit finding has been fully corrected.
- 2 Indicates that the audit finding was not corrected or only partially corrected. The summary schedule shall describe the planned corrective action as well as any partial corrective action taken.
- 3 Indicates that corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency’s or pass-through entity’s management decision.
- 4 Indicates that the auditee believes the audit findings are no longer valid or do not warrant further action. The summary schedule shall describe the reasons. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

- Two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse.
- The federal agency or pass-through entity is not currently following up on with the auditee on the audit finding.
- A management decision was not issued.

Report Number and Finding Number

The sixth and seventh columns identify the Office of the Legislative Auditor's audit report number and finding number of the prior audit findings.

Audit Report Fiscal Year

The last column refers to the fiscal year in which the finding was first reported.

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan		
00-49-01	Department of Administration	Ray Kermode and Greg Dziewecynski
InterTechnologies Group intends to review updated rules to determine if they are creating any problems for the subgroups or owners of the libraries.		
00-49-02	Department of Administration	Ray Kermode and Greg Dziewecynski
InterTechnologies Group is in the process of developing written manual procedures for the re-certification process. These procedures will emphasize examination of the mainframe information security report and subsequent review and re-certification of accounts.		
00-49-04	Department of Administration	Ray Kermode and Greg Dziewecynski
InterTechnologies Group (ITG) will continue its efforts to document ACF2 rules. At monthly meetings held with state agency security administrators, ITG will continue discussion of documentation issues.		
01-13-01	Department of Transportation	Terry Lemke, Financial Planning and Analysis
Division group directors have responded to the various findings and recommendations. The deputy commissioner reviews those responses and makes a determination whether any further action is required. The department is working towards implementation of the recommendations and the department will be monitoring the progress.		
01-16-03	North Hennepin Community College	Bev Schuft, MnSCU System Security Officer
Implementing an effective system to monitor and maintain system security clearances has been difficult for many colleges. A primary root cause of this difficulty is the existing security clearance queries, which are complex and difficult to understand. An internal work group is developing a streamlined reporting process to assist colleges with this challenge.		

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
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Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan

01-20-07	St. Cloud State University	Jeff Wagner, Director of Business Services, and Kevin Barnes, Director of Accounts Receivable
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St. Cloud State University has implemented two of the three recommendations related to this finding. The university is currently performing a reconciliation of activity between the financial aid module and the accounting module. The system has also been enhanced to ensure that the financial awards table is properly updated for returned loan funds. The university has not completed the reconciliation of the EFT clearing accounts. The university has recently hired a new director of accounts receivable that will begin working on this reconciliation.

01-30-01	Riverland Community College	Bev Schuft, MnSCU System Security Officer
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Implementing an effective system to monitor and maintain system security clearances has been difficult for many colleges. A primary root cause of this difficulty is the existing security clearance queries, which are complex and difficult to understand. An internal work group is developing a streamlined reporting process to assist colleges with this challenge.

01-36-01	Minnesota State College - Southeast Technical	Bev Schuft, MnSCU System Security Officer
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Implementing an effective system to monitor and maintain system security clearances has been difficult for many colleges. A primary root cause of this difficulty is the existing security clearance queries, which are complex and difficult to understand. An internal work group is developing a streamlined reporting process to assist colleges with this challenge.

01-42-01	Department of Public Safety	Jim Whittington, Grants Director
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The Department of Public Safety and the Minnesota Center for Crime Victim Services have crafted language that allows the agency to continue the process of retroactive payments. This language is placed in all contracts which allows paying grantees retroactively to continue seamless service provision.

01-42-02	Department of Public Safety	Jim Whittington, Grants Director
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Minnesota Center for Crime Victim Services processes payments to grantees on an actual cash expenditure basis as indicated by the request for payment submitted on the Financial Status Reports. The agency plans to review future contract cash advances to assure a proper percentage of the total grant financial amount is advanced.

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
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Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan

01-42-03	Department of Public Safety	Jim Whittington, Grants Director
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Minnesota Center for Crime Victim Services has taken the position that late reports will not be tolerated. The agency has held training sessions around the state to offer technical assistance to grantees in an attempt to alleviate this problem. Disregard for timely reporting has resulted in defunding four programs and placing several others on notice that defunding is the next step for them if the practice continues.

01-46-02	Anoka Ramsey Community College	Bev Schuft, MnSCU System Security Officer
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Implementing an effective system to monitor and maintain system security clearances has been difficult for many colleges. A primary root cause of this difficulty is the existing security clearance queries, which are complex and difficult to understand. An internal work group is developing a streamlined reporting process to assist colleges with this challenge.

01-50-01	Anoka Hennepin Technical College	Bev Schuft, MnSCU System Security Officer
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Implementing an effective system to monitor and maintain system security clearances has been difficult for many colleges. A primary root cause of this difficulty is the existing security clearance queries, which are complex and difficult to understand. An internal work group is developing a streamlined reporting process to assist colleges with this challenge.

02-05-01	Department of Administration	Denise Anderson and Ron Michaels
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InterTechnologies Group (ITG) is continuing efforts to enhance its processes, and develop written procedures, for determining fiscal year end balance of accounts payable to vendors and contractors, and for tracking and depreciating capital assets. ITG also plans to adopt Financial Management and Reporting Division's (FMR) procedures for tracking prepaid expenses for certain repairs and computer services. ITG and FMR intend to finalize a written agreement delineating each party's financial reporting responsibilities.

02-05-02	Department of Administration	Paul Stembler and Julie Poser
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The consultant engaged to develop the Administration Fee Check Tracking System (ACTS) is continuing efforts to develop a new application level security system at the entry point for ACTS. This action should help to prevent any unauthorized users from accessing ACTS data. Financial Management and Reporting Division staff needs to develop written procedures for the receipts reconciliation process.

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan		
02-11-01	Department of Trade and Economic Development	Judy Kislenger, Accounting Manager
The Department of Trade and Economic Development will initiate clarification of Minnesota Statute Chapter 116J, that governs the Rural Challenge Grant Program, to reflect current program operation and to clarify any ambiguous verbiage. Staff will work with the Attorney General's Office to prepare a housekeeping initiative for the fiscal year 2003 legislative session.		
02-15-01	Department of Human Services	Ramona Scarpace, Director, Program Assessment and Integrity Division
The Department of Human Services issued an instructional bulletin concerning the federal requirement to resolve Income Eligibility Verification System matches. Ongoing actions include a combination of county staff training and direct follow-up with county financial workers who have overdue matches.		
02-15-02	Department of Human Services	Kate Wulf, Director MAXIS and Kathleen Henry, Director of Health Care
The Department of Human Services initial MAXIS system revision did not solve the problem of identifying eligibility for the comparison. The department has now developed a comparison program using the data warehouses for both systems.		
02-16-02	Department of Children, Families and Learning	Chas Anderson, Assistant Commissioner of Finance and Administrative Services
The Department of Children, Families and Learning has been working with the U.S. Department of Agriculture to resolve the issue of federal funds not returned and prior year expenditure reports not revised. Resolution of this finding is expected by the end of the calendar year.		
02-16-03	Department of Children, Families and Learning	Chas Anderson, Assistant Commissioner of Finance and Administrative Services
The Department of Children, Families and Learning administers a federal payment system that runs on a 25 year old cobol mainframe. Support for this system is no longer available through staffing or contract vendors. This issue will not be resolved until funding is received to replace the system.		

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
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Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan

02-16-08	Department of Children, Families and Learning	Cheri Pierson Yecke, Commissioner
<p>The Department of Children, Families and Learning staff within the administrative services division and staff within each appropriate division will be required to attend training with regard to state laws on contracting, grantmaking, indirect costs and the state's accounting principles and systems, including properly recording transactions on the state's accounting system. The department will work with staff so that generally accepted accounting principles are used.</p>		
02-17-03	Department of Health	Betsy Clark, WIC Director
<p>The Department of Health is in the process of revising WIC rules in accordance with changes in the federal regulations. The proposed rule changes contain a sanction provision for stores that fail to respond within 30 days of a request from the commissioner for a payment adjustment for an overpriced voucher.</p>		
02-19-01	Department of Transportation	Terry Lemke, Financial Planning and Analysis
<p>The Department of Transportation has worked with the Minnesota Pollution Control Agency to ensure compliance with federal and state reporting requirements for the removal and disposition of hazardous building materials. Working on establishing a certification program for building removals.</p>		
02-19-02	Department of Transportation	Terry Lemke, Financial Planning and Analysis
<p>The Department of Transportation provided training sessions relating to lead paint removal. In addition, lead paint removal training will be included in future bridge construction certification and re-certification courses. Specification changes have been made to clarify blast medium types.</p>		
02-19-03	Department of Transportation	Terry Lemke, Financial Planning and Analysis
<p>The Department of Transportation will continue to work with grant recipients to ensure their understanding of federal and state quality assurance and quality control requirements.</p>		
02-19-04	Department of Transportation	Terry Lemke, Financial Planning and Analysis
<p>The Department of Transportation updated the State Aid Manual and the delegated contract process so that the approval of the department is clear.</p>		

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
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Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan

02-19-05	Department of Transportation	Terry Lemke, Financial Planning and Analysis
<p>The Department of Transportation strengthened its current practices to meet all environmental permit requirements.</p>		

02-19-06	Department of Transportation	Terry Lemke, Financial Planning and Analysis
<p>The Department of Transportation improved project management oversight procedures.</p>		

D&T-03	Minnesota State Colleges and Universities	Sieglinde Bier, Director of Facilities Accounting
<p>The Revenue Fund will follow Minnesota Colleges and Universities capitalization policies and procedures. Communication with Revenue Fund staff on campuses regarding these procedures will be done annually.</p>		

D&T-04	Minnesota State Colleges and Universities	Margaret Jenniges, Director of Financial Reporting
<p>Minnesota State Colleges and Universities will address this issue with all institutions, with special attention to those having problems during fiscal year 2002. The process will be reviewed to ensure compliance with collateral requirements and will recommend improvements to those processes as needed. For institutions with problems, status will be monitored midyear using information from the banks.</p>		

D&T-08	Minnesota State Colleges and Universities	Margaret Jenniges, Director of Financial Reporting
<p>Minnesota State Colleges and Universities will expand the checklist used to evaluate audit readiness during fiscal year 2002 and add analytical procedures designed to expose revenue shortfalls and data problems. Campuses will be expected to analyze budget and actual information on a monthly basis.</p>		

D&T-09	Minnesota State Colleges and Universities	John Asmussen, Executive Director of Internal Auditing
<p>Note that the particular issues cited in 2001 have been resolved, but other segregation of duties issues were cited in 2002. Internal audit coordinators will work with campuses to identify potential or actual segregation of duties problems and other internal control problems and work with the campuses to correct the problem and/or develop mitigating measures.</p>		

STATE OF MINNESOTA
STATUS OF PRIOR FINANCIAL STATEMENT AND FEDERAL PROGRAM AUDIT FINDINGS
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FISCAL YEAR ENDED JUNE 30, 2002

Audit Report-Finding Number	State Agency	Individual Responsible
Explanation for findings not fully corrected or corrective action taken differs significantly from previously stated action plan		
D&T-11	Minnesota State Colleges and Universities	Ken Niemi, Vice Chancellor, Chief Information Officer
Minnesota Colleges and Universities information system management will work with critical operating areas to coordinate business continuity planning and evaluate the feasibility of appointing an individual with overall responsibility for the process. The current difficult and uncertain budget climate, however, will limit significant progress in this area over the next year.		
DT-01-04	Metropolitan State University	Jim Cleaveland, Financial Aid Director
Metropolitan State University has been waiting for the U.S. Department of Education to make a determination on the issue of amount of aid exceeding program limit. A recent inquiry from the Department of Education suggests that a determination will be forthcoming. The university will then have 45 days to either comply with the determination or file an appeal.		
OSA-98-06	Metropolitan Council	Edwin Petrie, Metro Transit Director of Finance
The process for monitoring federal grant accounts was redesigned in 2001. Prior year reconciling items which were outstanding at year end have been resolved. Outstanding reconciling items will be resolved in a timely manner in the future.		

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