

# State of Minnesota

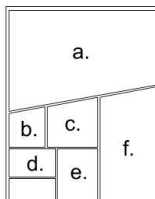
## Financial and Compliance Report on Federally Assisted Programs



**For the Year Ended June 30, 2010**



Minnesota State is defined by its connection with the Mississippi River. Headwaters for the mighty river are located in Itasca State Park. Flowing through Minneapolis, the state's largest city, and Saint Paul, the state's capital, it continues to Lake Pepin, the birthplace of water skiing and home to hundreds of bald eagles and other water fowl. Distinctive bridges spanning the river connect us with the eastern half of the nation and its stream carries our natural resources to the Gulf Coast.



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# Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2010

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**2010  
Minnesota Financial  
and Compliance  
Report on Federally  
Assisted Programs**

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

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

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

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

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

**State of Minnesota**  
**Financial and Compliance Report on Federally Assisted Programs**  
**Fiscal Year Ended June 30, 2010**

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# MINNESOTA



Headwaters of the mighty Mississippi



**2010 Financial and Compliance Report on Federally Assisted Programs  
Transmittal Letter from the Commissioner of Minnesota  
Management and Budget**

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May 6, 2011

The Honorable Mark Dayton, Governor

Members of the Legislature

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2010. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

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

**Management Responsibilities**

Minnesota Management and Budget is responsible for the accuracy, fairness and completeness of the Schedule of Expenditures of Federal Awards, including all disclosures, presented in this report. The department is also responsible for the Minnesota Accounting and Procurement System (MAPS), which was used in preparing this report. I believe the schedule provides a fair representation of expenditures for federal programs for the year ended June 30, 2010.

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

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

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

### **Federal Financial Assistance to the State of Minnesota**

In fiscal year 2010, the state of Minnesota received approximately \$14.2 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 Minnesota Management and Budget. Another purpose of the statewide audit is to provide information to the Governor, Legislature and heads of state agencies concerning financial and accounting issues involving the state and its agencies. The scope of the annual statewide audit also includes the federal requirements of the Single Audit Act and OMB Circular A-133.

The Office of the Legislative Auditor has audited the state's major federal programs identified in this single audit report, including the federal program expenditure schedules. The auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance is included as part of this report. The Office of the Legislative Auditor has also issued a report on internal control over financial reporting in conjunction with the audit of the state's Comprehensive Annual Financial Report for the year ended June 30, 2010.

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



## **Report**

This single audit report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 2010, and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

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

## **Acknowledgments**

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

Sincerely,

A handwritten signature in black ink, appearing to read "J. D. Schowalter". The signature is fluid and cursive, with a large initial "J" and "D".

James Schowalter  
Commissioner

# MINNESOTA



Headwaters of the mighty Mississippi



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

Members of the Minnesota Legislature

The Honorable Mark Dayton, Governor

Mr. James Schowalter, Commissioner of Minnesota Management and Budget

**Compliance**

We have audited the compliance of the State of Minnesota with the compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that are applicable to the state's major federal programs for the year ended June 30, 2010. The state's major federal programs are identified in Section I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the federal requirements for these programs is the responsibility of the state's management. Our responsibility is to express an opinion on the State of Minnesota's compliance based on our audit.

The State of Minnesota's basic financial statements include the operations of its discretely presented component units, which received approximately \$1.6 billion in federal awards. Those expenditures of federal awards are not included in the State of Minnesota's schedule of expenditures of federal awards for the year ended June 30, 2010. Our audit, described below, did not include the state's discretely presented component units because they are not included as part of the state's primary government; accordingly, those units have engaged other auditors to perform their federal compliance audits in accordance with OMB Circular A-133.

We conducted our audit in accordance with the American Institute of Certified Public Accountants *Statements on Auditing Standards*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred that could have a direct and material effect on the compliance requirements referred to above for a major federal program. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered

necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Minnesota's compliance with those requirements.

As described in Finding 11-13-1 in Section III of the accompanying Schedule of Findings and Questioned Costs, we were unable to determine if the State of Minnesota complied with certain federal requirements (eligibility; activities allowed or unallowed; and allowable costs/cost principals) that are applicable to the following programs:

- Medical Assistance and Medical Assistance-ARRA (CFDA 93.778),
- Temporary Assistance for Needy Families (CFDAs 93.558 and 93.714-ARRA), and
- Child Care Cluster (CFDAs 93.575, 93.596, and 93.713-ARRA) programs.

Compliance with eligibility and the other requirements stated above is necessary, in our opinion, for the State of Minnesota to comply with the overall requirements applicable to those programs. Because we were unable to determine the state's compliance with these requirements, we have qualified our opinion, as shown in the following paragraph.

In our opinion, except as 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which we are required to report in accordance with OMB Circular A-133 and that we describe in Section III of the accompanying Schedule of Findings and Questioned Costs.

### **Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies<sup>1</sup> in the

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<sup>1</sup> A *deficiency* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

State of Minnesota's internal control over compliance that might be significant deficiencies<sup>2</sup> or material weaknesses<sup>3</sup> and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we consider the deficiencies in internal control over compliance identified as Finding 10-34-1 and Finding 11-13-1 in Section III of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. We consider all of the other deficiencies in internal control over compliance described in Section III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

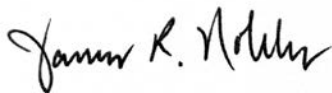
### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 20, 2010.

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

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

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



James R. Nobles  
Legislative Auditor



Cecile M. Ferkul, CPA, CISA  
Deputy Legislative Auditor

April 29, 2011, except for Schedule of Expenditures of Federal Awards as to which the date is December 20, 2010

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

<sup>3</sup> A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

# MINNESOTA



Headwaters of the mighty Mississippi

**STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster</b>			
10.551	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (7)	HUMAN SERVICES	\$ 586,652,651
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP. NUTR.	HUMAN SERVICES	\$ 60,769,132
10.561	ARRA-STATE ADMIN MATCHING GRANTS FOR SUPP. NUTR.	HUMAN SERVICES	\$ 1,401,033
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster Total:</b>			<b>\$ 648,822,816</b>
<b>Child Nutrition Cluster</b>			
10.553	SCHOOL BREAKFAST PROGRAM	EDUCATION	\$ 31,369,715
10.555	NATIONAL SCHOOL LUNCH PROGRAM	EDUCATION	\$ 144,961,629
10.556	SPECIAL MILK PROGRAM FOR CHILDREN	EDUCATION	\$ 670,222
10.559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	EDUCATION	\$ 4,227,475
<b>Child Nutrition Cluster Total:</b>			<b>\$ 181,229,041</b>
10.557	SPECIAL SUPP. NUTRITION PROGRAM FOR WOMEN, INFANTS (4)	HEALTH	\$ 94,526,182
10.558	CHILD AND ADULT CARE FOOD PROGRAM	EDUCATION	\$ 62,279,309
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT.	MILITARY AFFAIRS	\$ 51,968,033
12.401	ARRA-NATIONAL GUARD MILITARY OPERATIONS AND MAINT.	MILITARY AFFAIRS	\$ 4,774,777
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT.	NATURAL RESOURCES	\$ 691,865
<b>Program 12.401 Total:</b>			<b>\$ 57,434,675</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Workforce Investment Act (WIA) Cluster</b>			
17.258	WIA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 9,636,250
17.258	ARRA-WIA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 5,368,267
17.259	ARRA-WIA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 13,514,344
17.259	WIA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 12,781,372

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>			
17.260	WIA DISLOCATED WORKERS	EMPLOYMENT & ECONOMIC	\$ 21,395,181
17.260	ARRA-WIA DISLOCATED WORKERS	EMPLOYMENT & ECONOMIC	\$ 20,617,407
17.260	WIA DISLOCATED WORKERS	LABOR AND INDUSTRY	\$ 9,777
<b>Workforce Investment Act (WIA) Cluster Total:</b>			<b>\$ 83,322,598</b>
17.225	UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 2,193,426,356
17.225	ARRA-UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 897,216,831
<b>Program 17.225 Total:</b>			<b>\$ 3,090,643,187</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Highway Planning and Construction Cluster</b>			
20.205	HIGHWAY PLANNING AND CONSTRUCTION	EXPLORE MINNESOTA TOURISM	\$ 43,804
20.205	HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 447,132,720
20.205	ARRA-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 293,546,538
20.219	RECREATIONAL TRAILS PROGRAM	NATURAL RESOURCES	\$ 1,303,064
<b>Highway Planning and Construction Cluster Total:</b>			<b>\$ 742,026,126</b>
<b>Federal Transit Cluster</b>			
20.500	FEDERAL TRANSIT_CAPITAL INVESTMENT GRANTS	TRANSPORTATION	\$ 40,532,671
20.507	FEDERAL TRANSIT_FORMULA GRANTS	TRANSPORTATION	\$ 254,897
<b>Federal Transit Cluster Total:</b>			<b>\$ 40,787,568</b>
20.106	AIRPORT IMPROVEMENT PROGRAM	TRANSPORTATION	\$ 65,430,102
20.106	ARRA-AIRPORT IMPROVEMENT PROGRAM	TRANSPORTATION	\$ 15,863,165
<b>Program 20.106 Total:</b>			<b>\$ 81,293,267</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
81.042	ARRA-WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSON	COMMERCE	\$ 46,818,098
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	COMMERCE	\$ 11,057,910
<b>Program 81.042 Total:</b>			<b>\$ 57,876,008</b>

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Vocational Rehabilitation Cluster</b>			
84.126	REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	\$ 52,966,797
84.390	ARRA-REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	\$ 3,112,714
<b>Vocational Rehabilitation Cluster Total:</b>			<b>\$ 56,079,511</b>
<b>Title I, Part A Cluster</b>			
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	\$ 162,644,522
84.389	ARRA-TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	\$ 91,840,552
<b>Title I, Part A Cluster Total:</b>			<b>\$ 254,485,074</b>
<b>Student Financial Assistance Cluster</b>			
84.007	FEDERAL SUPP. EDUCATIONAL OPPORTUNITY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 6,389,253
84.032	FEDERAL FAMILY EDUCATION LOANS (3)	STATE COLLEGES & UNIVERSITIES	\$ 458,211,894
84.033	FEDERAL WORK-STUDY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 7,373,199
84.038	FEDERAL PERKINS LOAN (2)	STATE COLLEGES & UNIVERSITIES	\$ 30,957,483
84.063	FEDERAL PELL GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 254,681,709
84.268	FEDERAL DIRECT STUDENT LOANS (3)	STATE COLLEGES & UNIVERSITIES	\$ 192,552,846
84.375	ACADEMIC COMPETITIVENESS GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 3,133,645
84.376	NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN	STATE COLLEGES & UNIVERSITIES	\$ 1,526,987
84.379	TEACHER ED. ASSIST. FOR COLLEGE AND HIGHER ED. GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 233,734
93.364	NURSING STUDENT LOANS (2)	STATE COLLEGES & UNIVERSITIES	\$ 9,151
<b>Student Financial Assistance Cluster Total:</b>			<b>\$ 955,069,901</b>
<b>State Fiscal Stabilization Fund Cluster</b>			
84.394	ARRA-STATE FISCAL STABILIZATION FD (SFSF) (8)	GOVERNORS OFFICE	\$ 578,207,631
84.397	ARRA-STATE FISCAL STABILIZATION FD (SFSF) (8)	GOVERNORS OFFICE	\$ 148,010,250
<b>State Fiscal Stabilization Fund Cluster Total:</b>			<b>\$ 726,217,881</b>
<b>Special Education Cluster (IDEA)</b>			
84.027	SPECIAL EDUCATION_GRANTS TO STATES	EDUCATION	\$ 200,538,678
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	EDUCATION	\$ 9,158,266

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>			
84.391	ARRA-SPECIAL EDUCATION GRANTS TO STATES	EDUCATION	\$ 189,647,721
84.392	ARRA-SPECIAL EDUCATION - PRESCHOOL GRANTS	EDUCATION	\$ 7,707,311
<b>Special Education Cluster (IDEA) Total:</b>			<b>\$ 407,051,976</b>
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	EDUCATION	\$ 44,735,480
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<b>Temporary Assistance for Needy Families (TANF) Cluster</b>			
93.558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	HUMAN SERVICES	\$ 227,759,645
93.714	ARRA-EMERGENCY CONTINGENCY FUND FOR TANF	HUMAN SERVICES	\$ 40,508,000
<b>Temporary Assistance for Needy Families (TANF) Cluster Total:</b>			<b>\$ 268,267,645</b>
<b>Medicaid Cluster</b>			
93.775	STATE MEDICAID FRAUD CONTROL UNITS	ATTORNEY GENERAL	\$ 967,135
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HEALTH	\$ 7,098,156
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HUMAN SERVICES	\$ 5,383,271
93.778	ARRA-MEDICAL ASSISTANCE PROGRAM	HUMAN SERVICES	\$ 855,614,111
93.778	MEDICAL ASSISTANCE PROGRAM (4)	HUMAN SERVICES	\$ 4,111,662,216
<b>Medicaid Cluster Total:</b>			<b>\$ 4,980,724,889</b>
<b>Immunization Cluster</b>			
93.268	IMMUNIZATION GRANTS	HEALTH	\$ 40,090,607
93.712	ARRA-IMMUNIZATION	HEALTH	\$ 3,256,346
<b>Immunization Cluster Total:</b>			<b>\$ 43,346,953</b>
<b>Child Care and Development Fund (CCDF) Cluster</b>			
93.575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	HUMAN SERVICES	\$ 48,678,196
93.596	CHILD CARE MANDATORY AND MATCHING FUNDS	HUMAN SERVICES	\$ 48,894,541
93.713	ARRA-CHILD CARE AND DEVELOPMENT	HUMAN SERVICES	\$ 26,076,808
<b>Child Care and Development Fund (CCDF) Cluster Total:</b>			<b>\$ 123,649,545</b>
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	HEALTH	\$ 48,966,747

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>			
93.563	CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	\$ 112,738,617
93.563	ARRA-CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	\$ 10,121,359
		<b>Program 93.563 Total:</b>	<b>\$ 122,859,976</b>
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	COMMERCE	\$ 170,386,581
93.658	FOSTER CARE_TITLE IV-E	HUMAN SERVICES	\$ 43,525,248
93.658	ARRA-FOSTER CARE_TITLE IV-E	HUMAN SERVICES	\$ 2,032,097
93.658	FOSTER CARE_TITLE IV-E	STATE COLLEGES & UNIVERSITIES	\$ 179,785
		<b>Program 93.658 Total:</b>	<b>\$ 45,737,130</b>
93.667	SOCIAL SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 34,115,876
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE	PUBLIC SAFETY	\$ 31,960,863
<b>Major Program Total:</b>			<b>\$ 13,453,896,805</b>

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

# MINNESOTA



Headwaters of the mighty Mississippi

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Schools and Roads Cluster</b>			
10.665	SCHOOLS AND ROADS - GRANTS TO STATES	MMB NON-OPERATING	\$ 3,300,176
<b>Schools and Roads Cluster Total:</b>			<b>\$ 3,300,176</b>
<b>Emergency Food Assistance Cluster</b>			
10.568	ARRA-EMERGENCY FOOD ASSISTANCE (ADMIN COSTS)	HUMAN SERVICES	\$ 364,927
10.568	EMERGENCY FOOD ASSISTANCE (ADMINISTRATIVE COSTS)	HUMAN SERVICES	\$ 861,548
<b>Emergency Food Assistance Cluster Total:</b>			<b>\$ 1,226,475</b>
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	AGRICULTURE	\$ 1,374,050
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	ANIMAL HEALTH BOARD	\$ 1,209,032
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	NATURAL RESOURCES	\$ 88,278
<b>Program 10.025 Total:</b>			<b>\$ 2,671,360</b>
10.028	WILDLIFE SERVICES	NATURAL RESOURCES	\$ 99,039
10.069	CONSERVATION RESERVE PROGRAM	NATURAL RESOURCES	\$ 126,319
10.086	ARRA-AQUACULTURE GRANTS PROGRAM (AGP)	AGRICULTURE	\$ 69,494
10.156	FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM	AGRICULTURE	\$ 42,021
10.162	INSPECTION GRADING AND STANDARDIZATION	AGRICULTURE	\$ 144,946
10.163	MARKET PROTECTION AND PROMOTION	AGRICULTURE	\$ 918,239
10.169	SPECIALTY CROP BLOCK GRANT PROGRAM	AGRICULTURE	\$ 52,582
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	AGRICULTURE	\$ 307,263
10.456	PARTNERSHIP AGREEMENTS TO DEV NON-INS RISK MGMT TOOLS	AGRICULTURE	\$ 29,945
10.475	COOP AGMNTS WITH STATES FOR INTRASTATE MEAT, POULTRY	AGRICULTURE	\$ 1,275,171
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	AGRICULTURE	\$ 565,668
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	EDUCATION	\$ 2,985,846
10.565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	HEALTH	\$ 977,987

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE (Continued)</b>			
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	AGRICULTURE	\$ 311,970
10.576	SENIOR FARMERS MARKET NUTRITION PROGRAM	AGRICULTURE	\$ 95,597
10.578	ARRA-WIC GRANTS TO STATES (WGS)	HEALTH	\$ 464,291
10.579	ARRA-CHILD NUTRITION DISCRETIONARY GRANTS	EDUCATION	\$ 1,270,665
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	EDUCATION	\$ 855,084
10.603	EMERGING MARKETS PROGRAM	AGRICULTURE	\$ 58,310
10.652	FORESTRY RESEARCH	NATURAL RESOURCES	\$ 3,599
10.652	FORESTRY RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 13,356
		<b>Program 10.652 Total:</b>	<b>\$ 16,955</b>
10.664	COOPERATIVE FORESTRY ASSISTANCE	AGRICULTURE	\$ 240,288
10.664	COOPERATIVE FORESTRY ASSISTANCE	NATURAL RESOURCES	\$ 2,312,200
		<b>Program 10.664 Total:</b>	<b>\$ 2,552,488</b>
10.668	ADDITIONAL LANDS-GRANTS	MMB NON-OPERATING	\$ 6,150,000
10.675	URBAN AND COMMUNITY FORESTRY PROGRAM	NATURAL RESOURCES	\$ 247,279
10.676	FOREST LEGACY PROGRAM	NATURAL RESOURCES	\$ 45,128
10.677	FOREST LAND ENHANCEMENT PROGRAM	NATURAL RESOURCES	\$ 24,326
10.678	FOREST STEWARDSHIP PROGRAM	NATURAL RESOURCES	\$ 458,366
10.680	FOREST HEALTH PROTECTION	AGRICULTURE	\$ 214,404
10.680	FOREST HEALTH PROTECTION	NATURAL RESOURCES	\$ 287,067
		<b>Program 10.680 Total:</b>	<b>\$ 501,471</b>
10.861	PUBLIC TELEVISION STATION DIGITAL TRANSITION GRANT	STATE COLLEGES & UNIVERSITIES	\$ 94,693
10.902	SOIL AND WATER CONSERVATION	AGRICULTURE	\$ 77,207
10.902	SOIL AND WATER CONSERVATION	WATER & SOIL RESOURCES	\$ 3,350,120
		<b>Program 10.902 Total:</b>	<b>\$ 3,427,327</b>
10.950	AGRICULTURAL STATISTICS REPORTS	AGRICULTURE	\$ 22,754

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF COMMERCE</b>			
11.407	INTERJURISDICTIONAL FISHERIES ACT OF 1986	NATURAL RESOURCES	\$ 12,531
11.413	FISHERY PRODUCTS INSPECTION AND CERTIFICATION	AGRICULTURE	\$ 20,657
11.419	COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	NATURAL RESOURCES	\$ 1,062,595
11.468	APPLIED METEOROLOGICAL RESEARCH	PUBLIC SAFETY	\$ 694,418
11.555	PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT	EMERGENCY MEDICAL SERVICES	\$ 14,894
11.555	PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT	PUBLIC SAFETY	\$ 5,601,677
		<b>Program 11.555 Total:</b>	<b>\$ 5,616,571</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
12.104	FLOOD PLAIN MANAGEMENT SERVICES	MMB NON-OPERATING	\$ 8,400
12.113	REIMBURSEMENT OF TECHNICAL SERVICES	POLLUTION CONTROL AGENCY	\$ 332,542
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 1,392
12.404	NATIONAL GUARD CHALLENGE PROGRAM	MILITARY AFFAIRS	\$ 766,000
12.630	BASIC, APPLIED, AND ADV RES IN SCIENCE AND ENGINEERING	STATE COLLEGES & UNIVERSITIES	\$ 70,770
12.800	AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 2,030
12.902	INFORMATION SECURITY GRANT	STATE COLLEGES & UNIVERSITIES	\$ 91,826
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>			
<b>CDBG - State-Administered Small Cities Program Cluster</b>			
14.228	CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	\$ 18,126,649
14.255	ARRA-CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	\$ 2,047,600
		<b>CDBG - State-Administered Small Cities Program Cluster Total:</b>	<b>\$ 20,174,249</b>
14.231	EMERGENCY SHELTER GRANTS PROGRAM	HUMAN SERVICES	\$ 1,237,484
14.246	COMMUNITY DEVELOPMENT BLOCK GRANT	STATE COLLEGES & UNIVERSITIES	\$ 90,680

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT (Continued)</b>			
14.257	ARRA-HOMELESSNESS PREVENT AND RAPID REHOUSING	HUMAN SERVICES	\$ 3,907,582
14.900	LEAD-BASED PAINT HAZARD CNTRL PRIVATELY-OWNED HOUSING	HEALTH	\$ 460,995
<b>U.S. DEPARTMENT OF INTERIOR</b>			
<b>Fish and Wildlife Cluster</b>			
15.605	SPORT FISH RESTORATION PROGRAM	NATURAL RESOURCES	\$ 13,732,448
15.611	WILDLIFE RESTORATION	NATURAL RESOURCES	\$ 11,013,802
<b>Fish and Wildlife Cluster Total:</b>			<b>\$ 24,746,250</b>
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	NATURAL RESOURCES	\$ 180,936
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	NATURAL RESOURCES	\$ 108,695
15.616	CLEAN VESSEL ACT	NATURAL RESOURCES	\$ 2,226
15.622	SPORTFISHING AND BOATING SAFETY ACT	NATURAL RESOURCES	\$ 4,271
15.623	NORTH AMERICAN WETLANDS CONSERVATION FUND	NATURAL RESOURCES	\$ 974,153
15.626	FIREARM AND BOW HUNTER EDUCATION AND SAFETY PROGRAM	NATURAL RESOURCES	\$ 197,139
15.633	LANDOWNER INCENTIVE	NATURAL RESOURCES	\$ 263,894
15.634	STATE WILDLIFE GRANTS	NATURAL RESOURCES	\$ 1,651,176
15.637	MIGRATORY BIRD JOINT VENTURES	NATURAL RESOURCES	\$ 35,975
15.808	US GEOLOGICAL SURVEY_RESEARCH AND DATA COLLECTION	ADMINISTRATION	\$ 73,720
15.809	NATIONAL SPATIAL DATA INFRASTRUCTURE COOP AGREEMENTS	ADMINISTRATION	\$ 39,437
15.978	UPPER MISSISSIPPI RIVER SYSTEM LT RESOURCE MONITORING	NATURAL RESOURCES	\$ 414,838
15.978	UPPER MISSISSIPPI RIVER SYSTEM LT RESOURCE MONITORING	STATE COLLEGES & UNIVERSITIES	\$ 9,340
<b>Program 15.978 Total:</b>			<b>\$ 424,178</b>
15.FEB	ENDANGERED SPECIES PLANTS (NON-TITLE IV) (9)	NATURAL RESOURCES	\$ 581
15.FFA	INTERIOR OF FISH & WILDLIFE SERVICE (9)	NATURAL RESOURCES	\$ 118,998
15.FFC	SCIENTIFIC & NATURAL AREAS (9)	NATURAL RESOURCES	\$ 2,832

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF INTERIOR (Continued)</b>			
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.004	LAW ENFORCEMENT ASSIST. NARCOTICS, DANGEROUS DRUGS	PUBLIC SAFETY	\$ 149,784
16.202	PRISONER REENTRY INITIATIVE DEMO. (OFFENDER REENTRY)	CORRECTIONS	\$ 192,285
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	PUBLIC SAFETY	\$ 814,507
16.525	GRANTS TO REDUCE VIOLENCE ON CAMPUS	STATE COLLEGES & UNIVERSITIES	\$ 91,118
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	PUBLIC DEFENSE BOARD	\$ 228,444
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	PUBLIC SAFETY	\$ 847,248
		<b>Program 16.540 Total:</b>	<b>\$ 1,075,692</b>
16.541	PART E - DEVELOPING, TESTING, DEMO PROMISING NEW PROG	STATE COLLEGES & UNIVERSITIES	\$ 632,725
16.548	TITLE V_DELINQUENCY PREVENTION PROGRAM	PUBLIC SAFETY	\$ 22,138
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS	PUBLIC SAFETY	\$ 50,000
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	PUBLIC SAFETY	\$ 136,656
16.560	NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEV	PUBLIC SAFETY	\$ 117,719
16.575	CRIME VICTIM ASSISTANCE	PUBLIC SAFETY	\$ 8,756,533
16.576	CRIME VICTIM COMPENSATION	PUBLIC SAFETY	\$ 356,771
16.580	EDWARD BYRNE MEMORIAL ST AND LOCAL LAW ENFORCEMENT	PHARMACY BOARD	\$ 224,331
16.580	EDWARD BYRNE MEMORIAL ST AND LOCAL LAW ENFORCEMENT	PUBLIC SAFETY	\$ 74,316
16.580	EDWARD BYRNE MEMORIAL ST AND LOCAL LAW ENFORCEMENT	STATE COLLEGES & UNIVERSITIES	\$ 6,422
		<b>Program 16.580 Total:</b>	<b>\$ 305,069</b>
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	TRIAL COURTS	\$ 438,697
16.588	ARRA-VIOLENCE AGAINST WOMEN	PUBLIC SAFETY	\$ 1,018,611
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	PUBLIC SAFETY	\$ 2,163,841
		<b>Program 16.588 Total:</b>	<b>\$ 3,182,452</b>
16.590	COMMUNITY-DEFINED SOLUTION TO VIOLENCE AGAINST WOMEN	PUBLIC SAFETY	\$ 442,109
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT STATE PRISONERS	PUBLIC SAFETY	\$ 85,383

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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>			
16.606	STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	CORRECTIONS	\$ 27,852
16.607	BULLETPROOF VEST PARTNERSHIP	CORRECTIONS	\$ 9,477
16.607	BULLETPROOF VEST PARTNERSHIP	PUBLIC SAFETY	\$ 31,211
		<b>Program 16.607 Total:</b>	<b>\$ 40,688</b>
16.609	PROJECT SAFE NEIGHBORHOODS	PUBLIC SAFETY	\$ 292,486
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	PUBLIC SAFETY	\$ 364,041
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	PUBLIC SAFETY	\$ 489,994
16.735	PROTECTING INMATES AND SAFEGUARDING COMMUNITIES	CORRECTIONS	\$ 10,403
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	PUBLIC SAFETY	\$ 4,664,046
16.740	STATEWIDE AUTOMATED VICTIM INFORMATION NOTIFICATION	PUBLIC SAFETY	\$ 157,222
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC DEFENSE BOARD	\$ 60,711
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC SAFETY	\$ 903,798
		<b>Program 16.741 Total:</b>	<b>\$ 964,509</b>
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT	PUBLIC SAFETY	\$ 238,176
16.744	ANTI-GANG INITIATIVE	PUBLIC SAFETY	\$ 192,198
16.753	CONGRESSIONALLY RECOMMENDED AWARDS	PUBLIC SAFETY	\$ 120,708
16.801	ARRA - STATE VICTIM ASSISTANCE	PUBLIC SAFETY	\$ 662,723
16.802	ARRA - STATE VICTIM COMPENSATION	PUBLIC SAFETY	\$ 362,242
16.803	ARRA-EWARD BYRNE MEMORIAL JUSTICE	PUBLIC SAFETY	\$ 4,739,369
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Employment Service Cluster</b>			
17.207	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 17,747,476
17.207	ARRA-EMPLOYMENT SERVICE/WAGNER-PEYSER ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 5,014,559
17.801	DISABLED VETERANS' OUTREACH PROGRAM (DVOP)	EMPLOYMENT & ECONOMIC	\$ 1,557,163
17.804	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM	EMPLOYMENT & ECONOMIC	\$ 1,027,023

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>			
		<b>Employment Service Cluster Total:</b>	<b>\$ 25,346,221</b>
17.002	LABOR FORCE STATISTICS	EMPLOYMENT & ECONOMIC	\$ 1,758,503
17.002	LABOR FORCE STATISTICS	STATE COLLEGES & UNIVERSITIES	\$ 78,980
		<b>Program 17.002 Total:</b>	<b>\$ 1,837,483</b>
17.005	COMPENSATION AND WORKING CONDITIONS	LABOR AND INDUSTRY	\$ 108,419
17.235	ARRA-SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 427,804
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 2,539,992
		<b>Program 17.235 Total:</b>	<b>\$ 2,967,796</b>
17.245	TRADE ADJUSTMENT ASSISTANCE	EMPLOYMENT & ECONOMIC	\$ 11,195,070
17.261	WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	EMPLOYMENT & ECONOMIC	\$ 113,410
17.261	WIA PILOTS, DEMONSTRATIONS, AND RESEARCH PROJECTS	STATE COLLEGES & UNIVERSITIES	\$ 49,019
		<b>Program 17.261 Total:</b>	<b>\$ 162,429</b>
17.266	WORK INCENTIVE GRANTS	EMPLOYMENT & ECONOMIC	\$ 315,198
17.267	INCENTIVE GRANTS - WIA SECTION 503	EMPLOYMENT & ECONOMIC	\$ 296,529
17.268	H-1B JOB TRAINING GRANTS	EMPLOYMENT & ECONOMIC	\$ 4,678,652
17.268	H-1B JOB TRAINING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 885,763
		<b>Program 17.268 Total:</b>	<b>\$ 5,564,415</b>
17.269	COMMUNITY BASED JOB TRAINING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 3,066,297
17.270	REINTEGRATION OF EX-OFFENDERS	CORRECTIONS	\$ 65,576
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	EMPLOYMENT & ECONOMIC	\$ 333,204
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	EMPLOYMENT & ECONOMIC	\$ 60,699
17.275	ARRA-WORKER TRAINING IN EMERGING INDUSTRY SECTORS	EMPLOYMENT & ECONOMIC	\$ 149,662
17.275	ARRA-WORKER TRAINING IN EMERGING INDUSTRY SECTORS	STATE COLLEGES & UNIVERSITIES	\$ 112,897
		<b>Program 17.275 Total:</b>	<b>\$ 262,559</b>
17.502	OCCUPATIONAL SAFETY AND HEALTH_SUSAN HARWOOD TRNG	STATE COLLEGES & UNIVERSITIES	\$ 102,930

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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>			
17.503	ARRA-OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	\$ 23,382
17.503	OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	\$ 4,039,787
		<b>Program 17.503 Total:</b>	<b>\$ 4,063,169</b>
17.504	CONSULTATION AGREEMENTS	LABOR AND INDUSTRY	\$ 966,561
17.505	OSHA DATA INITIATIVE	LABOR AND INDUSTRY	\$ 34,100
17.600	MINE HEALTH AND SAFETY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 248,080
<b>U.S. DEPARTMENT OF STATE</b>			
19.009	ACADEMIC EXCHANGE PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 92,390
19.300	STUDY OF EASTERN EUROPE & THE FORMER SOVIET UNION	STATE COLLEGES & UNIVERSITIES	\$ 52,031
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Transit Services Programs Cluster</b>			
20.513	CAPITAL ASSISTANCE PROGRAM FOR ELDERLY PERSONS	TRANSPORTATION	\$ 811,042
20.516	JOB ACCESS_REVERSE COMMUTE	TRANSPORTATION	\$ 1,108,671
20.521	NEW FREEDOM PROGRAM	TRANSPORTATION	\$ 401,614
		<b>Transit Services Programs Cluster Total:</b>	<b>\$ 2,321,327</b>
<b>Highway Safety Cluster</b>			
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	PUBLIC SAFETY	\$ 9,108,014
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	TRANSPORTATION	\$ 4,240,038
20.601	ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE	PUBLIC SAFETY	\$ 1,905,213
20.609	SAFETY BELT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 1,140,245
20.609	SAFETY BELT PERFORMANCE GRANTS	TRANSPORTATION	\$ 4,825,255
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	PUBLIC SAFETY	\$ 294,525
20.611	PROGRAM TO PROHIBIT RACIAL PROFILING	PUBLIC SAFETY	\$ 4,308
20.612	INCENTIVE GRANT PROGRAM TO INCREASE MOTORCYCLIST SAFETY	PUBLIC SAFETY	\$ 152,789

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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>			
20.613	CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE	PUBLIC SAFETY	\$ 92,063
		<b>Highway Safety Cluster Total:</b>	<b>\$ 21,762,450</b>
20.200	HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM	TRANSPORTATION	\$ 18,999,939
20.218	NATIONAL MOTOR CARRIER SAFETY	PUBLIC SAFETY	\$ 4,717,198
20.218	NATIONAL MOTOR CARRIER SAFETY	TRANSPORTATION	\$ 977,328
		<b>Program 20.218 Total:</b>	<b>\$ 5,694,526</b>
20.231	PERFORMANCE AND REGISTRATION INFO SYSTEMS MGMT	PUBLIC SAFETY	\$ 28,000
20.232	COMMERCIAL DRIVER'S LICENSE PROG IMPROVEMT	PUBLIC SAFETY	\$ 756,071
20.233	BORDER ENFORCEMENT GRANTS	PUBLIC SAFETY	\$ 197,972
20.240	FUEL TAX EVASION-INTERGOVT. ENFCMT	PUBLIC SAFETY	\$ 70,770
20.317	INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	\$ 311,511
20.505	METROPOLITAN TRANSPORTATION PLANNING	TRANSPORTATION	\$ 5,057,427
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	TRANSPORTATION	\$ 14,278,550
20.509	ARRA-OTHER THAN URBANIZED AREAS	TRANSPORTATION	\$ 7,092,060
		<b>Program 20.509 Total:</b>	<b>\$ 21,370,610</b>
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	PUBLIC SAFETY	\$ 5,771,251
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	HEALTH	\$ 39,917
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	PUBLIC SAFETY	\$ 66,878
		<b>Program 20.614 Total:</b>	<b>\$ 106,795</b>
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	PUBLIC SAFETY	\$ 622,849
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	PUBLIC SAFETY	\$ 355,765
20.720	STATE DAMAGE PREVENTION PROGRAM GRANTS	PUBLIC SAFETY	\$ 113,867
20.721	PHMSA PIPELINE SAFETY PROGRAM	PUBLIC SAFETY	\$ 36,698

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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. GENERAL SERVICES ADMINISTRATION</b>			
39.011	ELECTION REFORM PAYMENTS	SECRETARY OF STATE	\$ 1,929,940
<b>U.S. NATIONAL AERONAUTICS &amp; SPACE ADMINISTRATION</b>			
43.001	AEROSPACE EDUCATION SERVICES PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 19,983
43.011	DISCRETIONARY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 3,760
<b>U.S. NATIONAL FOUNDATION ARTS &amp; HUMANITIES</b>			
45.024	PROMOTION OF THE ARTS_GRANTS TO ORGS AND INDIVIDUALS	ARTS BOARD	\$ 9,251
45.024	PROMOTION OF THE ARTS_GRANTS TO ORGS AND INDIVIDUALS	CENTER FOR ARTS EDUCATION	\$ 12,023
		<b>Program 45.024 Total:</b>	<b>\$ 21,274</b>
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	ARTS BOARD	\$ 602,846
45.025	ARRA-PROMOTIN OF THE ARTS PARTNERSHIP	ARTS BOARD	\$ 316,200
		<b>Program 45.025 Total:</b>	<b>\$ 919,046</b>
45.164	PROMOTION OF THE HUMANITIES_PUBLIC PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 3,442
45.169	PROMOTION OF THE HUMANITIES, OFC OF DIGITAL HUMANITIES	STATE COLLEGES & UNIVERSITIES	\$ 14,912
45.310	GRANTS TO STATES	EDUCATION	\$ 2,890,955
45.310	GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 858
		<b>Program 45.310 Total:</b>	<b>\$ 2,891,813</b>
<b>U.S. NATIONAL SCIENCE FOUNDATION</b>			
47.041	ENGINEERING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 78,915
47.049	MATHEMATICAL AND PHYSICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 43,141
47.050	GEOSCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 103,125
47.074	BIOLOGICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 294,934
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 9,397

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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. NATIONAL SCIENCE FOUNDATION (Continued)</b>			
47.076	EDUCATION AND HUMAN RESOURCES	NATURAL RESOURCES	\$ 39,800
47.076	EDUCATION AND HUMAN RESOURCES	STATE COLLEGES & UNIVERSITIES	\$ 2,353,938
		<b>Program 47.076 Total:</b>	<b>\$ 2,393,738</b>
47.082	ARRA-TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	STATE COLLEGES & UNIVERSITIES	\$ 405,151
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>			
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	EMPLOYMENT & ECONOMIC	\$ 1,864,769
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
64.005	ARRA-CONSTRUCTION OF STATE HOME FACILITIES	VETERANS AFFAIRS	\$ 1,830,328
64.005	STATE HOME FACILITIES CONSTRUCTION	VETERANS AFFAIRS	\$ 5,096,855
		<b>Program 64.005 Total:</b>	<b>\$ 6,927,183</b>
64.116	VOCATIONAL REHABILITATION FOR DISABLED VETERANS	STATE COLLEGES & UNIVERSITIES	\$ 484,891
64.124	ALL-VOLUNTEER FORCE EDUCATION ASSISTANCE	LABOR AND INDUSTRY	\$ 10,882
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
66.032	STATE INDOOR RADON GRANTS	HEALTH	\$ 302,677
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	HEALTH	\$ 1,967
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	POLLUTION CONTROL AGENCY	\$ 366,976
		<b>Program 66.034 Total:</b>	<b>\$ 368,943</b>
66.040	ARRA-STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	\$ 689,848
66.040	STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	\$ 281,039
		<b>Program 66.040 Total:</b>	<b>\$ 970,887</b>
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	HEALTH	\$ 114,435
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	POLLUTION CONTROL AGENCY	\$ 56,314
		<b>Program 66.419 Total:</b>	<b>\$ 170,749</b>
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	HEALTH	\$ 2,278,890

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
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YEAR ENDED JUNE 30, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (Continued)</b>			
66.454	WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	\$ 307,694
66.454	ARRA-WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	\$ 160,777
		<b>Program 66.454 Total:</b>	<b>\$ 468,471</b>
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	POLLUTION CONTROL AGENCY	\$ 3,688,336
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLV.	HEALTH	\$ 3,228,388
66.469	GREAT LAKES PROGRAM	HEALTH	\$ 22,811
66.469	GREAT LAKES PROGRAM	POLLUTION CONTROL AGENCY	\$ 233,982
66.469	GREAT LAKES PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 49,268
		<b>Program 66.469 Total:</b>	<b>\$ 306,061</b>
66.472	BEACH MONITORING AND NOTIFICATION PROGRAM GRANTS	POLLUTION CONTROL AGENCY	\$ 97,029
66.474	WATER PROTECTION GRANTS TO THE STATES	HEALTH	\$ 147,245
66.479	WETLAND PROGRAM GRANTS - STATE/TRIBAL PROGRAM	NATURAL RESOURCES	\$ 120,757
66.479	WETLAND PROGRAM GRANTS - STATE/TRIBAL PROGRAM	POLLUTION CONTROL AGENCY	\$ 115,348
		<b>Program 66.479 Total:</b>	<b>\$ 236,105</b>
66.509	SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM	HEALTH	\$ 74,927
66.509	SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 4,553
		<b>Program 66.509 Total:</b>	<b>\$ 79,480</b>
66.511	OFFICE OF RESEARCH AND DEVELOPMENT CONSOLIDATED	NATURAL RESOURCES	\$ 36,032
66.513	GREATER RESEARCH OPPORTUNITES FOR ENVIRON STUDY	STATE COLLEGES & UNIVERSITIES	\$ 9,250
66.605	PERFORMANCE PARTNERSHIP GRANTS	AGRICULTURE	\$ 630,063
66.605	PERFORMANCE PARTNERSHIP GRANTS	POLLUTION CONTROL AGENCY	\$ 11,671,018
		<b>Program 66.605 Total:</b>	<b>\$ 12,301,081</b>
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT	ADMINISTRATION	\$ 97,790
66.700	CONSOLIDATED PESTICIDE ENFORCEMENT COOP AGREEMENTS	NATURAL RESOURCES	\$ 20,701
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION	HEALTH	\$ 304,194
66.709	MULTI-MEDIA CAPACITY BUILDING GRANTS FOR STATES	POLLUTION CONTROL AGENCY	\$ 14,335
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE	POLLUTION CONTROL AGENCY	\$ 333,297

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



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NONMAJOR FEDERAL PROGRAMS  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (Continued)</b>			
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION	POLLUTION CONTROL AGENCY	\$ 765,347
66.805	ARRA-LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	\$ 1,492,060
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	\$ 1,597,516
		<b>Program 66.805 Total:</b>	<b>\$ 3,089,576</b>
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM	POLLUTION CONTROL AGENCY	\$ 190,949
66.817	STATE AND TRIBAL RESPONSE PROGRAM GRANTS	POLLUTION CONTROL AGENCY	\$ 674,122
66.818	BROWNFIELDS ASSESSMENT AND CLEANUP COOP AGREEMENTS	EMPLOYMENT & ECONOMIC	\$ 34,601
<b>U.S. DEPARTMENT OF ENERGY</b>			
81.041	ARRA-STATE ENERGY PROGRAM	COMMERCE	\$ 8,600,968
81.041	STATE ENERGY PROGRAM	COMMERCE	\$ 427,929
81.041	STATE ENERGY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 16,028
		<b>Program 81.041 Total:</b>	<b>\$ 9,044,925</b>
81.049	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 133,446
81.087	RENEWABLE ENERGY RESEARCH AND DEVELOPMENT	STATE COLLEGES & UNIVERSITIES	\$ 207,835
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY	COMMERCE	\$ 4,118
81.119	ARRA-STATE ENERGY PROGRAM SPECIAL PROJECT	COMMERCE	\$ 71,959
81.122	ARRA-ELECTRICITY DELIVERY AND ENERGY RELIABILITY	COMMERCE	\$ 1,874
81.122	ARRA-ELECTRICITY DELIVERY AND ENERGY RELIABILITY	PUBLIC UTILITIES COMM	\$ 54,592
		<b>Program 81.122 Total:</b>	<b>\$ 56,466</b>
81.127	ARRA-ENERGY EFFICIENT APPLIANCE REBATE	COMMERCE	\$ 3,828,987
81.128	ARRA-ENERGY EFFICIENCY AND CONSERVATION	COMMERCE	\$ 131,880
81.502	MISCELLANEOUS FEDERAL GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 53,702
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>TRIO Cluster</b>			
84.042	TRIO_STUDENT SUPPORT SERVICES	STATE COLLEGES & UNIVERSITIES	\$ 6,618,664

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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>			
84.044	TRIO_TALENT SEARCH	STATE COLLEGES & UNIVERSITIES	\$ 1,406,297
84.047	TRIO_UPWARD BOUND	STATE COLLEGES & UNIVERSITIES	\$ 6,262,131
84.066	TRIO_EDUCATIONAL OPPORTUNITY CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 794,267
84.217	TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT	STATE COLLEGES & UNIVERSITIES	\$ 217,365
<b>TRIO Cluster Total:</b>			<b>\$ 15,298,724</b>
<b>Teacher Quality Partnership Grants Cluster</b>			
84.336	TEACHER QUALITY PARTNERSHIP GRANTS	EDUCATION	\$ 1,450
84.336	TEACHER QUALITY PARTNERSHIP GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 581,173
<b>Teacher Quality Partnership Grants Cluster Total:</b>			<b>\$ 582,623</b>
<b>Statewide Data Systems Cluster</b>			
84.372	STATEWIDE DATA SYSTEMS	EDUCATION	\$ 8,102
<b>Statewide Data Systems Cluster Total:</b>			<b>\$ 8,102</b>
<b>School Improvement Grants Cluster</b>			
84.377	SCHOOL IMPROVEMENT GRANTS	EDUCATION	\$ 3,582,389
84.388	ARRA-SCHOOL IMPROVEMENT GRANTS, RECOVERY ACT	EDUCATION	\$ 97,504
<b>School Improvement Grants Cluster Total:</b>			<b>\$ 3,679,893</b>
<b>Independent Living State Grants Cluster</b>			
84.169	INDEPENDENT LIVING_STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 2,124,339
84.398	ARRA-INDEPENDENT LIVING STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 30,109
<b>Independent Living State Grants Cluster Total:</b>			<b>\$ 2,154,448</b>
<b>Indep Living Services for Older Indiv Who Are Blind Cluster</b>			
84.177	REHABILITATION SERVICES_IND LIVING SVS OLDER INDIVIDUALS	EMPLOYMENT & ECONOMIC	\$ 539,821
84.399	ARRA-SSB OLDER BLIND	EMPLOYMENT & ECONOMIC	\$ 286,735
<b>Indep Living Services for Older Indiv Who Are Blind Cluster Total:</b>			<b>\$ 826,556</b>

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>			
<b>Educational Technology State Grants Cluster</b>			
84.318	EDUCATION TECHNOLOGY STATE GRANTS	EDUCATION	\$ 2,984,799
84.386	ARRA-EDUC TECHNOLOGY STATE GRANTS	EDUCATION	\$ 2,276,802
<b>Educational Technology State Grants Cluster Total:</b>			<b>\$ 5,261,601</b>
<b>Education of Homeless Children and Youth Cluster</b>			
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	\$ 618,923
84.387	ARRA-EDUC FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	\$ 428,396
<b>Education of Homeless Children and Youth Cluster Total:</b>			<b>\$ 1,047,319</b>
<b>Early Intervention Services (IDEA) Cluster</b>			
84.181	SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	EDUCATION	\$ 9,757,977
84.393	ARRA-SPECIAL ED - GRANTS FOR INFANTS AND FAMILIES	EDUCATION	\$ 7,856,561
<b>Early Intervention Services (IDEA) Cluster Total:</b>			<b>\$ 17,614,538</b>
<b>Centers for Independent Living Cluster</b>			
84.132	CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 979,147
84.400	ARRA-CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 216,468
<b>Centers for Independent Living Cluster Total:</b>			<b>\$ 1,195,615</b>
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	EDUCATION	\$ 6,632,001
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 360
<b>Program 84.002 Total:</b>			<b>\$ 6,632,361</b>
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	EDUCATION	\$ 1,626,624
84.013	TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	EDUCATION	\$ 225,000
84.031	HIGHER EDUCATION_INSTITUTIONAL AID	STATE COLLEGES & UNIVERSITIES	\$ 591,892
84.048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 16,967,314
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 976,300
84.144	MIGRANT EDUCATION_COORDINATION PROGRAM	EDUCATION	\$ 38,163

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

**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>			
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NAT'L	EDUCATION	\$ 2,072
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NAT'L	STATE COLLEGES & UNIVERSITIES	\$ 143,949
		<b>Program 84.184 Total:</b>	<b>\$ 146,021</b>
84.185	BYRD HONORS SCHOLARSHIPS	EDUCATION	\$ 701,500
84.186	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-STATE	EDUCATION	\$ 4,785,801
84.187	SUPPORTED EMPLOYMENT SERVICES	EMPLOYMENT & ECONOMIC	\$ 426,266
84.213	EVEN START_STATE EDUCATIONAL AGENCIES	EDUCATION	\$ 624,546
84.224	ASSISTIVE TECHNOLOGY	ADMINISTRATION	\$ 489,173
84.243	TECH-PREP EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 2,036
84.265	REHABILITATION TRAINING-STATE VOC REHAB	EMPLOYMENT & ECONOMIC	\$ 133,115
84.282	CHARTER SCHOOLS	EDUCATION	\$ 9,237,503
84.283	COMPREHENSIVE CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 5,162
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	EDUCATION	\$ 10,497,157
84.298	STATE GRANTS FOR INNOVATIVE PROGRAMS	EDUCATION	\$ 636,452
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	EDUCATION	\$ 771,236
84.324	RESEARCH IN SPECIAL EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 920,888
84.325	SPECIAL ED - PERSONNEL DEVELOP. FOR DISABLED CHILDREN	STATE COLLEGES & UNIVERSITIES	\$ 400
84.326	SPEC EDUC_TO IMPROVE SERVICES FOR DISABLED CHILDREN	EDUCATION	\$ 400,564
84.330	ADVANCED PLACEMENT INCENTIVE PROGRAM	EDUCATION	\$ 443,047
84.331	GRANTS TO STATES FOR WORKPLACE AND COMM TRANSITION	CORRECTIONS	\$ 149,207
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	STATE COLLEGES & UNIVERSITIES	\$ 289,162
84.350	TRANSITION TO TEACHING	STATE COLLEGES & UNIVERSITIES	\$ 66,000
84.351	ARTS IN EDUCATION	CENTER FOR ARTS EDUCATION	\$ 45,771
84.357	READING FIRST STATE GRANTS	EDUCATION	\$ 2,889,478

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>			
84.358	RURAL EDUCATION	EDUCATION	\$ 178,020
84.360	HIGH SCHOOL GRADUATION INITIATIVE	EDUCATION	\$ 219,657
84.361	VOLUNTARY PUBLIC SCHOOL CHOICE	EDUCATION	\$ 339,263
84.365	ENGLISH LANGUAGE ACQUISITION GRANTS	EDUCATION	\$ 10,529,011
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	EDUCATION	\$ 2,616,862
84.368	GRANTS FOR ENHANCED ASSESSMENT INSTRUMENTS	EDUCATION	\$ 801,081
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	EDUCATION	\$ 5,656,839
84.373	SPECIAL EDUCATION_TECHNICAL ASSIST ON DATA COLLECTION	EDUCATION	\$ 310,528
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
90.400	HELP AMERICA VOTE COLLEGE PROGRAM	SECRETARY OF STATE	\$ 83,465
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<b>Head Start Cluster</b>			
93.600	HEAD START	EDUCATION	\$ 111,179
<b>Head Start Cluster Total:</b>			<b>\$ 111,179</b>
<b>Community Services Block Grant (CSBG) Cluster</b>			
93.569	COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 7,470,360
93.710	ARRA-COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 8,917,233
<b>Community Services Block Grant (CSBG) Cluster Total:</b>			<b>\$ 16,387,593</b>
<b>Aging Cluster</b>			
93.044	SPEC PROG FOR THE AGING_TITLE III, PART B_GRANTS	HUMAN SERVICES	\$ 7,708,405
93.045	SPEC PROG FOR THE AGING_TITLE III, PART C_NUTRITION SERVICE	HUMAN SERVICES	\$ 7,157,939
93.053	NUTRITION SERVICES INCENTIVE PROGRAM	HUMAN SERVICES	\$ 2,097,169
93.705	ARRA-AGING HOME-DELIVERED NUTRITION SERVICES	HUMAN SERVICES	\$ 512,955

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>			
93.707	ARRA-AGING CONGREGATE NUTRITION SERVICES	HUMAN SERVICES	\$ 1,041,940
<b>Aging Cluster Total:</b>			<b>\$ 18,518,408</b>
93.006	STATE AND TERRITORIAL AND TECHNICAL ASSISTANCE	HEALTH	\$ 185,849
93.041	SPEC PROG FOR THE AGING_TITLE VII, CHAP 3	HUMAN SERVICES	\$ 28,603
93.042	SPEC PROG FOR THE AGING_TITLE VII, CHAP 2_LONG TERM CARE	HUMAN SERVICES	\$ 324,226
93.043	SPEC PROG FOR THE AGING_TITLE III, PART D	HUMAN SERVICES	\$ 297,819
93.048	SPEC PROG FOR THE AGING_TITLE IV_AND TITLE II	HUMAN SERVICES	\$ 779,018
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	HUMAN SERVICES	\$ 605,371
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	HUMAN SERVICES	\$ 2,143,244
93.070	ENVIRON. PUBLIC HEALTH & EMERG. RESPNSE	HEALTH	\$ 420,240
93.071	MEDICARE ENROLLMENT ASSISTANCE	HUMAN SERVICES	\$ 88,001
93.089	EMERG. SYS. FOR REGISTRATION OF HEALTH PROF.	HEALTH	\$ 27,821
93.103	FOOD AND DRUG ADMINISTRATION_RESEARCH	AGRICULTURE	\$ 617,510
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROG	HEALTH	\$ 241,015
93.116	PROJECT GRANTS AND COOP AGREEMENTS FOR TUBERCULOSIS	HEALTH	\$ 996,527
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	EMERGENCY MEDICAL SERVICES	\$ 127,688
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES	HEALTH	\$ 185,438
93.136	INJURY PREVENTION AND CONTROL RESEARCH	HEALTH	\$ 1,183,659
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS	HUMAN SERVICES	\$ 659,000
93.161	HEALTH PROGRAM FOR TOXIC SUBSTANCES AND DISEASE	HEALTH	\$ 42,868
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	HEALTH	\$ 100,000
93.197	CHILDHOOD LEAD POISONING PREVENTION	HEALTH	\$ 542,433
93.204	SURVEILLANCE OF HAZARDOUS SUBSTANCE EVENTS	HEALTH	\$ 19,828

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>			
93.234	TRAUMATIC BRAIN INJURY STATE DEMO GRANT	HUMAN SERVICES	\$ 61,465
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	HEALTH	\$ 174,103
93.240	STATE CAPACITY BUILDING	HEALTH	\$ 396,704
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	HEALTH	\$ 652,569
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 988,505
93.251	UNIVERSAL NEWBORN HEARING SCREENING	HEALTH	\$ 219,610
93.256	STATE HEALTH ACCESS PROGRAM	HUMAN SERVICES	\$ 2,183,518
93.273	ALCOHOL RESEARCH PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 6,055
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_ASSISTANCE	HEALTH	\$ 17,585,553
93.286	DISCOVERY AND APPLIED RESEARCH FOR INNOVATIONS	STATE COLLEGES & UNIVERSITIES	\$ 69,544
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	HEALTH	\$ 755,841
93.358	ADVANCED NURSING EDUCATION TRAINEESHIPS	STATE COLLEGES & UNIVERSITIES	\$ 138,299
93.359	NURSE EDUCATION, PRACTICE AND RETENTION GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 575,391
93.395	CANCER TREATMENT RESEARCH	HEALTH	\$ 83,215
93.395	CANCER TREATMENT RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 163,703
	<b>Program 93.395 Total:</b>		<b>\$ 246,918</b>
93.402	ARRA-STATE LOAN REPYMT PROGRAM	HEALTH	\$ 148,000
93.414	ARRA-STATE PRIMARY CARE OFFICES	HEALTH	\$ 27,067
93.448	FOOD SAFETY AND SECURITY MONITORING PROJECT	AGRICULTURE	\$ 348,025
93.449	RUMINANT FEED BAN SUPPORT PROJECT	AGRICULTURE	\$ 237,167
93.550	TRANSITIONAL LIVING FOR HOMELESS YOUTH	HUMAN SERVICES	\$ 170,454
93.556	PROMOTING SAFE AND STABLE FAMILIES	HUMAN SERVICES	\$ 3,973,684
93.564	CHILD SUPPORT ENFORCEMENT RESEARCH	HUMAN SERVICES	\$ 46,804
93.566	REFUGEE AND ENTRANT ASSISTANCE_STATE PROGRAMS	HUMAN SERVICES	\$ 8,871,513

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

**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>			
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HEALTH	\$ 189,552
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HUMAN SERVICES	\$ 1,559,196
		<b>Program 93.576 Total:</b>	<b>\$ 1,748,748</b>
93.584	REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE	HUMAN SERVICES	\$ 2,283,864
93.586	STATE COURT IMPROVEMENT PROGRAM	SUPREME COURT	\$ 698,588
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	HUMAN SERVICES	\$ 1,555,423
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	HUMAN SERVICES	\$ 163,113
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS	HUMAN SERVICES	\$ 655,750
93.603	ADOPTION INCENTIVE PAYMENTS	HUMAN SERVICES	\$ 370,763
93.617	VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES	SECRETARY OF STATE	\$ 330,325
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY	ADMINISTRATION	\$ 951,900
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	HUMAN SERVICES	\$ 297,360
93.645	CHILD WELFARE SERVICES_STATE GRANTS	HUMAN SERVICES	\$ 4,058,900
93.648	CHILD WELFARE RESEARCH TRAINING OR DEMONSTRATION	STATE COLLEGES & UNIVERSITIES	\$ 47,946
93.659	ARRA-ADOPTION ASSISTANCE	HUMAN SERVICES	\$ 2,050,496
93.659	ADOPTION ASSISTANCE	HUMAN SERVICES	\$ 23,500,214
		<b>Program 93.659 Total:</b>	<b>\$ 25,550,710</b>
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	HUMAN SERVICES	\$ 455,880
93.670	CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES	HEALTH	\$ 180,225
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES	PUBLIC SAFETY	\$ 1,798,708
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	HUMAN SERVICES	\$ 1,827,937
93.701	ARRA-TRANS-NIH RECOVERY ACT RESEARCH SUPP	STATE COLLEGES & UNIVERSITIES	\$ 19,740
93.717	ARRA-PREVENTING HEALTHCARE ASSOC. INFECTIONS	HEALTH	\$ 118,471
93.719	ARRA-HEALTH INFORMATION TECHNOLOGY	HEALTH	\$ 77,731

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>			
93.723	ARRA-PREVENTION AND WELLNESS	HEALTH	\$ 69,353
93.724	ARRA-PREVENT. AND WELLNESS FUNDING OPPOR. ANNCENT	HEALTH	\$ 33,569
93.725	ARRA-COMMUNITIES PUTTING PREVENTION TO WORK	HUMAN SERVICES	\$ 17,500
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	HUMAN SERVICES	\$ 21,159,024
93.768	MEDICAID INFRASTRUCTURE GRANTS	HUMAN SERVICES	\$ 6,200,180
93.769	DEMONSTRATION TO MAINTAIN INDEPENDENCE, EMPLOYMENT	HUMAN SERVICES	\$ 4,871,045
93.779	CENTERS FOR MEDICARE AND MEDICAID SERV (CMS) RESEARCH	HUMAN SERVICES	\$ 906,933
93.793	MEDICAID TRANSFORMATION GRANTS	HUMAN SERVICES	\$ 653,050
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 13,476
93.865	CHILD HEALTH AND HUMAN DEVELOPMENT RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 18,932
93.888	SPECIALLY SELECTED HEALTH PROJECTS	STATE COLLEGES & UNIVERSITIES	\$ 47
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	EMERGENCY MEDICAL SERVICES	\$ 27,166
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	HEALTH	\$ 7,370,965
		<b>Program 93.889 Total:</b>	<b>\$ 7,398,131</b>
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES RURAL HEALTH	HEALTH	\$ 167,200
93.917	HIV CARE FORMULA GRANTS	HUMAN SERVICES	\$ 7,242,858
93.938	COOPERATIVE AGREEMENTS TO PREVENT HIV SPREAD	EDUCATION	\$ 684,076
93.940	HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	HEALTH	\$ 3,329,435
93.944	HIV/AIDS SURVEILLANCE	HEALTH	\$ 419,615
93.945	ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION	HEALTH	\$ 17,839
93.946	COOP AGREEMTS TO SUPPORT SAFE MOTHERHOOD	HEALTH	\$ 154,583
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 5,800,772
93.959	BLOCK GRANTS - PREVENTION, TREATMENT OF SUBSTANCE ABUSE	HUMAN SERVICES	\$ 25,872,290
93.969	GERIATRIC EDUCATION CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 13,346

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>			
93.977	PREVENTIVE HLTH SERVICES_SEXUALLY TRANSMITTED DISEASES	HEALTH	\$ 1,021,588
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	HEALTH	\$ 2,669,287
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT	HEALTH	\$ 9,278,586
<b>U.S. CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE</b>			
94.004	LEARN AND SERVE AMERICA_SCHOOL AND COMMUNITY BASED	EDUCATION	\$ 195,174
94.005	LEARN AND SERVE AMERICA-HIGHER EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 2,540
94.006	AMERICORPS	STATE COLLEGES & UNIVERSITIES	\$ 14,350
94.006	ARRA-AMERICORPS	STATE COLLEGES & UNIVERSITIES	\$ 233,179
		<b>Program 94.006 Total:</b>	<b>\$ 247,529</b>
94.007	PROGRAM DEVELOPMENT AND INNOVATION GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 355
<b>U.S. SOCIAL SECURITY ADMINISTRATION</b>			
<b>Disability Insurance/SSI Cluster</b>			
96.001	SOCIAL SECURITY_DISABILITY INSURANCE	EMPLOYMENT & ECONOMIC	\$ 25,877,271
		<b>Disability Insurance/SSI Cluster Total:</b>	<b>\$ 25,877,271</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Homeland Security Cluster</b>			
97.067	HOMELAND SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 20,529,212
		<b>Homeland Security Cluster Total:</b>	<b>\$ 20,529,212</b>
<b>Emergency Food and Shelter Program Cluster</b>			
97.024	EMERGENCY FOOD AND SHELTER NATIONAL BOARD	STATE COLLEGES & UNIVERSITIES	\$ 6,483
97.114	ARRA-EMERGENCY FOOD AND SHELTER	HUMAN SERVICES	\$ 3,779
97.114	EMERGENCY FOOD AND SHELTER NATIONAL BOARD	STATE COLLEGES & UNIVERSITIES	\$ 4,500
		<b>Emergency Food and Shelter Program Cluster Total:</b>	<b>\$ 14,762</b>
97.001	PILOT DEMO-INTEROPERABLE EMERGENCY COMMUNICATIONS	PUBLIC SAFETY	\$ 157,276

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, 2010**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)</b>			
97.008	NON-PROFIT SECURITY PROGRAM	PUBLIC SAFETY	\$ 10,000
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	NATURAL RESOURCES	\$ 3,383,356
97.017	PRE-DISASTER MITIGATION COMPETITIVE	PUBLIC SAFETY	\$ 88,395
97.021	HAZARDOUS MATERIALS ASSISTANCE PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 2,680
97.023	COMMUNITY ASSISTANCE	NATURAL RESOURCES	\$ 112,254
97.029	FLOOD MITIGATION ASSISTANCE	PUBLIC SAFETY	\$ 9,490
97.034	DISASTER UNEMPLOYMENT ASSISTANCE	EMPLOYMENT & ECONOMIC	\$ 33,696
97.039	HAZARD MITIGATION GRANT	PUBLIC SAFETY	\$ 1,850,677
97.041	NATIONAL DAM SAFETY PROGRAM	NATURAL RESOURCES	\$ 61,009
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 5,871,020
97.043	STATE FIRE TRAINING SYSTEMS GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 24,000
97.045	COOPERATING TECHNICAL PARTNERS	NATURAL RESOURCES	\$ 108,783
97.047	PRE-DISASTER MITIGATION	PUBLIC SAFETY	\$ 1,592,200
97.056	PORT SECURITY GRANT PROGRAM	NATURAL RESOURCES	\$ 311,250
97.056	PORT SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 205,447
		<b>Program 97.056 Total:</b>	<b>\$ 516,697</b>
97.070	MAP MODERNIZATION MANAGEMENT SUPPORT	NATURAL RESOURCES	\$ 93,563
97.075	RAIL AND TRANSIT SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 205,575
97.078	BUFFER ZONE PROTECTION PROGRAM (BZPP)	PUBLIC SAFETY	\$ 236,075
97.089	DRIVER'S LICENSE SECURITY GRANT	PUBLIC SAFETY	\$ 10,107
97.091	HOMELAND SECURITY BIOWATCH PROGRAM	POLLUTION CONTROL AGENCY	\$ 947,882
<b>Non Major Program Total:</b>			<b>\$ 742,846,633</b>

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

# MINNESOTA



Headwaters of the mighty Mississippi

**State of Minnesota**  
**Financial and Compliance Report on Federally Assisted Programs**  
**Fiscal Year Ended June 30, 2010**

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**Notes to the Schedule of Expenditures of Federal Awards**

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

**Note 1 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The reporting policies for fiscal year 2010 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, 2010. 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 OMB Circular A-133 to determine which federal programs are major programs. Programs expending \$30 million or more in federal awards are Type A programs and are considered major programs. Type B programs are programs expending less than \$30 million in federal awards. If the auditor assesses Type A programs as low-risk, the auditor may replace Type A programs by higher risk Type B programs as major programs.

For purposes of financial reporting, the Catalog of Federal Domestic Assistance (CFDA) number from the 2010 basic edition catalog identifies federal programs. The schedules are presented in numeric CFDA order within each federal agency.

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

**Financial Reporting Entity of the State of Minnesota**

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

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

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

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

### **Basis of Accounting**

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

### Classification of Statement Information

Expenditures are presented for all federal programs and include amounts 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.

### Note 2 – Perkins and Nursing Student Loan Programs

Below is a summary of the loan activity for the Perkins Loans (CFDA 84.038) and Nursing Student Loans (NSL) (CFDA 93.364) programs during fiscal year 2010. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	NSL
Loans Receivable, Beginning	\$ 34,444,515	\$ 10,508
Loan Repayments	(3,571,678)	(1,357)
Loan Cancellations	(641,090)	-
New Loans Issued	3,254,103	-
Loans Receivable, Ending	<u>\$ 33,485,850</u>	<u>\$ 9,151</u>
Allowance for doubtful accounts	(2,528,367)	-
Total Loans Receivable	<u><u>\$ 30,957,483</u></u>	<u><u>\$ 9,151</u></u>

### Note 3 – Federal Family Education Loan Programs

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 2010.

Federal Family Education Loans Issued:	
Federal Subsidized Stafford	\$ 215,875,365
Federal Unsubsidized Stafford	242,295,766
Federal Parent Loans for Undergraduate Students	40,763
Total Federal Family Education Loans	<u>\$ 458,211,894</u>
Federal Direct Student Loans	<u><u>\$ 192,552,846</u></u>

#### Note 4 – Rebates

The Supplemental Food Program for Women, Infants, and Children (WIC) Program (CFDA 10.557), administered through the Minnesota Department of Health, receives cash rebates from infant formula manufacturers. The rebates are used to offset program costs and are reported as expenditure reductions. During fiscal year 2010, the state of Minnesota recognized a total rebate of \$26,346,024 on sales of formula to participants in the WIC program.

The Medical Assistance Program (CFDA 93.778), administered through the Minnesota Department of Human Services, receives cash rebates from drug labelers on sales of drugs to participants in the Medical Assistance Program. During fiscal year 2010, the federal share of the rebate was \$71,451,307.

#### Note 5 – Unemployment Insurance Program

For fiscal year 2010, expenditures for the Unemployment Insurance Program (CFDA 17.225) include federal and state unemployment insurance expenditures as well as federal administrative expenditures. As shown in the following table, some of these expenditures were funded by American Recovery and Reinvestment Act (ARRA) funds:

	<u>Non-ARRA Funds</u>	<u>ARRA Funds</u>	<u>Total</u>
State Unemployment Expenditures	\$ 1,450,648,037	\$ 82,507,920	\$ 1,533,155,957
Federal Unemployment Expenditures	692,831,117	810,495,816	1,503,326,933
Federal Administrative Expenditures	49,947,202	4,213,095	54,160,297
Total Expenditures	<u>\$ 2,193,426,356</u>	<u>\$ 897,216,831</u>	<u>\$ 3,090,643,187</u>

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



## Note 6 – Water Quality Capitalization Grants

Water quality capitalization grants (CFDA 66.458) are used by states to create revolving funds to provide financing for construction of wastewater treatment facilities and implementation of other water quality management activities. Loans are administered from these funds by the State departments of Employment and Economic Development, Agriculture, and Pollution Control. The state’s loan programs are Tourism Septic Loan (TLP), Small Cities (SCDP), Agriculture Best Management Practices (AG BMP) and Clean Water Partnership (CWP). A summary of the loan activity for fiscal year 2010 is shown below.

	<u>TLP</u>	<u>SCDP</u>	<u>AG BMP</u>	<u>CWP</u>
Loans Receivable, Beginning	\$ 69,561	\$ 57,864	\$ 44,614,934	\$ 19,699,346
Loan Repayments	(15,195)	(57,864)	(5,200,712)	(2,684,049)
New Loans Issued	-	-	5,521,733	2,860,759
Interest Capitalized	-	-	-	107,561
Loan Adjustments	-	-	-	-
Loans Receivable, Ending	<u>\$ 54,366</u>	<u>\$ -</u>	<u>\$ 44,935,955</u>	<u>\$ 19,983,617</u>

## Note 7 - Supplemental Nutrition Assistance Program (SNAP)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households’ income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 16.38 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2010.

## Note 8 – State Fiscal Stabilization Funds

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

CFDA 84.394 Education Stabilization Fund	
University of Minnesota	\$ 41,074,741
Department of Education	500,000,000
Minnesota State Colleges and Universities	37,132,890
Total for CFDA 84.394	<u>\$ 578,207,631</u>
CFDA 84.397 Government Services Fund	
Department of Corrections	\$ 38,000,000
Department of Human Services	110,010,250
Total for CFDA 84.397	<u>\$ 148,010,250</u>
State Fiscal Stabilization Fund Cluster Total	<u>\$ 726,217,881</u>

## Note 9 – CFDA Numbers

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

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**

**Section I:**

**Summary of Auditor's Results**

**Financial Statements**

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

**Schedule of Expenditures of Federal Awards**

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

**Federal Awards**

Internal control over major programs:				
Material weakness identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u>	Yes	<u>      </u>	No
Type of auditor's report issued on compliance for major programs:				
			Qualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u>  X  </u>	Yes	<u>      </u>	No

**Identification of Major Programs**

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

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**

**Section I: (continued)**

**Major Programs Audited**

<b><u>Federal Agency and Major Program Name</u></b>	<b><u>CFDA#</u></b>
<b>U. S. Department of Agriculture</b>	
<i>Supplemental Nutrition Assistance Program (SNAP) Cluster</i>	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grant for Supplemental Nutrition Program	10.561
ARRA - State Admin Matching Grant for Supplemental Nutrition Program	10.561
<i>Child Nutrition Cluster</i>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Child and Adult Care Food Program	10.558
<b>U. S. Department of Defense</b>	
National Guard Military Operations and Maintenance	12.401
ARRA - National Guard Military Operations and Maintenance	12.401
<b>U. S. Department of Labor</b>	
<i>Workforce Investment Act (WIA) Cluster</i>	
WIA-Adult Program	17.258
ARRA - WIA-Adult Program	17.258
WIA-Youth Activities	17.259
ARRA - WIA-Youth Activities	17.259
WIA-Dislocated Workers	17.260
ARRA - WIA- Dislocated Workers	17.260
Unemployment Insurance	17.225
ARRA - Unemployment Insurance	17.225
<b>U. S. Department of Transportation</b>	
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction	20.205
ARRA - Highway Planning and Construction	20.205
Recreational Trails Program	20.219
<i>Federal Transit Cluster</i>	
Federal Transit – Capital Investment Grants	20.500
Federal Transit – Formula Grants	20.507

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**

**Section I: (continued)**

**Major Programs Audited**

<b><u>Federal Agency and Major Program Name</u></b>	<b><u>CFDA#</u></b>
<b>U. S. Department of Transportation (continued)</b>	
Airport Improvement Program	20.106
ARRA - Airport Improvement Program	20.106
<b>U. S. Department of Energy</b>	
Weatherization Assistance for Low-Income Persons	81.042
ARRA - Weatherization Assistance for Low-Income Persons	81.042
<b>U. S. Department of Education</b>	
<i>Special Education Cluster</i>	
Special Education – Grants to States	84.027
Special Education - Preschool Grants	84.173
ARRA - Special Education – Grants to States	84.391
ARRA - Special Education - Preschool Grants	84.392
<i>Student Financial Assistance Cluster</i>	
Federal Supplemental Education Opportunity Grants	84.007
Federal Family Education Loans	84.032
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Academic Competitiveness Grant	84.375
National Science and Mathematics Access to Retain Talent Grant	84.376
Teacher Education Assistance Grants (TEACH)	84.379
Nursing Student Loans	93.364
<i>State Fiscal Stabilization Fund Cluster</i>	
ARRA - State Fiscal Stabilization Fund – Education State Grants	84.394
ARRA - State Fiscal Stabilization Fund – Government Services	84.397
<i>Title I, Part A Cluster</i>	
Title 1 Grants to Local Education Agencies	84.010
ARRA - Title 1 Grants to Local Education Agencies	84.389
<i>Vocational Rehabilitation Cluster</i>	
Rehabilitation Services - Vocational Rehabilitation Grants	84.126
ARRA - Rehabilitation Services - Vocational Rehabilitation Grants	84.390
Improving Teacher Quality State Grants	84.367

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**

**Section I: (continued)**

**Major Programs Audited**

<b><u>Federal Agency and Major Program Name</u></b>	<b><u>CFDA#</u></b>
<b>U. S. Department of Health &amp; Human Services</b>	
<i>Child Care and Development Fund (CCDF) Cluster</i>	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds	93.596
ARRA - Child Care and Development Block Grant	93.713
<b>U. S. Department of Health &amp; Human Services (continued)</b>	
<i>Medical Assistance Cluster</i>	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777
Medical Assistance Program	93.778
ARRA - Medical Assistance Program	93.778
<i>Temporary Assistance for Needy Families (TANF) Cluster</i>	
Temporary Assistance for Needy Families	93.558
ARRA – Emergency Contingency Fund for TANF	93.714
<i>Immunization Cluster</i>	
Immunization Grants	93.268
ARRA - Immunization Grants	93.712
Public Health Emergency Preparedness	93.069
Child Support Enforcement	93.563
ARRA - Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Foster Care Title IV-E	93.658
ARRA - Foster Care Title IV-E	93.658
Social Services Block Grant	93.667
<b>U. S. Department of Homeland Security</b>	
Disaster Assistance Grants – Public Assistance	97.036

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**

**Section II:**

**Financial Statement Audit Findings**

On February 18, 2011, we separately issued our Report on Internal Control Over Statewide Financial Reporting in accordance with *Government Auditing Standards*. (Legislative Audit Report 11-02). This report may also be accessed electronically at:  
**[www.auditor.leg.state.mn.us/fad/pdf/fad1102.pdf](http://www.auditor.leg.state.mn.us/fad/pdf/fad1102.pdf)**

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

Finding 2, including Appendix A and B, related to employees having inappropriate access to the state's business systems or having the ability to perform incompatible duties without mitigating controls. A portion of this finding, related to the Minnesota departments of Education, Human Services, and Transportation, could impact the administration of federal programs.

Finding 3 related to errors in the preliminary financial statements and supporting information received from agencies used to prepare the financial statements. Undetected and uncorrected errors in the federal fund could have an impact on the accuracy of the Schedules of Expenditures of Federal Awards. The Department of Management and Budget corrected the errors, identified as audit adjustments, in the published fiscal year 2010 financial statements.

Finding 5 related to lack of reconciliations of subsystem data at the Department of Human Services. These deficiencies in internal control could have an impact on the federal awards processed through these subsystems.

On November 4, 2010, an external public accounting firm for the Minnesota State Colleges and Universities, a part of the primary government of the State of Minnesota, separately issued a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for the Minnesota State Colleges and Universities' financial statements. Their report contained no findings. Their report may be accessed electronically at:  
**[www.finance.mnscu.edu/accounting/financialstatements/yearendstatements/docs/2010systemwide.pdf](http://www.finance.mnscu.edu/accounting/financialstatements/yearendstatements/docs/2010systemwide.pdf)**

# MINNESOTA



Headwaters of the mighty Mississippi



**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**

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# MINNESOTA



Headwaters of the mighty Mississippi

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SECTION III  
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Agriculture (Note 5)</b>								
(Note 2)								
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Human Services	10-34	5	S	A,B,E	Unnecessary employee access to program subsystem	P
10.551	Supplemental Nutrition Assistance Program (Note 6)	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.553	School Breakfast Program	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
10.553	School Breakfast Program	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.553	School Breakfast Program	Education	11-12	3	S	L	Insufficient supporting documentation for reporting two federal programs	P
10.553	School Breakfast Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.555	National School Lunch Program	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
10.555	National School Lunch Program	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.555	National School Lunch Program	Education	11-12	3	S	L	Insufficient supporting documentation for reporting two federal programs	P
10.555	National School Lunch Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.556	Special Milk Program for Children	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
10.556	Special Milk Program for Children	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.556	Special Milk Program for Children	Education	11-12	3	S	L	Insufficient supporting documentation for reporting two federal programs	P
10.556	Special Milk Program for Children	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.557	Special Program for Women, Infants and Children	Health	11-09	1	S		No documented internal control structure ensuring compliance	P
10.557	Special Program for Women, Infants and Children	Health	11-09	4	S		Did not accurately record the liability date in the state's accounting system	P
10.557	Special Program for Women, Infants and Children	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.558	Child and Adult Care Food Program	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
10.558	Child and Adult Care Food Program	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.558	Child and Adult Care Food Program	Education	11-12	3	S	L	Insufficient supporting documentation for reporting two federal programs	P
10.558	Child and Adult Care Food Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.559	Summer Food Service Program	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
10.559	Summer Food Service Program	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
10.559	Summer Food Service Program	Education	11-12	3	S	L	Insufficient supporting documentation for reporting two federal programs	P
10.559	Summer Food Service Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
10.561	ARRA-Supplemental Nutrition Assistance Administration	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
10.561	Supplemental Nutrition Assistance Administration	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
10.561	ARRA-Supplemental Nutrition Assistance Administration	Human Services	11-13	6	S	A,B	Insufficient notification of federal award information to subrecipients	P
10.561	ARRA-Supplemental Nutrition Assistance Administration	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
10.561	Supplemental Nutrition Assistance Administration	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
10.561	ARRA-Supplemental Nutrition Assistance Administration	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
<b>U.S. Department of Defense</b>								
12.401	National Guard Military Operations and Maint.	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
12.401	ARRA-National Guard Military Operation and Maint.	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SECTION III  
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Energy</b>								
81.041	State Energy Program	Commerce	11-10	2	S	B	Overcharge of indirect costs to federal programs	\$9,912
81.041	ARRA-State Energy Program	Commerce	11-10	2	S	B	Overcharge of indirect costs to federal programs	\$19,983
81.042	Weatherization Assistance for Low-Income Persons	Commerce	11-10	1	S	E,D,M	Inadequate monitoring of service provider compliance with certain federal requirements	P
81.042	ARRA-Weatherization Assistance	Commerce	11-10	1	S	E,D,M	Inadequate monitoring of service provider compliance with certain federal requirements	\$141,802
81.042	Weatherization Assistance for Low-Income Persons	Commerce	11-10	2	S	B	Overcharge of indirect costs to federal programs	\$4,718
81.042	ARRA-Weatherization Assistance	Commerce	11-10	2	S	B	Overcharge of indirect costs to federal programs	\$27,712
81.042	ARRA-Weatherization Assistance	Commerce	11-10	3	S	E	No recovery of disallowed costs reimbursed to suspended service provider	\$426,523
81.042	ARRA-Weatherization Assistance	Commerce	11-10	4	S	F	No update of inventory records for equipment purchased with federal program funds	P
81.042	Weatherization Assistance for Low-Income Persons	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
81.042	ARRA-Weatherization Assistance	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
<b>U.S. Department of Labor</b>								
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	11-06	1	S	E	No identification and recovery of overpaid \$25 supplement and certain benefit extensions	\$3,219,000
17.225	Unemployment Insurance	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.225	ARRA-Unemployment Insurance	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.225	ARRA-Unemployment Insurance	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.225	Unemployment Insurance	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.258	Workforce Investment Act-Adult	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.258	ARRA-Workforce Investment Act-Adult	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.258	Workforce Investment Act-Adult	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.258	ARRA-Workforce Investment Act-Adult	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.259	Workforce Investment Act-Youth	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.259	ARRA-Workforce Investment Act-Youth	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.259	Workforce Investment Act-Youth	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.259	ARRA-Workforce Investment Act-Youth	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.260	Workforce Investment Act-Dislocated Worker	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.260	ARRA-Workforce Investment Act-Dislocated Worker	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
17.260	Workforce Investment Act-Dislocated Worker	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
17.260	ARRA-Workforce Investment Act-Dislocated Worker	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
<b>U.S. Department of Transportation</b>								
20.106	Airport Improvement Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
20.106	ARRA - Airport Improvement Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
20.200	Highway Research and Program Development	Transportation	11-11	1	S		Inaccurate reporting on the draft schedule of expenditures	P
20.205	Highway Planning and Construction	Transportation	11-11	1	S		Inaccurate reporting on the draft schedule of expenditures	P
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	I	S	B,M	Noncompliance with materials control for bridge concrete and steel	\$5,829,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	I	S	B,M	Noncompliance with materials control for bridge concrete and steel	\$7,487,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	II	S	B,M	Noncompliance with concrete materials control requirements	\$1,289,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	III	S	B,M	Noncompliance with concrete materials control requirements	\$1,289,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	III	S	B,M	Noncompliance with materials control for grading and base construction	\$160,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	IV	S	B,M	Noncompliance with materials control requirements for bituminous pavement reclamation	\$33,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Transportation	DOT-11	V	S	B,M	Noncompliance with bridge and building removal requirements	\$33,000 (Note 3)
20.205	ARRA-Highway Planning and Construction	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
20.205	ARRA-Highway Planning and Construction	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
20.219	Recreation Trails Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
20.500	Federal Transit Capital Investment Grants	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
20.507	Federal Transit Formul Grants	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR**  
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**FISCAL YEAR ENDED JUNE 30, 2010**

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Education</b>								
			(Note 4)					
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.007	Federal Supplemental Educational Opportunity Grants	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.010	Title I - Grant to Local Education Agencies	Education	11-12	1	S	M	No documented internal control structure ensuring compliance	P
84.010	Title I - Grant to Local Education Agencies	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.010	Title I - Grant to Local Education Agencies	Management and Budget	11-14	1	S	M	SEFA not prepared in a timely manner	P
84.027	Special Education - State Grants	Education	11-12	1	S	M	No documented internal control structure ensuring compliance	P
84.027	Special Education - State Grants	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.027	Special Education - State Grants	Management and Budget	11-14	1	S	M	SEFA not prepared in a timely manner	P
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	LA-10	1	S	N	Incorrect calculation of refunds of federal awards at two higher-education institutions	\$1,053
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.032	Federal Family Education Loans	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	LA-10	4	S	N	College did not meet minimum requirement for involvement in community service jobs	\$3,645
84.033	Federal Work Study Program	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.038	Federal Perkins Loans	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.063	Federal Pell Grant Program	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.126	Vocational Rehabilitation	Employment and Economic Development	11-06	2	S	N	No identification and monitoring of internal controls ensuring compliance	P
84.126	Vocational Rehabilitation	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.173	Special Education - Preschool Grants	Education	11-12	1	S	M	No documented internal control structure ensuring compliance	P
84.173	Special Education - Preschool Grants	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.173	Special Education - Preschool Grants	Management and Budget	11-14	1	S	M	SEFA not prepared in a timely manner	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.268	Federal Direct Student Loans	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
93.364	Nursing Student Loans	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.367	Improving Teacher Quality State Grants	Education	11-12	1	S	M	No documented internal control structure ensuring compliance	P
84.367	Improving Teacher Quality State Grants	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.367	Improving Teacher Quality State Grants	Management and Budget	11-14	1	S	M	SEFA not prepared in a timely manner	P
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.375	Academic Competitiveness Grants	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.375	Academic Competitiveness Grants	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.376	National Science and Mathematics Talent Grants	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.379	Teacher Education Assistance for College and Higher Education	Minnesota State Colleges and Universities	LA-10	2	S	N	College did not return Title IV funds for reduced enrollment	P
84.379	Teacher Education Assistance for College and Higher Education	Minnesota State Colleges and Universities	LA-10	3	S	N	Three colleges did not return Title IV funds timely	P
84.379	Teacher Education Assistance for College and Higher Education	Management and Budget	11-14	1	S	N	SEFA not prepared in a timely manner	P
84.389	ARRA-Title I - Grant to Local Education Agencies	Education	11-12	1	S	M	No documented internal control structure ensuring compliance	P
84.389	ARRA-Title I - Grant to Local Education Agencies	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.389	ARRA-Title I - Grant to Local Education Agencies	Management and Budget	11-14	1	S	M	SEFA not prepared in a timely manner	P

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR**  
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**FISCAL YEAR ENDED JUNE 30, 2010**

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Education (continued)</b>								
84.390	ARRA-Vocational Rehabilitation	Employment and Economic Development	11-06	2	S		No identification and monitoring of internal controls ensuring compliance	P
84.390	ARRA-Vocational Rehabilitation	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
84.391	ARRA-Special Education - State Grants	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
84.391	ARRA-Special Education - State Grants	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.391	ARRA-Special Education - State Grants	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
84.392	ARRA-Special Education - Preschool Grants	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
84.392	ARRA-Special Education - Preschool Grants	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.392	ARRA-Special Education - Preschool Grants	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
84.394	ARRA-State Stabilization Funds - Education	Education	11-12	1	S		No documented internal control structure ensuring compliance	P
84.394	ARRA-State Stabilization Funds - Education	Education	11-12	2	S	M	Noncompliance with subrecipient monitoring and notification requirements	P
84.394	ARRA-State Stabilization Funds - Education	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
84.397	ARRA-State Stabilization Funds - Government	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
84.397	ARRA-State Stabilization Funds - Government	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
84.397	ARRA-State Stabilization Funds - Government	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
<b>U.S. Department of Health &amp; Human Services</b>								
93.069	Public Health Emergency Preparedness & Response	Health	11-09	1	S		No documented internal control structure ensuring compliance	P
93.069	Public Health Emergency Preparedness & Response	Health	11-09	3	S	H	Inappropriately charged federal program costs to prior grant award period	P
93.069	Public Health Emergency Preparedness & Response	Health	11-09	4	S		Did not accurately record the liability date in the state's accounting system	P
93.069	Public Health Emergency Preparedness & Response	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.268	Immunization Grants	Health	11-09	1	S		No documented internal control structure ensuring compliance	P
93.268	Immunization Grants	Health	11-09	3	S	H	Inappropriately charged federal program costs to prior grant award period	P
93.268	Immunization Grants	Health	11-09	4	S		Did not accurately record the liability date in the state's accounting system	P
93.268	Immunization Grants	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.558	Temporary Assistance for Needy Families	Human Services	10-34	5	S	A,B,E	Unnecessary employee access to program subsystem	P
93.558	Temporary Assistance for Needy Families	Human Services	11-13	1	M	A,B,E	No documented internal control structure ensuring accurate eligibility determinations	P
93.558	Temporary Assistance for Needy Families	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.558	Temporary Assistance for Needy Families	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.558	Temporary Assistance for Needy Families	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.558	Temporary Assistance for Needy Families	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.558	Temporary Assistance for Needy Families	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.563	Child Support Enforcement	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.563	ARRA-Child Support Enforcement	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.563	Child Support Enforcement	Human Services	11-13	3	S		Unnecessary employee access to program subsystem	P
93.563	ARRA-Child Support Enforcement	Human Services	11-13	3	S		Unnecessary employee access to program subsystem	P
93.563	Child Support Enforcement	Human Services	11-13	4	S		Excessive federal cash balances	P
93.563	ARRA-Child Support Enforcement	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.563	Child Support Enforcement	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.563	ARRA-Child Support Enforcement	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.563	Child Support Enforcement	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.563	ARRA-Child Support Enforcement	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.563	Child Support Enforcement	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.563	ARRA-Child Support Enforcement	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.563	ARRA-Child Support Enforcement	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.588	Low-Income Home Energy Assistance	Commerce	11-10	2	S	B	Overcharge of indirect costs to federal programs.	\$51,319
93.588	Low-Income Home Energy Assistance	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.575	Child Care and Development Block Grant	Human Services	11-13	1	M	A,B,E	No documented internal control structure ensuring accurate eligibility determinations	P
93.575	Child Care and Development Block Grant	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.575	Child Care and Development Block Grant	Human Services	11-13	4	S		Excessive federal cash balances	P
93.575	Child Care and Development Block Grant	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.575	Child Care and Development Block Grant	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.575	Child Care and Development Block Grant	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SECTION III  
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS  
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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services (continued)								
93.596	Child Care Mandatory and Matching Fund	Human Services	11-13	1	M	A,B,E	No documented internal control structure ensuring accurate eligibility determinations	P
93.596	Child Care Mandatory and Matching Fund	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.596	Child Care Mandatory and Matching Fund	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.596	Child Care Mandatory and Matching Fund	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.596	Child Care Mandatory and Matching Fund	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.658	Foster Care - Title IV-E	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.658	ARRA-Foster Care - Title IV-E	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.658	Foster Care - Title IV-E	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.658	ARRA-Foster Care - Title IV-E	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.658	Foster Care - Title IV-E	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.658	ARRA-Foster Care - Title IV-E	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.658	Foster Care - Title IV-E	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.658	ARRA-Foster Care - Title IV-E	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.658	Foster Care - Title IV-E	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.658	ARRA-Foster Care - Title IV-E	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.659	Adoption Assistance	Human Services	11-13	2	S	A,B	No documented internal control structure ensuring compliance	P
93.659	Adoption Assistance	Human Services	11-13	5	S		Insufficient review of payroll reports	P
93.667	Social Services Block Grant	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.667	Social Services Block Grant	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.667	Social Services Block Grant	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.667	Social Services Block Grant	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.712	ARRA-Immunization Grants	Health	11-09	1	S		No documented internal control structure ensuring compliance	P
93.712	ARRA-Immunization Grants	Health	11-09	2	S	L	Did not accurately report ARRA funds or notify subrecipients of ARRA requirements	P
93.712	ARRA-Immunization Grants	Health	11-09	4	S		Did not accurately record the liability date in the state's accounting system	P
93.712	ARRA-Immunization Grants	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.712	ARRA-Immunization Grants	Management and Budget	11-14	2	S	L	Did not accurately report ARRA funds	P
93.713	ARRA-Child Care and Development	Human Services	11-13	1	M	A,B,E	No documented internal control structure ensuring accurate eligibility determinations	P
93.713	ARRA-Child Care and Development	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.713	ARRA-Child Care and Development	Human Services	11-13	4	S		Excessive federal cash balances	P
93.713	ARRA-Child Care and Development	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.713	ARRA-Child Care and Development	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.713	ARRA-Child Care and Development	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	10-34	5	S	A,B,E	Unnecessary employee access to program subsystem	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	11-13	1	M	A,B,E	No documented internal control structure ensuring accurate eligibility determinations	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.714	ARRA-Emergency Contingency Fund for TANF	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.714	ARRA-Emergency Contingency Fund for TANF	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.767	Children's Health Insurance Program	Human Services	11-13	1	M	A,B,E	No documented internal control structure ensuring accurate eligibility determinations	P
93.767	Children's Health Insurance Program	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.767	Children's Health Insurance Program	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.767	Children's Health Insurance Program	Human Services	11-13	8	S	L	Did not submit federal quarterly reports timely	P
93.775	State Medicaid Fraud Control Units	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.777	State Health Care Providers Survey	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.777	State Health Care Providers Survey	Human Services	11-13	5	S	A,B	Insufficient review of payroll reports	P
93.777	State Health Care Providers Survey	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.777	State Health Care Providers Survey	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P
93.778	Medical Assistance Program	Human Services	10-34	1	M	A,B,N	No documented internal control structure ensuring licensure of healthcare providers	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	2	S	N	No documented internal control structure ensuring licensure of healthcare providers	P
93.778	Medical Assistance Program	Human Services	10-34	2	S	N	Lack of adequate separation of duties	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	2	S	N	Lack of adequate separation of duties	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
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SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS  
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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services (continued)								
93.778	Medical Assistance Program	Human Services	10-34	3	S		Lack of system change control standards	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	3	S		Lack of system change control standards	P
93.778	Medical Assistance Program	Human Services	10-34	4	S		Lack of logging or monitoring of system files	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	4	S		Lack of logging or monitoring of system files	P
93.778	Medical Assistance Program	Human Services	10-34	5	S	A, B	Unnecessary employee access to program subsystem	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	5	S	A, B	Unnecessary employee access to program subsystem	P
93.778	Medical Assistance Program	Human Services	10-34	6	S	L	Lack of reconciliation of subsystem data	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	6	S	L	Lack of reconciliation of subsystem data	P
93.778	Medical Assistance Program	Human Services	10-34	7	S	B	Lack of controls to limit certain unallowable payments	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	7	S	B	Lack of controls to limit certain unallowable payments	P
93.778	Medical Assistance Program	Human Services	10-34	8	S	B	Lack of controls to limit certain unallowable payments	P
93.778	ARRA-Medical Assistance Program	Human Services	10-34	8	S	B	Lack of controls to limit certain unallowable payments	P
93.778	Medical Assistance Program	Human Services	11-13	1	M	A, B, E	No documented internal control structure ensuring accurate eligibility determinations	P
93.778	ARRA-Medical Assistance Program	Human Services	11-13	1	M	A, B, E	No documented internal control structure ensuring accurate eligibility determinations	P
93.778	Medical Assistance Program	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.778	ARRA-Medical Assistance Program	Human Services	11-13	2	S		No documented internal control structure ensuring compliance	P
93.778	Medical Assistance Program	Human Services	11-13	5	S	A, B	Insufficient review of payroll reports	P
93.778	ARRA-Medical Assistance Program	Human Services	11-13	5	S	A, B	Insufficient review of payroll reports	P
93.778	Medical Assistance Program	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.778	ARRA-Medical Assistance Program	Human Services	11-13	6	S	M	Insufficient notification of federal award information to subrecipients	P
93.778	Medical Assistance Program	Human Services	11-13	7	S	N	Insufficient notification of compliance with federal health and safety standards	P
93.778	ARRA-Medical Assistance Program	Human Services	11-13	7	S	N	Insufficient notification of compliance with federal health and safety standards	P
93.778	Medical Assistance Program	Human Services	11-13	8	S	L	Lack of verification of compliance with federal health and safety standards	P
93.778	ARRA-Medical Assistance Program	Human Services	11-13	8	S	L	Lack of verification of compliance with federal health and safety standards	P
93.778	Medical Assistance Program	Management and Budget	11-14	1	S	L	Did not submit federal quarterly reports timely	P
93.778	ARRA-Medical Assistance Program	Management and Budget	11-14	1	S	L	Did not submit federal quarterly reports timely	P
93.959	Block Grants for Substance Abuse	Human Services	11-14	2	S		SEFA not prepared in a timely manner	P
93.959	Block Grants for Substance Abuse	Human Services	11-13	5	S	A, B	No documented internal control structure ensuring compliance	P
U. S. Department of Homeland Security								
97.036	Disaster Recovery Public Assistance Program	Public Safety	11-07	1	S		Inadequate internal control structure over Single Audit requirements	P
97.036	Disaster Recovery Public Assistance Program	Management and Budget	11-14	1	S		SEFA not prepared in a timely manner	P

**Notes:**  
(Note 1) - This summary schedule highlights federal program audit findings presented in the federal compliance reports to the applicable state agencies from the Minnesota Office of the Legislative Auditor (reports available at [www.auditor.leg.state.mn.us](http://www.auditor.leg.state.mn.us)), the Minnesota Department of Transportation Office of Audit (see Note 3), and Larson Allen, LLP (see Note 4).

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

(Note 3) - The Minnesota Department of Transportation (DOT) Office of Audit audited the department's federal programs. The "RPT NO" for DOT federal program findings are reported in DOT 11-800-51, and the "FIND NO" are finding numbers within DOT's report. The questioned costs for the DOT federal program findings represent the sum of the cited bid item and include both federal (including ARRA) and state funds because the construction projects are financed from both sources and the funding ratio can vary by project and within projects. A complete copy of the DOT Office of Audit Report is available at: <http://www.dot.state.mn.us/const/tools/references.html>

(Note 4) - Larson Allen, LLP (LA) audited the Minnesota State Colleges and Universities financial statements, the federal financial aid cluster, and MnSCU's portion of the State Fiscal Stabilization Fund. The "RPT NO" for Larson Allen federal program findings are reported in LA-10; and the "FIND NO" are finding numbers within Larson Allen's report.

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

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



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

**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance

93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

**Finding 10-34-1** *No documented internal control structure ensuring licensure of healthcare providers*

**1. The Department of Human Services did not have adequate internal controls to ensure that it only paid licensed healthcare providers.**

The department's Medical Assistance system (MMIS) authorized payments to healthcare providers even when the system's data indicated that the provider's license information was expired or missing. Although the license information in the Medical Assistance system did not necessarily reflect the healthcare providers' actual license status, department staff did not have an effective process to update provider license information. In addition, the department did not monitor the extent of payments to healthcare providers with expired license information nor did it address the increased risk of improper payments and fraud.

We consider what we found to be a material weakness in internal controls over compliance with federal and state Medical Assistance program requirements, which require certain healthcare providers to have valid licenses before being paid for services.<sup>1</sup> By not ensuring that health care providers had valid licenses, the department created an unacceptable risk that it paid ineligible providers.

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<sup>1</sup> 42 CFR section 455.2 defines practitioners as "a physician or other individual licensed under State law to practice his or her profession." *Minnesota Rules* 9505.175 and *Minnesota Statutes* 256B.02 require certain providers to be licensed.

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

As of April 30, 2010, the Medical Assistance system identified 11,489 healthcare providers requiring a license as having expired or missing license information – nearly 28 percent of the 41,529 healthcare providers requiring a license.<sup>2</sup> During the period from July 2009 through April 2010, the department’s payments to healthcare providers with expired or missing license information totaled nearly \$564 million. For example, the department paid \$17,272,073 to 1,286 psychologists and \$6,230,012 to 413 dentists who had missing or expired license information.

We compared the Medical Assistance system’s license information for Minnesota providers in four of the healthcare provider categories (psychologists, dentists, physicians, and optometrists<sup>3</sup>) to the actual license information from the corresponding Minnesota health licensing boards. For these providers, we verified that they had active Minnesota licenses and that the department had not made improper payments.<sup>4</sup>

In addition, the Medical Assistance system did not allow for recognition of more than one type of license for certain healthcare provider categories that may have several different licensing requirements. The *waivered program* category, which included a wide variety of home and community based services, had specific licensing requirements depending on the category of service provided; however, the system did not ensure that the license held by the provider matched the service provided.

*Recommendations*

- *The department should develop a process to update the Medical Assistance system’s license information and prevent payments to providers who are not licensed or whose licenses are expired.*
- *The department should determine, for all types of health care providers, whether it made any payments to providers with expired licenses. If so, it should recover those payments and determine whether it needs to take any legal action against those providers.*
- *The department should refine its system controls or design an alternative way to ensure that waivered service providers have all appropriate licenses.*

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<sup>2</sup> Of these 11,489 healthcare providers, 11,180 had information indicating an expired license, and 309 providers had no licensing data in the Medical Assistance system.

<sup>3</sup> These four categories had 2,417 Minnesota health care providers with expired or missing license information in the Medical Assistance system and made up 21 percent of the total providers who had missing or expired license information in the Medical Assistance system.

<sup>4</sup> We did not verify the license status for the 1,936 providers in these categories who were licensed by other states.

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

**Minnesota Department of Human Services Response:**

**Department Response #1-1**

The department agrees with the recommendation. The current DHS Provider Enrollment (PE) process for enrolling and maintaining provider records includes verifying and entering license data at the time of enrollment, verifying license status for most of our currently enrolled providers as their license expiration date approaches, either manually or through an automated process, and processing notices of license actions from licensing boards.

We developed a programmed job in MMIS to more efficiently manage the maintenance of our 20,000 physicians and physician assistants. We receive a file from the Minnesota Board of Medical Practice on a monthly basis. The file is downloaded and the data is auto-populated into the corresponding provider records. Records where the Board has reported the license as expired, revoked, suspended or otherwise terminated are identified on a report. An enrollment specialist then manually terminates the enrollment status of each record identified on the report. An MMIS system's change request has been submitted to add a step to this job so that these records are systematically terminated so that manual intervention will no longer be required.

For the remaining 100,000 providers, a report is generated from MMIS on a monthly basis and distributed among the enrollment specialists according to their provider type expertise. The report identifies providers whose licenses are nearing their expiration date. The specialists verify the licenses and either manually update each record with new license expiration dates or manually terminate the enrollment status of those providers whose licenses have not been renewed.

Some licensing boards do not provide license expiration dates when specialists verify licensure. However, all Minnesota licensing boards provide PE with a copy of license action notices they send to their licensees. Enrollment specialists receive and process these notices as a part of their daily work, terminating enrollment status as appropriate at the time of notification.

All of the processes described above result in termination of the provider's record *after* the license is expired, revoked, suspended or otherwise terminated. Even the automated process is not a real-time process. To ensure recovery of claims paid for dates of service on or after the license action and corresponding enrollment termination, the DHS Operations Data Integrity (ODI) unit runs a weekly report to identify providers who have been terminated with a retroactive date and the associated claims, and a DHS Claims Specialist recovers those payments.

The manual license verification processes described above are labor-intensive and can be untimely if there is a backlog in the enrollment specialists' or administrative staff's work queues. PE is currently in the analysis stage of creating program jobs similar to the one described earlier for physicians and physician assistants for the 60-plus remaining provider types we enroll and

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

maintain. PE has met with DHS Licensing to discuss jointly participating in the governor's E-License initiative as a means for connecting with other licensing boards and the Minnesota Department of Health.

This past summer, PE began implementation of Annual Re-enrollment, whereby all but our waiver service providers are asked to resubmit specific demographic information and sign a new provider agreement each year. License data is verified upon receipt of the new agreement. PE will terminate the enrollment status of providers who do not respond to the request for updated information.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** January 1, 2012

**Department Response #1-2**

The department agrees with the recommendation. For all the providers identified, PE will request a bulk file from each licensing board, update each provider record with current license data including license number, license begin date and license end date and use the established process described in the previous recommendation to recover payments as appropriate.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** January 1, 2012

The department agrees with the recommendation. We look to the Provider Enrollment and Provider Standards Initiative (PEPSI) project to address re-enrollment of our waiver service providers. The PEPSI project will develop a common provider enrollment business process across home care and waiver services with increased provider standards and verification. Among the objectives of the project are:

- Creating a consistent statewide waiver provider enrollment process with consistent and equitable provider standards and improved processes to verify standards
- Developing a directory of enrolled providers that will assure provider standards are met at initial enrollment and are verified on an ongoing basis
- Maximizing use of state resources by integrating existing provider quality assurance and oversight mechanisms and evidence of provider qualifications and performance generated via these mechanisms into DHS' provider enrollment system

In conjunction with the PEPSI project, we are creating a number of new license codes. Many of the Category of Service (COS) codes that are tied to Waiver billing codes actually represent a number of different types of services. And many of these services can be provided under the scope of multiple license types.

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**Section III: Federal Program Audit Findings (Continued)**

An example of this is the Foster Care COS (COS 103). It can represent *Adult Foster Care, Daily Adult Corporate Foster Care, Monthly Adult Corporate Foster Care, Adult Family Foster Care, Corporate Foster Care, and Child Foster Care*. To provide *Adult Foster Care, Daily Adult Corporate Foster Care* and *Monthly Adult Corporate Foster Care*, a waiver provider must possess an Adult Foster Care License (License code LC). To provide *Adult Family Foster Care*, a provider must possess an Adult Foster Care License in which the home is the primary residence of the license holder (license code AF). For *Corporate Foster Care*, a provider must have an Adult Foster Care License in which the home is *not* the primary residence of the license holder and which is licensed under Chapter 245B (license code EW). Finally, to provide *Child Foster Care*, a provider must possess a Child Foster Care License (license code CF).

We are creating license codes for each of the four scenarios described above, so that the provider's file clearly denotes the type of license that was verified by PE before adding the COS to the provider's record. This will prevent payment of claims for services where the provider does not have the appropriate license code and/or specialty code in their record for the specific date of service.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** January 1, 2012

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

**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

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

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

The department did not adequately separate incompatible duties for 20 employees responsible for enrolling providers. Separation of incompatible duties is a fundamental internal control designed to ensure that no one employee or group of employees can perpetrate and conceal errors or fraud in the normal course of their duties. These employees could set up providers in the Medical Assistance system (MMIS), the state’s accounting system, and the department’s electronic claims submission interface. In addition, the same employees verified licensing information upon initial application. As a result, any one of these employees could set up an invalid provider and make fraudulent payments to that provider without detection. This weakness created an unacceptable risk of fraud.

*Recommendation*

- *The department should separate incompatible provider enrollment duties.*

**Minnesota Department of Human Services Response:**

The department agrees with the recommendation. PE is currently organized so that each specialist develops an expertise with specific provider types. There are over 70 provider types. There are eighteen enrollment specialists. Nine of them are dedicated to enrolling the 50,000-plus Individual Personal Care Attendants (PCAs) who work for the 800-plus personal care agencies in Minnesota. The other nine specialists have mastered the variety of enrollment requirements attributable to the remaining 70,000-plus providers.

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

While license verification is an important part of the enrollment process, there are a number of other elements, from the date of birth of an individual PCA to the names, addresses and Social Security Numbers of the owners and managers of a durable medical equipment provider, also required for enrollment. These elements vary from provider type to provider type. Some provider types' requirements, like Personal Care Provider Organizations (PCPOs), are more complex than others.

PE will meet the challenge presented by this finding by reorganizing the existing staff into two levels. The first level of staff will do the initial processing of documents submitted by new and currently enrolled providers, performing data entry and basic triage, and following up with providers who have missing or incorrect documents. The second level of staff will perform the necessary verification of requirements and activate, terminate or deny the provider's enrollment status. PE will work with Human Resources to determine if this change in structure will require changes to the job descriptions and job class.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** September 30, 2011

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

**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

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

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

The department did not ensure that program staff had adequately tested and authorized changes to the Medical Assistance system (MMIS) before information technology staff implemented the changes. The department frequently made changes to the system to improve business processes, comply with new legislative mandates, modify reports, or change edits. Testing of proposed changes is necessary to ensure that the changes worked as intended and did not result in unforeseen issues.<sup>5</sup> In addition, Office of Enterprise Technology<sup>6</sup> and National Institute of Standards and Technology<sup>7</sup> standards recommend that an appropriate individual must approve the changes before implementation.

Program staff within each of the 15 divisions that used the Medical Assistance system were responsible for developing their own testing practices for system changes. Generally, the department's information technology staff implemented changes based on e-mails from program staff authorizing the change. However, the information technology staff did not have information about whether the testing of the proposed change was appropriate or sufficiently rigorous to ensure that it worked as intended, and they did not know who had the authority to authorize the implementation of the change. The department's record of Medical Assistance system changes did not include information about who was responsible for the testing, what the testing approach was, or where, and for how long, employees should retain the testing results documentation. Also, information technology staff did not always retain e-mails authorizing the changes. Of the

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<sup>5</sup> National Institute of Standards and Technology's 800-53 SA-11: Developer Security Testing.

<sup>6</sup> Office of Enterprise Technology Enterprise Security Operational Control Policy OP06.

<sup>7</sup> National Institute of Standards and Technology's 800-53 SA-10: Developer Configuration Management.



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

six change requests we tested, one did not have documentation of a test plan or of the test results and three did not have documentation of the authorization to implement the proposed change.

The department relies on the Medical Assistance system to review, assess, and validate most provider claims. The system processes almost 95 percent of all claims based solely on criteria established in the system. Because the department had not set its expectations for testing and authorizing changes to the Medical Assistance system, it unnecessarily increased the risk that changes to the system could result in errors in its financial or demographic data or in its processing of medical payment claims.

*Recommendation*

- *The department should document testing and approval standards for Medical Assistance system changes and implement monitoring activities to ensure compliance with the standards.*

**Minnesota Department of Human Services Response:**

The department agrees with the recommendation. Changes will be made to the MMIS Change Request process. The process will now require documentation of the following:

- Testing strategy – A summary of planned testing strategies will be required. Change Requests will not be approved and forwarded to technical staff without this information.
- Test Plans – Test plans and results will either be attached or linked to the Change Request. This documentation will be a mandatory component of the Change Request closeout process.
- Identification of who (person or job title) can authorize moving the change to production – this will be a mandatory field in the Change Request submission process. Change Requests will not be approved and forwarded to technical staff without this information.
- A copy of the approval to move the change to production will be retained for 60 days.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** January 1, 2011

**Minnesota Office of the Legislative Auditor**  
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**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

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

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

The department had not logged changes made directly to its Medical Assistance system (MMIS) files, including provider and recipient master files. Technical support staff at the department and the Office of Enterprise Technology could directly access data in these files without going through the security controls established within the Medical Assistance system. These technical staff needed direct access to the data to support the system’s continued operation and availability. For example, they may need to fix processing errors or modify data that would be time consuming to correct through a system change. However, the department was not monitoring these employees’ access or changes to the files.

The Office of Enterprise Technology’s policy requires agencies to “log system events of critical information assets for the purposes of security monitoring, investigation, and compliance activities.”<sup>8</sup> To ensure appropriate response to logged events, best practices require review of the log by employees independent of the changes made. Without logging and monitoring the logs, the department had no assurance that employees only made authorized changes.

*Recommendations*

- *The department should log changes to critical Medical Assistance system files.*
- *The department should independently monitor the critical file logs and investigate any unusual or unauthorized access to the files.*

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<sup>8</sup> Office of Enterprise Technology Policy TC03.

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**Minnesota Department of Human Services Response:**

**Department Response #4-1**

The department agrees with the recommendation. All non-production update access to the files identified by the auditors, specifically, those generated by the claims warrant process and used by Minnesota Management & Budget, has been logged since June 8, 2010. All logged access is written to the DHS ACF2 daily security activity file and reported in the MMIS ACF2 Monthly Security report. The monthly security report is reviewed by both the HCO security supervisor and the HCO security team lead.

**Department Response #4-2**

The department agrees with the recommendation. See department response #4-1.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** Completed

**Minnesota Office of the Legislative Auditor**  
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**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

10.551	Supplemental Nutrition Assistance Program (SNAP)
93.558	Temporary Assistance for Needy Families (TANF)
93.714	ARRA – Emergency Contingency Funds for TANF
93.778	Medical Assistance
93.778	ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

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

**5. Prior Finding Partially Resolved:<sup>9</sup> The Department of Human Services did not have sufficient controls to limit, monitor, or prevent incompatible or unnecessary access to the Medical Assistance system and the cash and food benefits system.**

The department did not sufficiently limit access to the Medical Assistance system (MMIS) and the cash and food benefits system (MAXIS). The National Institute of Standards and Technology's access control standards include documenting the roles, responsibilities, and purpose of access controls, including identifying incompatible duties within and between roles.<sup>10</sup> Additionally, the department did not sufficiently monitor and manage system access to ensure it limited access to employees' job duties. The department had weaknesses in the following areas:

- The department had 25 employees with unnecessary access to create or modify data in the cash and food benefits system's warrant payment file. This file contained the data required for the department to print warrants for certain federal aid recipients.<sup>11</sup>

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<sup>9</sup> Office of the Legislative Auditor, Financial Audit Division, Report 07-14, *Department of Human Services: Medicaid Management Information Systems Security Controls*, issued June 7, 2007, Finding 1.

<sup>10</sup> National Institute of Standards and Technology publication 800-53, AC-1, AC-5, AC-6.

<sup>11</sup> Although the department provided most federal food stamp and cash assistance benefits to recipients electronically through the cash and food benefits system, the department also provided some benefits by printing and mailing paper checks.

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- The department had 13 staff with incompatible access to the Medical Assistance system. These employees could create or modify provider information, recipients, and claims for reimbursement. This combination would allow the employees to process fictitious transactions through the Medical Assistance system. The department had not detected this incompatible access because it did not have complete and accurate documentation for two of the Medical Assistance system's security groups. One security group had no documentation, and another had inaccurate information. Documentation of security groups is essential to ensure that the department limits employee access to the needs of assigned job duties and to prevent incompatible system access.

By not adequately limiting access to the systems, the department significantly increased its risk of fraud.

*Recommendations*

- *The department should eliminate unnecessary employee access to the cash and food benefits system's warrant payment file.*
- *The department should eliminate incompatible access to systems when possible or design effective mitigating controls.*
- *The department should ensure its security documentation is complete and accurate.*

**Minnesota Department of Human Services Response:**

**Department Response #5-1**

The department agrees with this recommendation. Access for the 25 employees to the warrant payment file was removed July 2010.

**Person Responsible:** Kate Wulf, TSS Director

**Estimated Completion Date:** Completed

**Department Response #5-2**

The department agrees with this recommendation. For those staff whose job responsibilities require access which is potentially incompatible, e.g., the ability to pay claims and enroll providers, reports need to be designed, created and reviewed to audit their activities.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** December 31, 2010

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**Department Response #5-3**

The department agrees with this recommendation. The Health Care Operations security group documentation is complete and accurate.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** Completed

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**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

**Finding 10-34-6**     *Lack of reconciliation of subsystem data*

**6. The Department of Human Services did not reconcile its data warehouse to Medical Assistance system data.**

The department did not verify that the financial activity recorded in its data warehouse included all claims authorized through the Medical Assistance system (MMIS). Rather than verifying that record counts and dollar amounts of transactions accurately uploaded from the Medical Assistance system to the department’s warehouse, department staff checked to see whether the number of records increased by around the usual amount. Because the department used its data warehouse as its main source of payment information and as a basis for federal and state financial reporting, management may make decisions or prepare reports based on inaccurate or incomplete information.<sup>12</sup> State policy identifies reconciliations as a key control activity.<sup>13</sup>

*Recommendation*

- *The department should reconcile its data warehouse to the Medical Assistance system data to ensure accuracy and completeness of information.*

**Minnesota Department of Human Services Response:**

The department agrees with the recommendation. DHS staff will improve the reports to reconcile the data extracted for the warehouse with the source data and to reconcile the extracts with the data in the warehouse.

**Persons Responsible:** Adrian Alexander, Healthcare Operations Director  
Denise Moreland, Data Warehouse Manager

**Estimated Completion Date:** June 30, 2011

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<sup>12</sup> The department’s data warehouse is separate from the state’s information warehouse.

<sup>13</sup> Department of Management and Budget policy 0102-01.

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**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

**Finding 10-34-7**     *Lack of controls to limit certain unallowable payments*

**7. The Department of Human Services did not ensure that the Medical Assistance system appropriately limited payments for personal care assistance services.**

The department paid for some personal care services that exceeded statutory and policy limitations because it did not adequately monitor the effectiveness of changes it made to the Medical Assistance system (MMIS).

In January 2009, the Office of the Legislative Auditor’s Program Evaluation Division issued a report on the department’s oversight of personal care assistance services.<sup>14</sup> The report identified instances in May 2008 when the department had paid for services exceeding 24 hours in a day. Fundamentally, a provider cannot work more than 24 hours in a day. In August 2009, to respond to this issue and implement other legislative and policy changes (including a monthly provider limit of 275 hours per month<sup>15</sup>), the department made changes to the Medical Assistance system intending to prevent payments to personal care service providers for more than 24 hours in a day and 275 hours in a month. However, in May 2010, a newspaper article reported that the department was still making these excessive payments to providers.<sup>16</sup>

Our analysis of data in the department's information warehouse for the period from July 2009 through June 2010 identified payments to personal care assistance providers totaling about \$5,600 for hours exceeding 24 in a day and about \$200,000 for hours exceeding 275 per month.

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<sup>14</sup> Office of the Legislative Auditor, Program Evaluation Report, Personal Care Assistance, January 2009.

<sup>15</sup> *Minnesota Statutes* 2009, 256B.0659, subd. 11. The Minnesota Legislature established a 310 hour per month limit in statute; however, due to the Governor’s unallotment in this program, the department lowered the limit to 275 hours.

<sup>16</sup> *Star Tribune*, “Overbilled? State Pays Anyway,” May 26, 2010.



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The inappropriate payments occurred because the system changes did not work as intended, and the department had not monitored the effectiveness of the changes. The department made additional changes to the Medical Assistance system in May 2010 that it believes correctly limited payments to personal care assistance services.

In addition, the department did not monitor personal care assistance claims it paid for services provided to a recipient (by multiple providers) for more than 24 hours in a day. In most cases, a recipient cannot receive more than 24 hours of services in a day but, under certain circumstances, *Minnesota Statutes* raised that limit to 28 hours, such as for a recipient on a ventilator.<sup>17</sup> However, the department programmed the Medical Assistance system to prevent payments for claims exceeding 31 hours. Our analysis of data in the department's information warehouse, for the period from July 2009 through April 2010, identified 40 claims where the department paid for more than 24 hours of personal care assistance services per recipient; 31 of those claims were for more than 28 hours of care. The department did not monitor the volume, frequency, or appropriateness of the payments to ensure that they complied with statutory criteria.

*Recommendations*

- *The department should recover the overpayments to personal care attendants.*
- *The department should validate the changes made in May 2010 to ensure that they prevent payments to personal care assistance providers for services exceeding 24 hours in a day or 275 hours in a month.*
- *The department should limit personal care assistance hours per recipient to the limits set in policy and statute or design effective ways to identify, monitor, and investigate payments for recipients receiving more care than allowed.*

**Minnesota Department of Human Services Response:**

**Department Response #7-1**

The department agrees with the recommendation. The Department is in the process of identifying overpayments made to Personal Care Provider Organizations (PCPOs) for services provided by individual Personal Care Attendants (PCAs) that exceeded 24 hours per day or 275 hours per month. Once we have fully identified all of the overpayments, we will begin the process of recovering the overpayments from the PCPOs.

**Person Responsible:** Alex Bartolic, Disability Services Director

**Estimated Completion Date:** January 1, 2011

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<sup>17</sup> *Minnesota Statutes* 2009, 256B.0652, subd. 7.

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**Department Response #7-2**

The department agrees with the recommendation. The Department has thoroughly tested and has verified that the edits to prevent overpayments to PCPOs for services provided by individual PCAs that exceed 24 hours in a day or 275 hours in a month are working properly.

**Person Responsible:** Alex Bartolic, Disability Services Director

**Estimated Completion Date:** Completed

**Department Response #7-3**

The department agrees with the recommendation. The department will identify, monitor and investigate payments through a regular report of claims with over 24 hours of service provided to a single recipient with more than one assistant to assure that care was necessary and allowable for the needs of the recipient. This report will be added to a regular review of data that is currently conducted by the department, and payment will be recovered if claims are not supported by individual needs for that level of service.

**Person Responsible:** Alex Bartolic, Disability Services Director

**Estimated Completion Date:** December 31, 2010

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**Report 10-34**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA – Medical Assistance

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

**Federal Project Nos./Award Year: See Report 11-13 Appendix A**

**Finding 10-34-8**     *Lack of controls to limit certain unallowable payments*

**8. The Department of Human Services lacked controls in the Medical Assistance system to prevent payments for Individualized Education Program procedures provided in the home.**

The Medical Assistance system (MMIS) allowed payments for Individualized Education Program services provided in a recipient’s home, in violation of department policy, which limits payment for these services to those provided in a school setting.<sup>18</sup> From July 2009 through April 2010, the department paid \$104,200 for these services not allowed to be provided in a home setting. We asked department staff to review these transactions. They concluded that the providers had miscoded the transactions and should have identified the services as being provided in a school setting, which would have been an allowable cost. By not having adequate controls in the Medical Assistance system, the department could have incurred unallowable costs.

*Recommendation*

- *The department should implement system controls to prevent payments for Individualized Education Program services provided in a home setting.*

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<sup>18</sup> Department of Human Services’ Individualized Educational Program – Technical Assistance Guide.

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**Minnesota Department of Human Services Response:**

**Department Response #8**

The department agrees with the recommendation regarding payments for the following Individualized Education Program (IEP) services: personal care assistant services, assistive technology devices and special transportation. An edit has been added to prevent payments for these services when provided in a home setting. However, Minnesota public schools are responsible for providing covered “related services” to all eligible children under the age of 21 and there are situations in which schools may need to provide services in a home setting. Examples of such situations include: children who are home-bound for medical reasons, home-schooled, or young children (birth through age four) who do not yet attend school. Therefore, the following IEP services can be provided in a home setting: physical therapy, occupational therapy, speech-language and hearing therapy, mental health services, nursing services, and interpreter services.

**Person Responsible:** Adrian Alexander, Healthcare Operations Director

**Estimated Completion Date:** Completed

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**Report 11-06**

**State Agency:** Minnesota Department of Employment and Economic Development

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

**CFDA Numbers/Program Names:**

17.225 ARRA – Unemployment Insurance

**Questioned Costs:** \$3,219,000

**Federal Project Nos./Award Year:** The federal government does not assign grant numbers for Unemployment Insurance benefits

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

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

During fiscal year 2010, the department did not identify and recover up to \$3.2 million<sup>19</sup> of Unemployment Insurance Program (CFDA 17.225<sup>20</sup>) estimated overpayments for the Federal Additional Compensation Program.<sup>21</sup> Through the Additional Compensation Program, which was authorized by the American Recovery and Reinvestment Act (Recovery Act), the department supplemented regular unemployment benefits with \$25 weekly payments, which totaled about \$211 million in fiscal year 2010. The department's unemployment insurance computer system has edits to detect overpayments for regular and extended unemployment benefits. However, those edits did not identify and track overpayments of the weekly \$25 supplement payments to recipients for weeks they were not eligible for unemployment benefits.

The federal government first alerted department management to this problem in September 2009 when the Office of Inspector General reported on how well states had implemented the \$25 supplemental payment.<sup>22</sup> According to the report, the department stated it would begin recovery

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<sup>19</sup> The \$3.2 million estimate of overpaid Federal Additional Compensation was determined using the ratio of benefit overpayments to the total benefits paid for fiscal year 2010 multiplied by the annual level of Federal Additional Compensation received by the State of Minnesota.

<sup>20</sup> The federal government does not assign grant numbers for Unemployment Insurance benefits.

<sup>21</sup> The American Recovery and Reinvestment Act authorized a temporary Federal Additional Compensation Program that provided a \$25 supplement to the weekly benefit allowance for eligible recipients.

<sup>22</sup> U.S. Department of Labor, Office of Inspector General Report number 18-09-004-03-315, dated September 30, 2009 - *RECOVERY ACT: States have aggressively implemented the \$25 weekly supplemental unemployment benefit, but some challenges remain.*

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of these overpayments once it had completed its reprogramming of the computer system in October 2009. However, as of March 2011, the department had not developed a process to identify or pursue recovery of these overpayments. The federal government requires states to identify, recover, and report any overpayments of Federal Additional Compensation.<sup>23</sup>

In addition, the department overpaid five applicants a total of \$19,660 of extended unemployment benefits funded through the Recovery Act. The overpayments resulted from applicants receiving more weeks of eligibility than allowed by the extended benefit programs. Although the department's unemployment system produced a report to identify these overpaid benefits, employees did not follow-up on these exceptions to establish and track the overpayment recovery. Extended benefits are available to workers who have exhausted regular unemployment insurance benefits during periods of high unemployment.

*Recommendations*

- *The Department of Employment and Economic Development should identify, recover, and report overpayments of the Federal Additional Compensation and work with the federal government to resolve the overpayments it made.*
- *The department should review unemployment system reports designed to ensure that it only provides benefits to applicants for the number of weeks allowed by each extended benefit program and recover the overpayments it made to the five applicants.*

**Minnesota Department of Employment and Economic Development Response:**

Response: The department agrees with the finding and the recommendations. The American Recovery and Reinvestment Act was enacted on February 17, 2009 and authorized the FAC payments effective February 22, 2009. As we were required to implement this program very quickly, our first focus was on getting the additional benefit payments issued to UI applicants.

In 2009, DEED contracted with a vendor to enhance and improve UI computer applications and address various law changes and the FAC overpayment issues. The technical complexity of writing and accounting for FAC overpayments was much more challenging than originally anticipated. Furthermore, there have been five separate occasions of Extended Unemployment Compensation (EUC) phase out and retroactive phase in from late 2009 through 2010 by the federal government. These actions have consumed a tremendous amount of DEED staff time and technical resources, leaving little time available for working on the FAC overpayment issues. Only recently have we been able to begin working with the vendor again to address FAC overpayments.

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<sup>23</sup> U.S. Department of Labor's Unemployment Insurance Program Letter 11-09, dated February 23, 2009.

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DEED has an internal control report that identifies applicants who have received more than the maximum allowable amount of benefits. Due to the tremendous volume and benefit program complexity experienced during fiscal year 2010, staff sometimes fell behind in working the report. DEED has followed up on the five applicants identified in the audit report and the necessary corrections have been made. Keith Goodwin, Unemployment Insurance Division Director, will oversee resolution of this finding by September 30, 2011.

**Person Responsible:** Keith Goodwin, Unemployment Insurance Division

**Estimated Completion Date:** September 30, 2011.

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**Report 11-06**

**State Agency:** Minnesota Department of Employment and Economic Development

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

**CFDA Numbers/Program Names:**

17.225	Unemployment Insurance
17.225	ARRA-Unemployment Insurance
17.258	Workforce Investment Act – Adult
17.258	ARRA-Workforce Investment Act – Adult
17.259	Workforce Investment Act – Youth
17.259	ARRA-Workforce Investment Act – Youth
17.260	Workforce Investment Act – Dislocated Worker
17.260	ARRA-Workforce Investment Act – Dislocated Worker
84.126	Vocational Rehabilitation
84.390	ARRA-Vocational Rehabilitation

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

**Federal Project Nos./Award Year:** See footnotes

**Finding 11-06-2** *No identification and monitoring of internal controls ensuring compliance.*

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

The department developed a risk assessment and began to identify compliance controls that mitigate the risk of federal program noncompliance. However, the department’s risk assessment did not adequately identify needed controls or how management would monitor those controls to ensure they are operating as intended. The department’s risk assessment had the following weaknesses:

- Certain internal controls the department described in its assessment were federal compliance requirements rather than actual control procedures to ensure those requirements are met. Financial and program management should work to specify the control procedures and to prescribe expectations that provide the necessary assurances for



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Unemployment Insurance administration (CFDA 17.225<sup>24</sup>), Workforce Investment Act Cluster (CFDA 17.258, 17.259, and 17.260)<sup>25</sup> and Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390).<sup>26</sup>

- Department controls did not address the risk of inaccurate federal financial and program reports. The department submits a wide variety of financial and program reports to the federal government for its Unemployment Insurance (CFDA 17.225<sup>27</sup>), Workforce Investment Act Cluster (CFDA 17.258, 17.259, and 17.260) and Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390) programs. However, the reports are prepared and submitted by several employees without any independent review by a supervisor or other employee prior to submission. By not adequately reviewing federal financial reports, the department increased the likelihood of errors and the risk of noncompliance.
- The department also did not have an independent review of its draft federal Schedule of Federal Awards submitted to the Department of Management and Budget. If the department had conducted an independent review, it may have detected that it had overstated expenditures by approximately \$493,000 for the Workforce Investment Act Cluster (CFDA 17.258, 17.259, and 17.260). Management has the responsibility to complete a supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports.<sup>28</sup>
- The department did not monitor the internal controls identified in its risk assessment to ensure compliance with requirements for the federal Workforce Investment Act Cluster (CFDA 17.258, 17.259, and 17.260) and Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390). Without monitoring, department management may not know whether its staff performed the internal control procedures as intended and whether those controls were effective in reducing the risk of noncompliance.

State policy states that each agency head has the responsibility to identify, analyze, and manage business risks that impact an entity's ability to maintain its financial strength and the overall quality of its products and government services.<sup>29</sup> The federal government expects management

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<sup>24</sup> Federal Grant UI-18028-09-55-A-27 and UI-19590-10-55-A-27 (Unemployment Insurance Administration, Emergency Compensation, and Trade Benefits); however, federal grant numbers are not used for Unemployment Insurance benefits.

<sup>25</sup> Federal Grant AA-18648-09-55-A-27 and ARRA AA-17129-08-55-A-27.

<sup>26</sup> Federal Grant H126A090032, H126A090033, H126A100032C, H126A100033C, H390A090032, and H390A090033.

<sup>27</sup> Federal Grant UI-18028-09-55-A-27 and UI-19590-10-55-A-27 (Unemployment Insurance Administration, Emergency Compensation, and Trade Benefits); however, federal grant numbers are not used for Unemployment Insurance benefits.

<sup>28</sup> OMB Circular A-133 Compliance Supplement 2010, Part 6 – Internal Control.

<sup>29</sup> Department of Management and Budget Policy 0102-01.

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to take responsibility for effective internal controls over its financial operations and compliance with federal program requirements.

*Recommendation*

- *The department should improve its internal control structure ensuring compliance with federal requirements by:*
  - *identifying specific controls that mitigate risk of noncompliance;*
  - *assessing the criticality and need for independent review of federal reports and determining the cost-benefit of a second review prior to submission to the federal government;*
  - *reviewing the accuracy of federal schedules sent to the Department of Management and Budget; and*
  - *monitoring the designed controls to provide management with the assurance that they are operating as intended.*

**Minnesota Department of Employment and Economic Development Response:**

Response: The department agrees with the finding and the recommendation. The department has made substantial progress in assessing risks, identifying related controls, and in performing selected monitoring activities although recognizes that there is always room for improvement and this will be an ongoing process. DEED will consider the cost/benefit relationship of implementing additional controls and monitoring activities and will implement additional procedures to address the most critical risks. Cindy Farrell, Chief Financial Officer, will oversee resolution of this finding by September 30, 2011.

**Person Responsible:** Cindy Farrell, Chief Financial Officer

**Estimated Completion Date:** September 30, 2011.

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**Report 11-07**

**State Agency:** Minnesota Department of Public Safety

**Federal Agency:** U.S. Department of Homeland Security

**CFDA Numbers/Program Names:**

97.036 Disaster Recovery Public Assistance Program

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

**Federal Project Nos./Award Year:** Not Available

**Finding 11-07-1** *Inadequate internal control structure over Single Audit requirements.*

**1. Prior Finding Partially Resolved:<sup>30</sup> The Department of Public Safety did not identify, analyze, and document its internal controls over compliance with federal single audit requirements for the Disaster Recovery Public Assistance Program (CFDA 97.036).**

The department did not document its risk assessment for internal controls over compliance with general and specific federal program compliance requirements and did not establish a monitoring process to assess the quality of internal control performance over time. The department was aware of certain risks, had many control activities in place, and performed selected internal control monitoring functions. In fiscal year 2010, the department worked with the Department of Management and Budget's internal control and accountability unit to determine some best practices for developing a comprehensive risk assessment.<sup>31</sup>

State policy requires that the agency head is responsible to identify, analyze, and manage business risks that impact an entity's ability to maintain its financial strength and the overall quality of its products and government services.<sup>32</sup> This policy also requires communication of the internal control policies and procedures to all staff so they understand what is expected of them and the scope of their freedom to act. The policy further requires follow-up procedures that, at a minimum, should include ways to monitor results and report significant control deficiencies to individuals responsible for the process or activity involved, including executive management and those individuals in a position to take corrective action. Audit standards reinforced management's

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<sup>30</sup> Office of Legislative Auditor's Financial Audit Division Report 10-04, *Department of Public Safety Federal Compliance Audit*, issued March 4, 2010.

<sup>31</sup> A comprehensive risk assessment includes identifying and analyzing the risks, designing controls to address significant risks, and developing monitoring procedures to ensure that controls were in place and effective to reduce the significant risks identified.

<sup>32</sup> Department of Management and Budget Policy Number 0102-01.

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responsibility to have effective internal controls over its financial operations.<sup>33</sup> The federal government expects that those controls also ensure compliance with federal program requirements.

The department has an increased risk of noncompliance and weaknesses in internal controls over compliance until it fully implements a comprehensive internal control structure over the administration of federal programs.

*Recommendation*

- *The Department of Public Safety should frequently review and clearly document its risks, control activities, and internal control monitoring functions for federal program requirements.*

**Minnesota Department of Public Safety Response:**

The department has worked on identifying risks, implementing controls, and monitoring control activities. Moving forward, documentation of these efforts is essential. We are aware of the significance and importance of these activities. To resolve this finding, we have been reviewing agency Internal Control policy, performed an Internal Control Assessment, created an Internal Audit Committee, and continued work to fill our Internal Auditor position. Filling this position has been problematic, but a renewed effort is now underway. This position is critical to help us with this internal control process, thereby resolving this finding.

**Person Responsible:** Larry Freund, CFO, Office of Fiscal & Administrative Services

**Estimated Completion Date:** September 30, 2011

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<sup>33</sup> American Institute of Certified Public Accountants, *Statement on Auditing Standards #109: Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*.

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**Report 11-09**

**State Agency:** Minnesota Department of Health

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

**CFDA Numbers/Program Names:**

10.557	Special Nutrition for Women, Infants and Children
93.069	Public Health Emergency Preparedness & Response
93.268	Immunization Grants
93.712	ARRA – Immunization Grants

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

**Federal Project Nos./Award Year:** 1H75TP000348-01  
1U90TP000194-01  
3U90TP516981–10S1  
5H23IP522551-07  
5H23IP522551-08  
5U90TP516981–09  
5U90TP516981–10  
3H23IP522551 – 07S2  
3U50CI000483 – 03S2  
3U01CI000313 – 05S4  
3H23IP522551 – 07S1

**Finding 11-09-1**      *No documented internal control structure ensuring compliance*

**1. Prior Finding Partially Resolved:<sup>34</sup> The Department of Health did not identify, analyze, and document its internal controls related to business operations and the schedule of federal expenditures.**

During fiscal year 2010, the department made some progress in the development of certain aspects of their comprehensive internal control structure. These improvements included completing a self-assessment tool from the Department of Management and Budget and drafting risk assessments for the Immunization Grants Program. In addition, the department hired an internal audit director to take the lead on finalizing risk assessments for all major processes at the department. Although the department made progress toward developing a more comprehensive internal control structure, the department had not fully assessed and documented its risks over

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<sup>34</sup> Office of Legislative Auditor’s Financial Audit Division Report 10-03, *Department of Health Federal Compliance Audit*, issued March 4, 2010.

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compliance with federal single audit requirements for its major federal programs or other significant financial control cycles. As a result, the department continued to have some deficiencies in control procedures and specific noncompliance with federal requirements that were not prevented or detected by the department's current monitoring and review processes. These deficiencies are presented as Findings 2 through 4 of this report.

State policy stipulates that agency management has the responsibility to identify, analyze, and manage business risks that impact an entity's ability to maintain its financial strength and the overall quality of its products and government services.<sup>35</sup> This policy also requires communication of the internal control policies and procedures to all staff so they understand what is expected of them and the scope of their freedom to act. The policy further requires follow-up procedures that, at a minimum, should include ways to monitor results and report significant control deficiencies to individuals responsible for the process or activity involved, including executive management and those individuals in a position to take corrective action. Audit standards reinforced management's responsibility to have effective internal controls over its financial operations.<sup>36</sup> The federal government expects that those controls also ensure compliance with federal program requirements.

A comprehensive internal control structure is critical to preparing an accurate Schedule of Expenditures of Federal Awards and safeguarding federal resources. The department has an increased likelihood of a control deficiency if it does not clearly communicate to all staff its risks, control activities, and monitoring policies and procedures especially when the department's environment changes. The department had numerous changes in financial management staff during fiscal year 2010. Without a comprehensive control structure as a guide, new staff may not understand and perform the required processes as a more experienced staff would, which may lead to the increased risks of errors or fraud occurring without detection, and may have contributed to the control deficiencies discovered during this audit. It is likely that the department will continue to have noncompliance and weaknesses in internal controls over compliance until it operates within a comprehensive internal control structure.

*Recommendation*

- *The department should continue to develop its comprehensive internal control structure by regularly reviewing and clearly documenting its risks, control activities, and internal control monitoring functions for federal program requirements.*

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<sup>35</sup> Department of Management and Budget Policy Number 0102-01.

<sup>36</sup> American Institute of Certified Public Accountants *Statement on Auditing Standards #109: Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*.

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**Minnesota Department of Health Response:**

The department concurs with this recommendation. In January 2011, the department hired an Internal Audit Director who is actively working on this process with department management and staff. Amy Jorgenson is responsible for implementation of this recommendation for major federal programs by June 30, 2011.

**Person Responsible:** Amy Jorgenson, Internal Audit Director

**Estimated Completion Date:** June 30, 2011.

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**Report 11-09**

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

**CFDA Numbers/Program Names:**

93.712 ARRA – Immunization Grants

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

**Federal Project Nos./Award Year:** 3H23IP522551 – 07S2  
3U50CI000483 – 03S2  
3U01CI000313 – 05S4  
3H23IP522551 – 07S1  
3H23IP522551 – 07S2.

**Finding 11-09-2** *Did not accurately report ARRA funds or notify subrecipients of ARRA requirements*

**2. The Department of Health did not accurately report American Recovery and Reinvestment Act (ARRA) funds to the federal government and did not communicate necessary requirements to subrecipients receiving ARRA funds.**

The department did not accurately report to the federal government the amount of American Recovery and Reinvestment Act (ARRA) funds received and expended for the quarter ended June 30, 2010. For the Immunization and Vaccines for Children Grants Program (CFDA 93.712<sup>37</sup>), the department erroneously reported \$113,426 (the same amount it reported for the quarter ended March 31, 2010), instead of \$247,214, the correct amount for the quarter ended June 30, 2010. In addition, the department omitted \$18,426 from its report for the quarter ended September 30, 2010. As a result, the information available on the federal ARRA website (www.recovery.gov) was not accurate for the reporting period. An independent review at the department and at the Department of Management and Budget did not detect these errors.

Federal regulations require the state to report total expenditures, total receipts, and other funding detail on a quarterly basis to the federal government.<sup>38, 39</sup> This reporting requirement provides the public with more transparency and increases accountability of agencies administrating ARRA funds.

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<sup>37</sup> Federal Award 3H23IP522551 – 07S2.

<sup>38</sup> U.S. Office of Management and Budget Circular A-133, Part 3 – Compliance Requirements – Section L – Reporting.

<sup>39</sup> American Recovery and Reinvestment Act of 2009, Public Law 111-5, Title XV – Accountability and Transparency, Section 1512.



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In addition, for the Immunization Grants Program (CFDA 93.712<sup>40</sup>), the department did not provide subrecipients with specific federal award numbers or formally communicate the requirement to separately report ARRA funds for inclusion on the Schedule of Expenditures of Federal Awards. The federal government requires pass-through entities, like the state, to identify the federal award number, CFDA number, and the amount of ARRA funds paid to grantees. Moreover, pass-through entities must inform subrecipients that they need to separately disclose ARRA funds<sup>41</sup> on their Schedule of Expenditures of Federal Awards and other expenditure reports. The lack of formal communication of federal requirements to subrecipients may lead to errors at the local level in reporting correct information to the department and, ultimately, to the federal government.

*Recommendations*

- *The department should improve its monitoring and review controls over federal quarterly ARRA reporting requirements to ensure that it submits accurate and complete information to the federal government.*
- *The department should formally communicate to its subrecipients the necessary federal grant identification information and the requirements for separate reporting of ARRA funds on the Schedule of Expenditures of Federal Awards*

**Minnesota Department of Health Response:**

The department concurs with this recommendation. Another level of review will be implemented to ensure that the department reports correct numbers to Minnesota Management and Budget. Virginia Davis and Terry Smith are responsible for implementation of this recommendation starting with the report due for the quarter ended June 30, 2011.

**Persons Responsible:** Virginia Davis, Assistant Division Director, Financial Management  
Terry Smith, Federal Grants Coordinator

**Estimated Completion Date:** June 30, 2011

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<sup>40</sup> Federal Awards 3U50CI000483 – 03S2, 3U01CI000313 – 05S4, 3H23IP522551 – 07S1 and 3H23IP522551 – 07S2.

<sup>41</sup> U.S. Office of Management and Budget Circular A-133, Part 3 – Compliance Requirements – Section L – Reporting; and Appendix VII, Other OMB Circular A-133 Advisories, June 2010.

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**Report 11-09**

**State Agency:** Minnesota Department of Health

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

**CFDA Numbers/Program Names:**

93.069 CDC – Public Health Emergency Preparedness  
93.268 Immunization Grants

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

**Federal Project Nos./Award Year:** 5H23IP522551 – 07  
5U90TP516981 – 09

**Finding 11-09-3** *Inappropriately charged federal program costs to prior grant award period*

**3. The Department of Health inappropriately charged some federal program costs to a prior grant award period.**

The department charged some federal program costs to a prior grant period, although those costs were not obligations of that prior grant period. Federal regulations only allow the state to charge costs resulting from obligations incurred during the specific funding period of the grant award.<sup>42, 43</sup> The department did not have controls in place to ensure that it complied with this requirement.

The department inappropriately charged the following costs to the prior grant period:

- The department charged \$2,221 for costs it incurred between May and July 2010 in the Immunization Grant Program (CFDA 93.268<sup>44</sup>) to the prior grant award period (January 2009 to December 2009). After being made aware of the error by the auditors, the department corrected the error and charged these costs to the 2010 grant period.
- The department charged \$2,696 of salary and fringe benefits incurred between November 2009 and March 2010 for the Public Health Emergency Preparedness Bioterrorism Grant Program (CFDA 93.069<sup>45</sup>) to the grant award period ending August 9, 2009. After being made aware of the error by the auditors, the department stated that it was unable to correct the error because it had closed out the grant.

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<sup>42</sup> U.S. Office of Management and Budget Circular A-133, Part 3 – Compliance Requirements.

<sup>43</sup> Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-federal entity during the same or a future period.

<sup>44</sup> Federal Award 5H23IP522551 – 07.

<sup>45</sup> Federal Award 5U90TP516981 – 09.

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*Recommendations*

- *The department should establish controls to ensure that it charges costs to the correct grant period.*
- *The department should work with the federal grantor agency to determine the appropriate resolution of the uncorrected costs charged to the wrong grant period.*

**Minnesota Department of Health Response:**

The department concurs with this recommendation. The department will make changes to its grant template to communicate the necessary elements of federal ARRA awards to subrecipients. Virginia Davis is responsible for implementation of this recommendation immediately.

The department concurs with this recommendation. Virginia Davis is responsible to enhance controls in this area by June 30, 2011.

The department concurs with this recommendation. Virginia Davis and Terry Smith are responsible to communicate with HHS to resolve the matter by June 30, 2011.

**Persons Responsible:** Virginia Davis, Assistant Division Director, Financial Management  
Terry Smith, Federal Grant Coordinator

**Estimated Completion Date:** April 15, 2011 and June 30, 2011

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**Report 11-09**

**State Agency:** Minnesota Department of Health

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

**CFDA Numbers/Program Names:**

10.557	Special Nutrition for Women, Infants and Children
93.069	Public Health Emergency Preparedness & Response
93.268	Immunization Grants
93.712	ARRA – Immunization Grants

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

**Federal Project Nos./Award Year:** 1H75TP000348-01  
1U90TP000194-01  
3U90TP516981-10S1  
5H23IP522551-07  
5H23IP522551-08  
5U90TP516981-09  
5U90TP516981-10

**Finding 11-09-4** *Did not accurately record the liability date in the state’s accounting system*

**4. The Department of Health did not accurately record the liability date for certain transactions in the state’s accounting system.**

The department did not always correctly record in the state’s accounting system the date when the state incurred a liability or recognized a receipt. The state uses the record date to determine in which fiscal year to recognize the transaction for financial reporting to the federal government.

The department had the following record date errors in major federal programs transactions we tested:

- The department did not accurately record the record date for 18 of 61 tested expenditures for administrative goods and services funded by the Immunization Grants (CFDA 93.268 and 93.712) and Public Health Emergency Preparedness and Response (CDFFA 93.069<sup>46</sup>)

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<sup>46</sup> Federal Awards 5U90TP516981 – 09, 5U90TP516981 – 10, 3U90TP516981 – 10S1, 1U90TP000194 – 01 and 1H75TP000348 – 01.

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programs. Six of the errors resulted in the state recognizing the expenditure in the wrong fiscal year, understating fiscal year 2010 federal expenditures by a total of \$10,144.<sup>47</sup>

- The department did not use the correct record date for 61 of 90 payments related to immunization practices improvement site visits under the Immunization Grants Program (CFDA 93.268<sup>48</sup>). As a result, the department coded \$12,650 for services completed by June 30, 2009, as fiscal year 2010 expenditures and coded \$18,650 for services completed by June 30, 2010, as fiscal year 2011 expenditures.
- The department did not use the correct record date for 12 of 13 monthly rebates received from baby formula manufacturers through the Special Nutrition Program for Women, Infants and Children (CFDA 10.557). At the end of the year, the department did detect and correct the record date for a rebate of over \$2.5 million; without the correction, the rebate would have been recognized in the wrong fiscal year on the Schedule of Expenditures of Federal Awards. The department could more effectively prevent errors by using correct record dates throughout the year, rather than relying on a year-end analysis to detect errors.

While these errors were immaterial to the overall expenditures of these major federal programs, the department has an increased risk that these control weakness and undetected errors could potentially lead to material errors on the Schedule of Expenditures of Federal Awards.

*Recommendation*

- *The department should ensure that it uses the correct record date to identify liabilities and recognize revenue in the state's accounting system.*

**Minnesota Department of Health Response:**

The department concurs with this recommendation. A solution for the WIC rebate revenue has already been implemented. The department will coordinate efforts between program and fiscal staff to resolve record date issues for other types of expenditures, and will continue to monitor compliance once SWIFT is in place. Virginia Davis is responsible to implement this recommendation by the close of fiscal year 2011.

**Person Responsible:** Virginia Davis, Assistant Division Director, Financial Management

**Estimated Completion Date:** June 30, 2011

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<sup>47</sup> Total split between Immunization Program (\$4,914) and Public Health Emergency Response Program (\$5,230).

<sup>48</sup> Federal Awards 5H23IP522551 – 07 and 5H23IP522551 – 08.

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**Report 11-10**

**State Agency:** Minnesota Department of Commerce

**Federal Agency:** U.S. Department of Energy

**CFDA Numbers/Program Names:**

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

**Questioned Costs:** \$141,802 (ARRA-81.042)

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

**Finding 11-10-1** *Inadequate monitoring of service provider compliance with certain federal requirements*

**1. The Department of Commerce did not adequately perform certain monitoring procedures designed to ensure that local service providers complied with federal requirements of the Weatherization Assistance for Low-Income Persons Program.**

The Department of Commerce did not adequately monitor service providers<sup>49</sup> for compliance with certain federal requirements applicable to the Weatherization Assistance for Low-Income Persons Program (CFDA #81.042<sup>50</sup> and #81.042 ARRA<sup>51</sup>). Local service providers distribute the program's financial assistance to eligible low-income households to improve the energy efficiency of their homes. The department developed a system to monitor local service provider compliance with federal requirements; however, it had the following weaknesses in its monitoring practices:

- Cost Savings Requirement – The department did not adequately monitor local service providers to ensure compliance with the cost savings requirement contained in federal regulations and in the state plan approved by the federal government. Federal regulations require that funds used for weatherization improvements result in energy cost savings over the lifetime of the improvement that is equal to or greater than the cost of materials and installation. The state plan states that the department will monitor the cost savings by comparing the cost of the improvement to the estimated energy savings. If the savings do not

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<sup>49</sup> Service providers are agencies that serve Weatherization Assistance clients at the local level including community action programs, tribal boards, and nonprofit organizations. Currently, the department has 32 service providers geographically dispersed around the state of Minnesota.

<sup>50</sup> Federal Grant Award #DE-EE0000653.

<sup>51</sup> Federal Grant Award #DE-EE0000103.

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exceed the costs, the planned improvements are not an effective use of weatherization assistance funds. For fiscal year 2010, the department may have inappropriately reimbursed as much as \$141,802 to local service providers for improvements of 74 dwellings (out of 8,554 dwellings improved) where the energy savings did not exceed the cost of the improvement.

- Service Provider Monitoring – The department did not always comply with state plan requirements to monitor service providers by performing field visits and fiscal reviews. Field visits involve monitoring and inspecting the project to ensure that work was appropriate, the monitoring tool was updated, and any corrective actions were addressed. Of the 22 service provider field visits completed by the department, 5 did not have a completed monitoring tool on file, 8 did not have a written report completed in 30 days, and 10 did not show that concerns raised in the reviews were tracked by the department to ensure resolution. In addition, the department did not complete a second fiscal review for any service providers for fiscal year 2010; the state plan calls for two fiscal reviews. Fiscal reviews address the service provider’s tracking and documentation of project expenditures and are important to provide department management with assurance that service providers are appropriately spending weatherization grant awards.
- Prevailing Wage Requirements – Prior to December 31, 2009, the department did not adequately ensure that local service providers paid workers providing weatherization services the prevailing wage, as required by the Davis-Bacon Act.<sup>52</sup> The department required the service providers to submit payroll information to demonstrate compliance with Davis Bacon requirements. However, 4 of 13 providers we tested did not submit the required certified weekly payroll during early periods of fiscal year 2010. As a result, the department could not verify compliance.

*Recommendations*

- *The department should obtain written direction from appropriate federal officials on how to resolve the federal funds used for weatherization improvements that did not achieve an energy savings.*
- *The department should improve monitoring of local service providers to ensure compliance with federal Davis Bacon requirements and provider monitoring required in its state plan for the Weatherization Assistance for Low-Income Persons Program.*

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<sup>52</sup> The federal Davis-Bacon Act requires contractors and subcontractors receiving federal grants to pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area.

**Minnesota Office of the Legislative Auditor**  
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**Minnesota Department of Commerce Response:**

**Response:** The Department agrees with the finding and will work with U.S. Department of Energy staff to resolve ambiguities in the Weatherization Assistance Program state plan regarding how and when the decision is made to install energy measures. Processes have been improved to ensure that monitoring is conducted in accordance with federal requirements. Stronger systems are now in place to ensure compliance with the federal Davis Bacon requirements. Commerce's State Energy Office manager (Janet Streff) and Weatherization Assistance Program supervisor (Marilou Cheple) will be primarily responsible for these efforts. These efforts will be completed by June 30, 2011.

**Persons Responsible:** Janet Streff, State Energy Office Manager  
Marilou Cheple, Weatherization Assistance Program  
Manager

**Estimated Completion Date:** June 30, 2011



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**Report 11-10**

**State Agency:** Minnesota Department of Commerce

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

**CFDA Numbers/Program Names:**

81.041	State Energy Program
81.041	ARRA – State Energy Program
81.042	Weatherization Assistance for Low Income Persons
81.042	ARRA - Weatherization Assistance for Low Income Persons
93.568	Low-Income Home Energy Assistance

**Questioned Costs:** \$117,324

**Federal Project Nos./Award Year: See Report 11-10 Table 2.**

**Finding 11-10-2**      *Overcharge of indirect costs to federal programs.*

**2. The Department of Commerce overcharged \$117,324 of agency indirect costs to federal programs for the fourth quarter ending June 30, 2010.**

The department did not use the correct indirect cost rate for the fourth quarter of state fiscal year 2010 when charging agency indirect costs to the federal programs it administers. The department's federally approved indirect cost rate was 11.3 percent for fiscal year 2010; however, the department mistakenly used the 14 percent indirect cost rate approved for fiscal year 2011.

The indirect cost rate proposal is created annually and submitted to the Division of Cost Allocation of the U.S. Department of Health and Human Services. The U.S. Department of Health and Human Services reviews and approves the proposed rate and an agreement is signed with the state Department of Commerce.

The use of the incorrect indirect cost rate resulted in the department overcharging federal programs \$117,324, as shown in Table 2.

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**Table 2**  
**Summary of Indirect Cost Overcharges by Federal Program**  
**Fiscal Year 2010**

<b>CFDA<sup>1</sup></b>	<b>Program Name</b>	<b>Amounts</b>
<b>Major Programs:</b>		
81.042	Weatherization Assistance for Low-Income Persons <sup>2</sup>	\$ 4,718
81.042	ARRA – Weatherization Assistance for Low-Income Persons <sup>3</sup>	<u>\$ 27,712</u>
	Total Weatherization Assistance	<u>\$ 32,430</u>
93.568	Low-Income Home Energy Assistance <sup>4</sup>	\$ 51,319
<b>Non-Major Programs:</b>		
81.041	State Energy Program <sup>5</sup>	\$ 9,912
81.041	ARRA – State Energy Program <sup>6</sup>	<u>\$ 19,983</u>
	Total State Energy Program	<u>\$ 29,895</u>
N/A	Other Non-Major Federal Programs	<u>\$ 3,680</u>
	Total	<u>\$117,324</u>

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

<sup>2</sup> Federal Grant Award #DE-EE0000653

<sup>3</sup> Federal Grant Award #DE-EE0000103

<sup>4</sup> Federal Grant Award #G-09B1MNLIEA and #G-10B1MNLIEA

<sup>5</sup> Federal Grant Award #DE-FG26-07NT43166

<sup>6</sup> Federal Grant Award #DE-EE0000164

Source: Auditor created from the Department of Commerce's accounting records for fiscal year 2010.

*Recommendation*

- *The department should correct the indirect cost overcharges of \$117,324 and improve internal controls to ensure that indirect costs are accurately charged to federal programs.*

**Minnesota Department of Commerce Response:**

**Response:** The department agrees. The department concurs with this finding and has corrected the overcharge. Indirect cost charges will now be reviewed by the accounting director prior to processing. Commerce's Financial Management Director (Tim Jahnke) has already corrected the overcharge.

**Person Responsible:** Tim Jahnke, Financial Management Director

**Estimated Completion Date:** April 18, 2011

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**Report 11-10**

**State Agency:** Minnesota Department of Commerce

**Federal Agency:** U.S. Department of Energy

**CFDA Numbers/Program Names:**

81.042 ARRA - Weatherization Assistance for Low Income Persons

**Questioned Costs:** \$426,523

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

**Finding 11-10-3** *No recovery of disallowed costs reimbursed to suspended service provider*

**3. The Department of Commerce has not yet recovered disallowed expenditures totaling \$426,523 for the Weatherization Assistance for Low-Income Persons Program reimbursed to a local service provider that it suspended.**

In November 2009, the Department of Commerce suspended payments to a local service provider (Tri Valley Opportunity Council, Inc., located in Crookston, Minnesota) from the federal Weatherization Assistance for Low Income Persons Program (CFDA #81.042<sup>53</sup> and 81.042 ARRA<sup>54</sup>). Following the suspension, the department allowed the local service provider several opportunities to remedy the missing documentation and to justify the disallowed costs. However, on April 11, 2011, based on guidance it received from the federal Department of Energy and after investigating the provider's lack of accountability and widespread problems with missing documentation, the department notified the service provider that it was terminating the grant agreement. Before the suspension, the department had paid the local service provider \$432,279 for weatherization assistance costs. The department is seeking recovery of \$426,523 for the undocumented or unallowable costs.

*Recommendation*

- *The department should seek recovery of the \$426,523 of weatherization assistance expenditures that did not comply with the federal program requirements.*

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<sup>53</sup> Federal Grant Award #DE-EE0000653

<sup>54</sup> Federal Grant Award #DE-EE0000103

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

**Minnesota Department of Commerce Response:**

**Response:** The Department concurs and is implementing the steps necessary to recover the funds. Commerce's State Energy Office manager (Janet Streff) will be primarily responsible for this effort. The expected time frame to recover funds is by approximately September 30, 2011.

**Person Responsible:** Janet Streff, State Energy Office Manager

**Estimated Completion Date:** September 30, 2011

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**Section III: Federal Program Audit Findings (Continued)**

**Report 11-10**

**State Agency:** Minnesota Department of Commerce

**Federal Agency:** U.S. Department of Energy

**CFDA Numbers/Program Names:**

81.042 ARRA - Weatherization Assistance for Low Income Persons

**Questioned Costs:** None - Procedural finding only.

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

**Finding 11-10-4** *No update of inventory records for equipment purchased with federal program funds*

**4. The Department of Commerce did not adequately track equipment inventory purchased by local service providers with funds from the federal Weatherization Assistance for Low-Income Persons Program.**

The department did not update its equipment records with specific information for vehicles and other weatherization equipment purchased by local service providers with funds from the federal Weatherization Assistance for Low-Income Persons Program (CFDA #81.042<sup>55</sup> and 81.042 ARRA<sup>56</sup>) for fiscal year 2010. When the federal government approved the purchase of program vehicles or equipment, the department identified the service provider and type of equipment on its inventory system; however, the department did not update inventory records with the actual date of purchase, vehicle identification numbers or equipment serial numbers, and the final purchase price as called for in federal regulations.<sup>57</sup> Without this key information, the department is unable to identify and track the specific equipment items purchased with federal funding and cannot periodically verify that the local service provider is still in possession of the specific weatherization equipment.

*Recommendation*

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

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<sup>55</sup> Federal Grant Award #DE-EE0000653

<sup>56</sup> Federal Grant Award #DE-EE0000103

<sup>57</sup> 10 CFR 600.232 (2010)

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

**Minnesota Department of Commerce Response:**

**Response:** The Department agrees with this finding. Commerce's Weatherization Assistance Program supervisor (Marilou Cheple) has already improved controls to ensure that its equipment inventory records are updated on a regular basis so that vehicles and equipment acquired with federal program funds are tracked appropriately.

**Person Responsible:** Marilou Cheple, Weatherization Assistance Program  
Supervisor

**Estimated Completion Date:** Completed

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**Report 11-11**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

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

**Questioned Costs:** None - Procedural finding only.

**Federal Project Nos./Award Year:** DTFH61-08-H-00020

**Finding 11-11-1** *Inaccurate reporting on the draft schedule of expenditures*

**5. The Department of Transportation overstated Highway Planning and Construction Program (CFDA 20.205) expenditures by \$18.9 million and understated Highway Research and Program Development Program (CFDA 20.200) expenditures by the same amount on the Schedule of Expenditures of Federal Awards submitted for audit.**

The department erroneously overstated Highway Planning and Construction Program expenditures (CFDA 20.205) by \$18.9 million and understated Highway Research and Development Program expenditures (CFDA 20.200<sup>58</sup>) by the same amount on its draft Schedule of Expenditures of Federal Awards. The department identified a discrepancy in amounts when it performed a year-end reconciliation of federal program revenues to expenditures; however, it failed to detect that the project expenditures pertained to a different federal program and did not correct the schedule until the audit brought the error to management's attention.

*Recommendation*

- *The department should improve internal controls over the preparation of its Schedule of Expenditures of Federal Awards by reviewing source documentation, which includes the CFDA number, for the projects with material variances identified through its reconciliation of federal revenues to program expenditures.*

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<sup>58</sup> The expenditures pertained to federal grant award number DTFH61-08-H-00020.

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

**Minnesota Department of Transportation Response:**

Response: Mn/DOT believes strongly in financial integrity and concurs with this finding. Mn/DOT is addressing this issue in the following manner:

1. Mn/DOT finance staff will add additional oversight controls and has updated its' written procedure for analyzing federal expenditures to ensure federal awards are reported under the correct CFDA number.
2. With the implementation of SWIFT, all appropriations with federal participation are set up with a CFDA number.

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

**Estimated Completion Date:** September 2011



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**Report 11-12**

**State Agency:** Minnesota Department of Education

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year: See Report 11-12 Appendix A**

**Finding 11-12-1**     *No documented internal control structure ensuring compliance*

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

The department did not have a comprehensive risk assessment pertaining to its internal controls over compliance with federal single audit requirements.<sup>59</sup> The department has an increased likelihood of a control deficiency if it does not clearly communicate to all staff its risks, control activities, and monitoring policies and procedures.

State policy states that each agency head has the responsibility to identify, analyze, and manage business risks that impact an entity's ability to maintain its financial strength and the overall quality of its products and government services.<sup>60</sup> This policy also requires communication of

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<sup>59</sup> See Appendix A for listing of affected programs, and award numbers.

<sup>60</sup> Minnesota Management and Budget Policy Number 0102-01.

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the internal control policies and procedures to all staff so they understand what is expected of them and the scope of their freedom to act. The policy further requires follow-up procedures that, at a minimum, should include ways to monitor results and report significant control deficiencies to individuals responsible for the process or activity involved, including executive management and those individuals in a position to take corrective action. Audit standards<sup>61</sup> reinforced management's responsibility to have effective internal controls over its financial operations. The federal government expects that those controls also ensure compliance with federal program requirements.

Since the last audit, the Department of Education began to develop its comprehensive internal control structure by performing a review of its control environment, establishing internal control standards, creating an internal control evaluation tool, and establishing an internal control evaluation questionnaire. However, the department had not fully assessed and documented its risks and controls related to compliance with federal program requirements.

A comprehensive control structure has the following key elements:

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

Findings 2 and 3 identify deficiencies in the department's internal control procedures and specific noncompliance with federal requirements which were not prevented or detected by the department's internal control structure. It is likely that the department will continue to have noncompliance and weaknesses in internal controls over compliance until it operates within a comprehensive internal control structure.

*Recommendation*

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

**Minnesota Department of Education Response:**

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<sup>61</sup> Statement on Auditing Standards #109.

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The Department agrees with this recommendation and will continue to work on the risk assessment and internal control structure. The Department has and will be working with and through the guidance being provided by the Internal Controls group at Minnesota Management and Budget. With their direction along with dedicating staff to accomplishing this task the Department plans to complete in the next 8 months a plan which will outline the departments approach to risk assessment and its plan to implement a process for improving our controls, and have completed a pilot project by Dec. 31, 2011. The Department plans to complete its risk assessment and analysis and have developed a comprehensive internal control structure for the Department by Dec. 31, 2012. The responsibility for implementation of this finding is with Al Louismet, Agency Accounting Operations Manager.

**Person Responsible:** Al Louismet, Agency Accounting Operations Manager

**Estimated Completion Date:** December 31, 2012

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**Report 11-12**

**State Agency:** Minnesota Department of Education

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year:** See Report 11-12 Appendix A

**Finding 11-12-2**      *Noncompliance with federal subrecipient monitoring and notification requirements*

**2. Prior Finding Not Resolved: The Department of Education did not comply with federal subrecipient monitoring and notification requirements for federal programs.**

The department did not adequately monitor subrecipient compliance with federal program requirements for the Special Education Grants to States (CFDA 84.027 and 84.391A), Special Education Preschool Grants (CFDA 84.173 and 84.392A), and Child and Adult Care Food (CFDA 10.558). It also did not adequately notify its subrecipients about certain program information and requirements for all of the programs listed in Appendix A of this report.

Federal regulations required the department to provide reasonable assurance that subrecipients used federal awards for authorized purposes, complied with laws, regulations, and the provisions of contracts and grant agreements, and achieved performance goals.<sup>62</sup> The department's

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<sup>62</sup> OMB Circular No. A-133.

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**Section III: Federal Program Audit Findings (Continued)**

monitoring activities occurred throughout the year and included site visits, regular contact, and reporting the results of its monitoring activities. The department had the following deficiencies in its subrecipient fiscal monitoring of the Special Education and Child and Adult Care Food programs:

- The department did not develop policies or procedures for conducting special education fiscal onsite reviews. These policies and procedures should include documenting, reviewing, and approving the reviews in a timely manner. These policies or procedures should also address the noncompliance and/or corrective action plan follow-up process.
- During fiscal year 2010, the department did not perform its regular special education fiscal monitoring site visits, although it conducted six site visits -- four charter school closures, one misuse of special education funds, and one fiscal year 2009 scheduled fiscal monitoring site visit. Federal regulations required that pass-through entities are responsible for monitoring subrecipients' use of federal awards.<sup>63</sup> The department normally conducted as many as 40 fiscal site visits each year for the special education program. Department management used fiscal year 2010 to review its special education fiscal monitoring practices; the department needed to improve its practices by clarifying the focus of the monitoring, reviewing the prior monitoring process, and reviewing/updating monitoring processes and procedures. This review was not completed before the end of fiscal year 2010.
- The department did not issue reports on its special education site visits in a timely manner. At the time of our fiscal year 2010 audit, the department had not issued reports for six of the twenty-eight fiscal year 2009 site visits and four of the six 2010 site visits. In addition, the department lacked supporting documentation or had inadequate supporting documentation for the findings included in seventeen of the eighteen reports it issued for the fiscal year 2009 special education site visits and one of the six fiscal year 2010 site visits.
- The department did not have adequate controls in place to ensure it received all required subrecipient audit reports from non-school entities for the Child and Adult Care Food Program in a timely manner. The department did not always follow-up on late audits or retain the documentation to support the review. The department also did not review or approve corrective action plans.

In addition, the department could not clearly show that it met its federal requirement to provide subrecipients with required federal award identification. Federal regulations require the department to provide certain federal award information (CFDA, award number, name of federal awarding agency) to subrecipients at the time of the award. For ARRA grants, to maximize transparency and accountability, the department must identify the federal award number and

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<sup>63</sup> OMB Circular No. A-133.

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CFDA number at the time of the subaward and disbursement of funds and provide notification of federal reporting requirements to subrecipients.<sup>64</sup> The department used annual grant applications, assurances, notifications, and identifying computer system information to provide federal award information and reporting requirements. However, while the notification methods provided some of the required information, we could not determine that the department provided all of the required information to the subrecipients.

*Recommendations*

- *The department should establish policies and procedures to ensure special education site visits are performed, results are reviewed and reported, appropriate corrective action plans are completed, and instances of noncompliance are resolved in a timely manner.*
- *The department should establish policies and procedures to ensure that it receives all subrecipient audit reports and reviews and tracks the results.*
- *The department should ensure that it provides all required federal award information to subrecipients.*

**Minnesota Department of Education Response:**

**Child and Adult Care Food (CFDA 10.558):**

The department agrees with the finding and will implement OLA recommendations number 1 and 2. Policies and procedures will be reviewed and updated to ensure findings are reviewed, reported and corrective action plans are completed. The department will implement a database system to track all the required federal award information provided to sub recipients, required reports are received timely and follow-up is done for the resolution of audit findings or late reporting. Carol Thomas, Director of Safety, Health and Nutrition will be responsible for resolving this finding and the department expects the finding to be fully resolved by July 1, 2011.

**Special Education Grants to States (CFDA 84.027 and 84.391A) and Special Education Preschool Grants (CFDA 84.173 and CFDA 84.392A):**

The department agrees with this finding and will implement OLA recommendation number 3. The department will take the following actions: The federal award number, awarding agency, and CFDA number will be added to all sub recipient award documents. The federal award number and CFDA number will be added to the budget and draw screens in the SERVVS financial system. Lisa Mueller, Budget Director will be responsible for resolving this finding and the department expects the finding to be fully resolved by July 1, 2011.

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<sup>64</sup> 2 Code of Federal Regulations – section 176.210 (c, d).

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The department will implement recommendation number 1 and has already instituted significant changes to the special education fiscal monitoring process that will ensure that monitoring of compliance with federal requirements for subrecipients is completed. The department procedures require that desk reviews and site visits are performed, results are reviewed and reported, appropriate corrective actions plans are completed, and instances of noncompliance are resolved in a timely manner. Specific details related to the three-tier approach the department uses in conducting this monitoring are reflected in the policy and procedure. The department agrees its prior monitoring process was insufficient and did not always provide the department with the documentation necessary to issue findings. Improving the department internal process is the focus of the department action plan. Donna E. Nelson, Monitoring Supervisor, Division of Compliance and Assistance will be responsible for resolving this finding. The department expects this finding to be resolved by July 1, 2011.

**Persons Responsible:** Carol Thomas, Director of Safety, Health and Nutrition  
Lisa Mueller, Budget Director  
Donna E. Nelson, Monitoring Supervisor, Division of  
Compliance and Assistance

**Estimated Completion Date:** July 1, 2011

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**Report 11-12**

**State Agency:** Minnesota Department of Education

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

**CFDA Numbers/Program Names:**

10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children

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

**Federal Project Nos./Award Year:** See Report 11-12 Appendix A

**Finding 11-12-3**     *No supporting documentation for federal program reports*

**3. The Department of Education did not always retain sufficient supporting documentation for reporting two federal programs.**

The department did not retain supporting documentation for monthly reports it submitted to the US Department of Agriculture for the Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, and 10.559) and the Child and Adult Care Food Program (CFDA 10.558).<sup>65</sup> <sup>66</sup> Without the supporting documentation, we could not substantiate the information in five out of nine reports tested. In addition, one report included an approximately 400,000 meal count error; the department was aware of the error, but did not submit a revised report.

*Recommendation*

- *The department should retain sufficient documentation to support reports submitted to the federal government.*

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<sup>65</sup> Monthly Report of School Program Operations (FNS-10). This report contains meals served under the National School Lunch Program (NSLP) and School Breakfast Program (SBP), and half-pints of milk served under the Special Milk Program (SMP).

<sup>66</sup> Monthly Report of the Summer Food Service Program for Children (FNS-418). This report contains the number of meals served under the Summer Food Service Program for Children by sponsors under the Department of Education's oversight.



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**Minnesota Department of Education Response:**

The Department agrees with this finding and will implement the recommendations of the auditor. Reports generated by the Cyber-Link Interactive Child Nutrition System (CLICS) for the purpose of entering monthly 90-day, final reports for the child nutrition programs, i.e., FNS 10, FNS-44 and FNS-418, will be compared, for data entry accuracy, to the report entry screen before submission to the USDA. A copy of the CLICS 90 day, final reports used for entry, along with a copy of the data entry screen will be kept of file. Carol Thomas, Director of Safety, Health and Nutrition, will be responsible for resolving this finding and the Department expects the finding to be fully resolved by July 1, 2011.

**Person Responsible:** Carol Thomas, Director of Safety, Health and Nutrition

**Estimated Completion Date:** July 1, 2011

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**Report 11-12**

**State Agency:** Minnesota Department of Education

**Appendix A  
Major Federal Programs  
Department of Education  
Fiscal Year 2010**

<u>CFDA</u> <sup>1</sup>	<u>Program Name</u>	<u>Federal Award Numbers</u>
	<u>Child Nutrition Cluster:</u> <sup>2</sup>	
10.553	School Breakfast	2MN30061
10.555	National School Lunch	Same as above
10.556	Special Milk Program for Children	Same as above
10.559	Summer Food Service Program for Children	Same as above
10.558	Child and Adult Care Food	2MN30061
	<u>Title 1 Cluster:</u>	
84.010	Title 1 Grants to Local Education Agencies	S010A080023A, S010A0900123A
84.389A	Title 1 Grants to Local Education Agencies ARRA <sup>3</sup>	S389A090023A
	<u>Special Education Cluster:</u>	
84.027	Special Education – Grants to State	H027A070087A, H027A080087A
84.391A	Special Education – State Grants (ARRA)	H391A090087A
84.173	Special Education – Preschool Grants	H173A070086, H173A080086
84.392A	Special Education – Preschool Grants (ARRA)	H392A090086A
84.367	Improving Teacher Quality State Grants	S367A080022A, S367A090022A
84.394A	State Fiscal Stabilization Fund – Education State Grants, Recovery Act (Education Stabilization Fund)	S394A090024A

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

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

<sup>3</sup>American Recovery and Reinvestment Act.

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**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.713	ARRA - Child Care and Development – Discretionary
93.714	ARRA – Emergency Contingency Fund for TANF
93.767	Children’s Health Insurance Program
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-1** *No documented internal control structure ensuring accurate eligibility determinations.*

**1. Prior Finding Not Resolved: The Department of Human Services did not adequately address its responsibility to monitor and ensure accurate recipient eligibility determination for three major federal programs.**

The department did not have a comprehensive approach to ensure it provided federal program benefits only to eligible recipients for three of its fiscal year 2010 major federal programs<sup>67</sup> (Child Care Cluster, CFDA 93.575, 93.596, and 93.713; Medical Assistance, CFDA 93.778 and 93.778A; and Temporary Assistance for Needy Families, CFDA 93.558 and 93.714).<sup>68</sup> Although the department had a variety of internal controls, it did not assess how well these controls provided comprehensive, consistent, and timely assurance that the department had met its recipient eligibility oversight responsibilities.

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<sup>67</sup> In fiscal year 2010, the Children’s Health Insurance Program, (CFDA 93.767, federal award number 0905MN502) was not a major federal program; however, in fiscal year 2009, when it was a major federal program, we found that the department did not have sufficient internal controls over eligibility compliance requirements. We reported this finding in the Office of the Legislative Auditor’s Financial Audit Division Report 10-11, *Department of Human Services*, issued March 18, 2010, finding 2. In our fiscal year 2010 audit, as part of our required follow-up of prior audit findings, we concluded that the department had not resolved the finding.

<sup>68</sup> See Appendix A for the federal award numbers for these programs.

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Because the department lacked a comprehensive approach to its eligibility oversight responsibilities, we could not design an audit approach that would provide us with sufficient evidence to conclude on the department's compliance with certain federal requirements (Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility) for the Medical Assistance, Child Care Cluster, and Temporary Assistance to Needy Families programs. As a result, we were unable to express an opinion for these requirements in the state's fiscal year 2010 *Financial and Compliance Report on Federally Assisted Programs*.<sup>69</sup>

The department had a variety of ways that it monitored eligibility determinations made by county staff;<sup>70</sup> however, in fiscal year 2010, several of these monitoring tools did not provide sufficient assurance, and the department did not take additional steps to ensure that county staff appropriately determined eligibility.

The department's oversight of eligibility determinations was deficient in the following programs:

- **Medical Assistance:** The department did not design additional reviews to compensate for the limited scope of its fiscal year 2010 Medicaid Eligibility Quality Control testing. The fiscal year 2010 testing focused on about 0.5 percent of the Medical Assistance recipients; these recipients were enrolled in long-term care and elderly waiver services. The federal government allows states to substitute traditional Medicaid Eligibility Quality Control testing with a pilot project such as this. However, the department has an overall, fundamental responsibility to ensure the eligibility of program recipients.
- **Child Care Cluster:** The department did not have adequate internal controls to validate the eligibility determinations made by counties.<sup>71</sup> During fiscal year 2010, the department reviewed county eligibility determinations during the period from July 2009 through September 2009, but it did not perform any additional reviews through the rest of the fiscal year. In addition, the department did not monitor the results of counties' case reviews (performed by nearly 60 percent of the counties) to identify error rates or trends.
- **Temporary Assistance for Needy Families:** The eligibility oversight functions performed by the department's Program Assessment and Integrity Division eligibility did

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<sup>69</sup> Statement on Auditing Standards Number 58 allows an auditor to decline to express (disclaim) an opinion whenever he or she is unable to form or has not formed an opinion.

<sup>70</sup> County staff worked with clients to determine and validate whether the client met certain eligibility requirements, such as citizenship, immigration status, residency, and income. The county staff entered validated information into the state's computer system. The state paid for benefits provided to the clients.

<sup>71</sup> Anoka, Ramsey, Hennepin, Isanti, and Olmsted counties contract with nonprofit entities for some or all of their county eligibility determinations.

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not include a sufficient number of case reviews to ensure recipients had met federal eligibility requirements.<sup>72</sup>

In addition, the department did not sufficiently test whether county staff accurately handled certain sanctions in the department's eligibility system. Federal regulations require that clients who refused a work plan or did not cooperate with child support orders should be sanctioned, while clients who are single parents and unable to work because they did not have a viable childcare option should not be sanctioned.<sup>73</sup> The department did not place sanctions on 7 of the 25 recipients we tested who had not cooperated with their child support orders.

The department also did not supplement its eligibility controls when it learned that most of the calendar year 2009 single audits of counties did not include testing of eligibility determinations.<sup>74</sup> As a result, the department could not rely on those audits as part of its internal controls for these programs. Medical Assistance recipients in the counties where single audits did not include testing of eligibility determinations received at least 83 percent of the program's benefits.

*Recommendations*

- *The Department of Human Services should develop a comprehensive, coordinated approach to ensure and monitor compliance with federal eligibility requirements.*
- *The department should develop internal controls to monitor the specific eligibility requirements related to sanctions for the Temporary Assistance for Needy Families Program.*

**Minnesota Department of Human Services Response:**

Department Response #1-1

The Department agrees with this finding and recommendation. We will expand our current eligibility review process to create a comprehensive, coordinated approach to ensure recipients meet applicable federal eligibility requirements. Additionally, we will monitor the results of county eligibility reviews to identify error rates and trends, and incorporate that information with our ongoing efforts to improve the eligibility process.

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<sup>72</sup> Office of Management and Budget A-133 Compliance Supplement, Temporary Assistance to Needy Families, part 4, letter E.

<sup>73</sup> 45 CFR parts 261.14 and 261.56.

<sup>74</sup> The state's fiscal year 2010 single audit incorporates the calendar year 2009 county level single audits.

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

**Estimated Completion Date:** 10/1/11

Department Response #1-2

The department agrees with this finding. The Program Assessment and Integrity Division currently provides a number of federally-required oversight functions for multiple programs. A workgroup will be formed to review the existing work and to develop a more comprehensive plan to insure adequate oversight of TANF cases. This methodology will include eligibility reviews as well as oversight of sanction use by county staff.

**Person Responsible:** Erin Sullivan-Sutton, Assistant Commissioner for Children and Family Services

**Estimated Completion Date:** 12/31/11

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**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

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**Finding 11-13-2**      *No documented internal control structure ensuring compliance.*

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

Beyond the department's deficiencies in its internal controls to ensure compliance with federal eligibility requirements, as discussed in finding 1, the department did not have a comprehensive risk assessment regarding internal controls over compliance with other federal single audit requirements.<sup>75</sup> The federal Office of Management and Budget, Circular A-133 outlines the state's responsibilities for managing federal assistance programs and addresses general compliance requirements and program specific requirements. The department developed a risk assessment related to many of its financial operations and had many control activities and monitoring functions. However, it did not fully identify and analyze risks related to federal program compliance, design comprehensive controls to address significant risks, or develop sufficient monitoring procedures to ensure that controls were in place and were effective to reduce the significant risks identified. A comprehensive internal control structure is critical to ensure compliance with federal requirements. The department had an increased likelihood of noncompliance when it did not clearly communicate to all staff its risks, control activities, and monitoring policies and procedures.

State policy stipulates that agency management is responsible to identify, analyze, and manage business risks that affect its ability to maintain its financial strength and the overall quality of its products and government services.<sup>76</sup> This policy also requires communication of the internal control policies and procedures to all staff so they understand expectations and the scope of their freedom to act. The policy further requires follow-up procedures that, at a minimum, should include ways to monitor results and report significant control deficiencies to individuals responsible for the process or activity involved, including the agency's executive management and other individuals in a position to take corrective action. The federal government expects that those controls also ensure compliance with federal laws, regulations, and program compliance requirements.<sup>77</sup>

The findings in this report identify deficiencies in the department's internal control procedures and specific noncompliance with federal requirements that the department's internal control structure did not prevent or detect. If the department had a comprehensive internal control structure, it may have identified these deficiencies, assessed the degree of risk for the these deficiencies, designed control procedures to address significant risk, and monitored whether

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<sup>75</sup> This finding affects all major federal programs identified in Table 1. See Appendix A for the federal award numbers for these programs. It also applies to federal programs that were major programs in fiscal year 2009, but not in fiscal year 2010, including Adoption Assistance (CFDA 93.659), Substance Abuse (CFDA 93.959), and Children's Health Insurance Program (CFDA 93.767).

<sup>76</sup> Department of Management and Budget Policy 0102-01, *Internal Control*.

<sup>77</sup> U.S. Office of Management and Budget Circular A-133, Part 6.



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controls were working as designed and effective in reducing the risks to an acceptably low level. It is likely that the department will continue to have noncompliance and weaknesses in internal controls over compliance until it operates within a comprehensive internal control structure.

*Recommendation*

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

**Minnesota Department of Human Services Response:**

The Department agrees with this finding and recommendation. We will expand our risk assessment efforts to include our involvement with major federal programs covered under the federal single audit act.

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

**Estimated Completion Date:** 12/31/11

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**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

93.563 Child Support Enforcement  
93.563 ARRA - Child Support Enforcement

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-3** *Unnecessary employee access to program subsystem.*

**3. The Department of Human Services granted employees excessive access to the child support enforcement payment system.**

The department granted eleven help desk employees excessive access to the child support enforcement payment system<sup>78</sup> (CFDA 93.563).<sup>79</sup> The department used the system to locate noncustodial parents, implement automatic child support withholding with employers, enforce child support orders, and centralize the receipt and disbursement of child support payments, as required by federal law. These 11 help desk employees were responsible for handling complaints from custodial and noncustodial parents who were enrolled in the child support enforcement program. The employees were granted access to modify information in the child support payment system, which was not required to perform their job duties.

Access control standards state that organizations should use the concept of “least privilege,” allowing only authorized access for users that is necessary to accomplish assigned tasks in accordance with organizational missions and business functions.<sup>80</sup> By granting employees unnecessary access, the department increased the risk that errors may occur.

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<sup>78</sup> The state’s child support system is PRISM – Providing Resources to Improve Support in Minnesota system.

<sup>79</sup> See Appendix A for the federal award numbers for these programs.

<sup>80</sup> National Institute of Standards and Technology publication 800-53, AC-6.

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

*Recommendation*

- *The department should eliminate excessive employee access to the child support payment system.*

**Minnesota Department of Human Services Response:**

The Department agrees with this finding and recommendation. Effective March 25, 2011, the multiple security profiles provided to three PRISM help desk staff were removed. This change eliminated staff capability to view or modify PRISM data outside the scope of their responsibilities as help desk staff. The existing help desk security profile was modified for all help desk staff in order to provide the appropriate access, and only that access, necessary to perform their duties at the help desk.

**Person Responsible:** Erin Sullivan-Sutton, Assistant Commissioner for Children and Family Services

**Estimated Completion Date:** Completed

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

**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

93.563	Child Support Enforcement
93.575	Child Care and Development - Discretionary
93.713	ARRA - Child Care and Development

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-4**     *Excessive federal cash balances.*

**4. The Department of Human Services advanced federal funds to certain subrecipients and to the state Supreme Court without ensuring they disbursed those funds in the same manner as outlined in the federal cash management agreement.**

The department did not comply with its U.S. Treasury-State Agreement when it advanced federal funds to subrecipients for the Child Care and Development Block Grant programs (CFDA 93.575 and 93.713).<sup>81</sup> The U.S. Treasury-State Agreement required the state to disburse the Child Care Cluster funds within one day after receiving the federal funds, and the federal Office of Management and Budget required subrecipients to conform substantially to the same cash management standards as the state. However, the grant agreements between the department and the subrecipients required the department to make initial advance payments to the grantees equal to one calendar quarter of the grant amounts followed by quarterly reimbursements of actual expenditures. The grant agreements required the reconciliation of funds at the end of the state fiscal year. We estimate that for the first quarter of fiscal year 2010, the department's advances exceeded subrecipients' costs by about 54 percent, or \$1.3 million.

In addition, the department did not comply with its U.S. Treasury-State Agreement when it advanced federal funds to the Minnesota Supreme Court for expediting child support

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<sup>81</sup> See Appendix A for crosswalk from Catalogue of Federal Domestic Award (CFDA) number to specific federal award grant number.

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

enforcement cases<sup>82</sup> (Child Support Enforcement – CFDA 93.563).<sup>83</sup> The U.S. Treasury-State Agreement allows the state to draw federal funds no more than one day in advance of disbursing child support enforcement program costs. However, the department drew federal funds to provide advances to the Supreme Court, resulting in a positive cash balance in the state treasury until the Supreme Court incurred sufficient expenditures to cover the advance. During fiscal year 2010, we determined that six of the department’s payments to the Supreme Court exceeded our estimate of the costs incurred and resulted in excess cash in the state treasury ranging from about \$18,800 to \$192,000.

*Recommendation*

- *The department should comply with its U.S. Treasury-State Agreement and ensure subrecipients conform to the same cash management standards.*

**Minnesota Department of Human Services Response:**

The department agrees with the recommendation and will ensure compliance with the U.S. Treasury-State Agreement.

**Person Responsible:** Marty Cammack, Director of Financial Management Operations

**Estimated Completion Date:** 6/30/11

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<sup>82</sup> The department’s interagency agreement with the Minnesota Supreme Court was not executed until September 22, 2009; however, the department advanced funds to the court system for the first three months of the fiscal year before the agreement was executed, in violation of *Minnesota Statutes 2010*, 16C.08 Professional or Technical Services.

<sup>83</sup> See Appendix A for the federal award numbers for these programs.

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

**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-5**      *Insufficient review of payroll reports.*

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**5. Prior Finding Partially Resolved: The Department of Human Services did not sufficiently review a key payroll report.**

The department did not sufficiently review the payroll register to ensure the accuracy of wages and verify that staff posted payroll expenditures to the correct accounts on the state's accounting system.<sup>84</sup> The payroll register report shows the current pay period's earnings codes, hours, pay rates, adjustments, lump-sum payments, and expense reimbursements.

State policy requires agencies to review the payroll register to identify any errors in the hours or rates that the department may need to correct.<sup>85</sup> During fiscal year 2010, the payroll staff's review of the report did not include verification of adjustments, special pay rates, overtime, and benefit allocations. By not performing the level of review required by policy, the department may incorrectly charge payroll costs to federal programs.

*Recommendation*

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

**Minnesota Department of Human Services Response:**

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

**Person Responsible:** Marty Cammack, Director of Financial Management Operations

**Estimated Completion Date:** 6/30/11

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<sup>84</sup> This finding affects all major federal programs identified in Table 1. See Appendix A for the federal award numbers for these programs. It also applies to federal programs that were major programs in fiscal year 2009, but not in fiscal year 2010, including Adoption Assistance (CFDA 93.659), Substance Abuse (CFDA 93.959), and Children's Health Insurance Program (CFDA 93.767).

<sup>85</sup> Department of Management and Budget's policy PAY0028 *Agency Verification of Payroll and Human Resources Transactions*.

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

**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-6**     *Insufficient notification of federal award information to subrecipients.*

**6. The Department of Human Services did not communicate all federal award information to subrecipients for seven major federal programs.**

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



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(CFDA 10.551 and 10.561).<sup>86</sup> Federal regulations require the department to provide this information to all subrecipients.<sup>87</sup>

*Recommendation*

- *The department should identify to the subrecipient, at the time of the award, the federal award name and number.*

**Minnesota Department of Human Services Response:**

The department agrees that subrecipients need to receive adequate information on the federal award. We will review our business processes to determine how best to provide that information.

**Person Responsible:** Marty Cammack, Director of Financial Management Operations

**Estimated Completion Date:** 6/30/11

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<sup>86</sup> See Appendix A for the federal award numbers for these programs.

<sup>87</sup> 2 CFR part 176.210(c) and Office of Management and Budget A-133 Circular § .400(d).

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**Section III: Federal Program Audit Findings (Continued)**

**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

93.778 Medical Assistance  
93.778 ARRA - Medical Assistance

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-7** *Lack of verification of compliance with federal health and safety standards.*

**7. The Department of Human Services did not ensure that out-of-state medical facilities complied with the required health and safety standards.**

The department did not ensure that out-of-state providers of Medical Assistance (CFDA 93.778) services complied with federal regulatory health and safety standards. The department did not verify that the providers had the required federal health and safety survey. The survey, typically conducted by the state's health department, ensures that providers and suppliers of Medical Assistance health care services complied with federal regulatory health and safety standards and conditions of participation. The department could not provide evidence that the three out-of-state nursing facilities and one nonaccredited out-of-state hospital we tested had the required surveys. Department staff told us that their process would have verified that the facilities were licensed in their home state when they initially enrolled the providers, but they did not obtain proof of health and safety surveys. The department failed to determine if the facilities continued to be in compliance after initial enrollment.

Federal regulations require facilities receiving Medicaid funds through the Medical Assistance Program (CFDA 93.778)<sup>88</sup> to have surveys completed. Nursing facilities and intermediate care facilities for the mentally retarded should be surveyed within 12 months or have an approved extension.<sup>89</sup> The federal Centers for Medicare and Medicaid Services determined how often individual hospitals needed surveys and generally required hospitals to be surveyed about every three years.

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<sup>88</sup> See Appendix A for the federal award numbers for these programs.

<sup>89</sup> 42 CFR 442.12 (a)(b) and 42 CFR 442.109.

**Minnesota Office of the Legislative Auditor**  
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*Recommendation*

- *The department should ensure that out-of-state providers receiving Medicaid payments meet the required health and safety standards.*

**Minnesota Department of Human Services Response:**

The Department agrees with this finding and recommendation. We will develop a process to ensure Medicaid payments are made only to eligible out-of-state providers.

**Person Responsible:** Adriann Alexander, Director of Health Care Operations

**Estimated Completion Date:** Completed 8/1/10

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**Section III: Federal Program Audit Findings (Continued)**

**Report 11-13**

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

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

**CFDA Numbers/Program Names:**

93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.658	Foster Care
93.658	ARRA - Foster Care
93.714	ARRA – Emergency Contingency for TANF
93.767	State Children’s Health Insurance Program
93.778	Medical Assistance
93.778	ARRA - Medical Assistance

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

**Federal Project Nos./Award Year:** See Report 11-13 Appendix A

**Finding 11-13-8** *Did not submit federal quarterly reports timely.*

**8. Prior Finding Partially Resolved: The Department of Human Services submitted reports to the federal government late for four federal programs.**

The department did not maintain sufficient internal controls to ensure the timeliness of reports for four of its fiscal year 2010 major federal programs<sup>90</sup> (Foster Care, CFDA 93.658 and 93.658A; Medical Assistance, CFDA 93.778 and 93.778A; Child Support Enforcement, CFDA 93.563 and 93.563A; and Temporary Assistance for Needy Families, CFDA 93.558 and 93.714).<sup>91</sup> The department did not always meet the 30 or 45-day reporting requirement for filing quarterly reports to the federal government. During fiscal year 2010, the department electronically filed the reports from 2 to 56 days after the due date or extended due date. The federal government relies on the reports to ensure compliance with program objectives and ensure that the state is appropriately managing and monitoring the federal award.

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<sup>90</sup> In fiscal year 2010, the Children’s Health Insurance Program (CFDA 93.767, federal award number 0905MN502) was not a major federal program; however, in fiscal year 2009, when it was a major federal program, we found that the department had not submitted reports to the federal government by the required date. We reported this finding in the Office of the Legislative Auditor’s Financial Audit Division Report 10-11, *Department of Human Services*, issued March 18, 2010, finding 8. In our fiscal year 2010 audit, as part of our required follow-up of prior audit findings, we concluded that the department had not resolved the finding.

<sup>91</sup> See Appendix A for the federal award numbers for these programs.

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

*Recommendation*

- *The department should improve its reporting process to ensure timely submission of all of its federal reports.*

**Minnesota Department of Human Services Response:**

The department agrees to continue to strive for timely submission of all of its federal reports.

**Person Responsible:** Marty Cammack, Director of Financial Management Operations

**Estimated Completion Date:** 6/30/11

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

**Report 11-13**

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

**Appendix A**  
**Major Federal Programs**  
**Department of Human Services**  
**Fiscal Year 2010**

<u>CFDA</u> <sup>1</sup>	<u>Program Name</u>	<u>Federal Award Number</u>
	<u>Food and Nutrition Services Cluster</u> <sup>2</sup>	
10.551	Supplemental Nutrition Assistance Program Benefits	2009IS601842, 2009IS604542, 2010IS601842, 2010IS604542
10.551 A	Supplemental Nutrition Assistance Program Benefits – ARRA3	2009ID282142, 2009ID281142, 2010ID282142, 2010ID281142
10.561	Supplemental Nutrition Assistance Program Administrative Funds	2009IS251442, 2009IS251942, 2009IS252042, 2009IS803642, 2009IQ650342, 2010IS252042, 2010IS251442, 2009CQ260342, 2010IS803642, 20108E251842, 2010IE251842, 2010IQ270342, 2009CQ252042, 2010IS251942
10.561 A	Supplemental Nutrition Assistance Program Administrative Funds	2010ID250342
84.397	State Fiscal Stabilization Funds	S397A090024
	<u>Temporary Assistance for Needy Families Cluster</u>	
93.558	Temporary Assistance for Needy Families	0902MNTANF, 1002MNTANF, 0602MNTANF, 0802MNTANF
93.714	Temporary Assistance for Needy Families State Programs – ARRA	0901MNTAN2, 1001MNTAN2
93.563	Child Support Enforcement	0704MNHMHR, 0904MN4004, 1004MN4004
93.563 A	Child Support Enforcement – ARRA	0904MN4002, 1004MN4002
	<u>Child Care Cluster</u>	
93.575	Child Care and Development Block Grant	0902MNCCDF, 1001MNCCDF
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Same as above
93.713	Child Care and Development Block Grant – ARRA	0901MNCCD7
93.658	Foster Care – Title IV-E	0901MN1401, 1001MN1401
93.658 A	Foster Care – Title IV-E – ARRA	0901MN1402, 1001MN1402
93.667	Social Services Block Grant	0901MNSOSR, 1001MNSOSR, 0601MNSOS2
	<u>Medicaid Cluster</u>	
93.777	State Survey and Certification of Health Care Providers and Suppliers	0705MN5001, 0905MN5001, 1005MN5001
93.778	Medical Assistance Program	0705MN5028, 0805MN5028, 0805MN5048, 0905MN5028, 0905MN5048, 1005MN5ADM, 1005MN5MAP
93.778 A	Medical Assistance Program – ARRA	0905MNARRA, 1005MNARRA, 1005MNQUAL

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

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

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

Source: Department of Human Services' staff.

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**Report 11-14**

**State Agency:** Minnesota Department of Management and Budget

**Federal Agency:** U.S. Department of Agriculture  
U.S. Department of Defense  
U.S. Department of Energy  
U.S. Department of Labor  
U.S. Department of Transportation  
U.S. Department of Education  
U.S. Department of Health and Human Services  
U.S. Department of Homeland Security

**CFDA Numbers/Program Names:**

10.551	Supplemental Nutrition Assistance Program
10.553	School Breakfast Program
10.555	National School Lunch
10.556	Special Milk Program for Children
10.557	Special Nutrition for Women, Infants and Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.561	State Admin Matching Grants for Supplemental Nutrition
10.561	ARRA-State Admin Matching Grants for Supplemental Nutrition
12.401	National Guard Military Operations and Maintenance
12.401	ARRA-National Guard Military Operations and Maintenance
17.225	Unemployment Insurance
17.225	ARRA-Unemployment Insurance
17.258	Workforce Investment Act – Adult
17.258	ARRA-Workforce Investment Act – Adult
17.259	Workforce Investment Act – Youth
17.259	ARRA-Workforce Investment Act – Youth
17.260	Workforce Investment Act – Dislocated Worker
17.260	ARRA-Workforce Investment Act – Dislocated Worker
20.106	Airport Improvement Program
20.106	ARRA-Airport Improvement Program
20.205	Highway Planning and Construction
20.205	ARRA-Highway Planning and Construction
20.219	Recreational Trails Program
20.500	Federal Transit Capital Investment Grants
20.507	Federal Transit Formula Grants
81.042	Weatherization Assistance for Low Income Persons
81.042	ARRA-Weatherization Assistance for Low Income Persons

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84.007	Federal Supplemental Education Opportunity Grants
84.010	Title I – Grant to Local Education Agencies
84.027	Special Education – State Grants
84.032	Federal Family Education Grants
84.033	Federal Work-Study Programs
84.038	Federal Perkins Loans
84.063	Federal Pell Grants Program
84.126	Vocational Rehabilitation
84.173	Special Education – Preschool Grants
84.268	Federal Direct Student Loans
84.367	Improving Teacher Quality State Grants
84.375	Academic Competitiveness Grants
84.376	National Science and Mathematics Access to Retain Teachers
84.379	Teacher Education Assistance for College and Higher Education Grants
84.389	ARRA-Title I Grants to Local Education Agencies
84.390	ARRA-Vocational Rehabilitation
84.391	ARRA-Special Education – State Grants
84.392	ARRA-Special Education – Preschool Grants
84.394	ARRA-State Fiscal Stabilization Grants – Education
84.397	ARRA-State Fiscal Stabilization Grants – Government Services
93.069	Public Health Emergency Preparedness
93.268	Immunization Grants Program
93.364	Nursing Student Loans
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA-Child Support Enforcement
93.568	Low Income Home Energy Assistance
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development – Mandatory and Match
93.658	Foster Care
93.658	ARRA-Foster Care
93.667	Social Services Block Grant
93.712	ARRA-Immunization Grants Program
93.713	ARRA- Child Care and Development
93.714	ARRA-Emergency Contingency Fund for TANF
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers
93.778	Medical Assistance
93.778	ARRA-Medical Assistance
97.036	Disaster Grants – Public Assistance

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



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**Section III: Federal Program Audit Findings (Continued)**

**Federal Project Nos./Award Year:** Not Applicable

**Finding 11-14-1**      *Schedule of Expenditures of Federal Awards not prepared in a timely manner.*

**1. Prior Finding Partially Resolved: The Department of Management and Budget did not prepare the Schedule of Expenditures of Federal Awards in a timely manner.**

The Department of Management and Budget did not provide draft expenditure schedules to us until February 8, 2011, six weeks after our agreed upon due date. The Single Audit Act requires our office to determine the state's major federal programs based on the final schedules.<sup>92</sup> Changes in the determination of major federal programs may result in the need for additional audit work before the state can issue its *Financial and Compliance Report on Federally Assisted Programs*. This was one of several factors resulting in the state not meeting the federally required March 31 Single Audit reporting deadline for fiscal year 2010.

The Department of Management and Budget improved its review of agency information used to prepare the state's Schedule of Expenditures of Federal Awards for fiscal year 2010.

*Recommendation*

- *The Department of Management and Budget should more promptly prepare the Schedule of Expenditures of Federal Awards to allow an earlier determination of major programs.*

**Minnesota Department of Management and Budget Response:**

Thank you for recognizing the improvement in our review process. We continue to place a high priority on ensuring the accuracy and timeliness of the Schedule of Expenditures of Federal Awards. We will continue to work with agencies to improve the timeliness of the Schedule of Expenditures of Federal Awards.

**Person Responsible:** Barb Ruckheim, Financial Reporting Director

**Estimated Completion Date:** March 31, 2012

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<sup>92</sup> U.S. Office of Management and Budget Circular A-133, Subpart E-Auditors, Section .520.

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**Report 11-14**

**State Agency:** Minnesota Department of Management and Budget

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

**CFDA Numbers/Program Names:**

93.712 ARRA - Immunization Grants

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

**Federal Project Nos./Award Year:** 3H23IP522551

**Finding 11-14-2** *Did not accurately report ARRA funds for one reporting period.*

- 2. The Department of Management and Budget’s internal controls to ensure the complete and accurate reporting of funds related to the American Recovery and Reinvestment Act did not identify an error in one Section 1512 report submitted by the Minnesota Department of Health.**

The Department of Management and Budget did not identify an error in one Section 1512 report submitted by the Minnesota Department of Health for an American Recovery and Reinvestment Act (ARRA) program.<sup>93</sup> Federal regulations identify that certain ARRA programs have special reporting requirements, including the requirement to report total expenditures and total receipts on a quarterly basis, along with other funding details such as subawards provided to specific subgrantees and project status information.<sup>94</sup> These reporting requirements provide more transparency along with increased accountability for agencies administering ARRA funds.

The State of Minnesota uses a decentralized process for reporting ARRA expenditures to the federal government, in which each state agency separately reports information to a federal website. Before each agency submits its final quarterly ARRA expenditure reports to the federal government, the Department of Management and Budget performs an independent review, which includes a reconciliation of expenditures to the appropriate accounting system. The Department of Health should have reported \$247,214 of federal receipts and expenditures for the quarter ended June 30, 2010; instead, it reported the previous quarter’s receipts and expenditures, totaling \$113,426. An independent review at the department and at the Department of Health did not catch this error, which

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<sup>93</sup> Immunization and Vaccines for Children Grants Program (CFDA 93.712) - Federal Award 3H23IP522551 – 07S2.

<sup>94</sup> U.S. Office of Management and Budget Circular A -133 June 2010 Compliance Supplement, Part 3 – Compliance Requirements – Section L – Reporting; and American Recovery and Reinvestment Act of 2009, Public Law 111-5, Title XV – Accountability and Transparency, Section 1512.

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

resulted in an incorrect posting to the federal ARRA reporting website.<sup>95</sup> The report submitted for the subsequent quarter accurately reflected the cumulative receipts and expenditures for this program.

*Recommendation*

- *The department should improve its controls over quarterly reporting for ARRA funds to ensure state agencies submit accurate and complete information to the federal government.*

**Minnesota Department of Management and Budget Response:**

MMB has established additional controls and supports to assist state agencies, the prime recipients responsible for reporting on ARRA funding, with the new Section 1512 reporting requirements. The error identified relates to one data element in one report submitted by the Minnesota Department of Health. During the quarter ending June 30, 2010, MMB reviewed over 200 state agency reports reflecting over \$1.2 billion in ARRA expenditures.

Agencies and MMB reviewers are provided a copy of the reports generated from the Minnesota Accounting and Procurement System (MAPS) so that they may compare Section 1512 reported data to the statewide accounting system. In cases where agencies reconcile data to subsystems, agencies are expected to maintain supporting documentation from those systems. MMB will continue to instruct agencies to reconcile receipts and expenditures to the accounting system or relevant agency subsystem to ensure complete and accurate reporting of ARRA funds.

**Person Responsible:** Michelle Weber, Executive Budget Coordinator

**Estimated Completion Date:** Completed

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<sup>95</sup> [www.recovery.gov](http://www.recovery.gov).

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**Report LA-10**

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

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

**CFDA Numbers/Program Names:**

84.032 Federal Family Education Loans (FFEL)

**Questioned Costs:** \$1,053

**Federal Project Nos./Award Year:** Not Available

**Finding LA-10-1** *Incorrect calculation of refunds of federal awards*

**Condition – Incorrect Calculation of Refunds of Federal Awards:**

During our testing, we noted three of the sixty refund calculations tested were incorrect. Century College included an estimate for the cost of books rather than actual costs. However, because the amount of Title IV earned by the student was less than the amount of unearned charges, the correct amount of funds were returned to the lenders. St. Cloud State University included an incorrect institutional charge in the refund calculations and did not correctly account for breaks of five days or longer. St. Cloud State University needs to return an additional \$795. Hennepin Technical College used the 50% mid-point even though the student had an official withdrawal notice on record and needs to return an additional \$258.

**Criteria:**

Refund calculations are to be properly calculated.

**Questioned Costs:**

\$795 needs to be returned for St. Cloud State University and \$258 for Hennepin Technical College.

**Possible Asserted Effect:**

Refund calculations may not be completed properly as described in Department of Education requirements.

**Auditors' Recommendation:**

We recommend the College or University implement procedures to assure all refunds are properly calculated.

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

**Minnesota State Colleges and Universities Response:**

The Colleges agree with the auditor's recommendation and will assure that they will follow their written procedures for properly calculating refunds.

**Persons Responsible:**

Century College	Pam Engebretson, Financial Aid Director
Hennepin Technical College	Bonnie Scheffler, Financial Aid Director
Saint Cloud State University	Mike Uran, Financial Aid Director

**Estimated Completion Date:** June 30, 2011

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**Section III: Federal Program Audit Findings (Continued)**

**Report LA-10**

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

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year:** Not Available

**Finding LA-10-2**     *Return of Title IV Funds.*

**Condition – Return of Title IV Funds:**

During our testing, we noted that North Hennepin Community College disbursed Title IV Funds to one student who was enrolled in the spring term; however, the student failed to begin attendance for two of the registered classes which dropped the student to less than half time enrollment. The funds were not returned within 30 days of when the College determined that the student was less than half time.

**Criteria:**

All Schools must return funds disbursed to a student who failed to begin attendance as soon as possible, but no later than 30 days after the date the institution becomes aware that the student will not or has not begun attendance.

**Questioned Costs:**

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

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

**Possible Asserted Effect:**

The funds were not returned within 30 days of the date the College determined that the student did not begin attendance. The college may not be in compliance with the Department of Education requirements.

**Auditors' Recommendation:**

We recommend the college implement procedures to assure that Title IV funds are not disbursed to students until they begin attendance.

**Minnesota State Colleges and Universities Response:**

The College agrees with the auditor's recommendation and will review their procedure to ensure funds are returned to the Department of Education within 30 days of the College determining that students are less than half-time.

**Person Responsible:**

North Hennepin Community College                      Jackie Olsson, Financial Aid Director

**Estimated Completion Date:**                      June 30, 2011

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

**Report LA-10**

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

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

**CFDA Numbers/Program Names:**

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

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

**Federal Project Nos./Award Year:** Not Available

**Finding LA-10-3**     *Unclaimed federal disbursements not returned timely.*

**Condition – Late Return of Title IV:**

We noted that Northland Community and Technical College, Century College, and Minneapolis Community and Technical College each were late in returning Title IV funds for one student when a return of Title IV fund was calculated for a student who withdrew. Northland Community and Technical College was 29 days late, Century College was 14 days late and Minneapolis Community and Technical College was six days late.

**Criteria:**

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

**Questioned Costs:**

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

**Possible Asserted Effect:**

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



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

**Auditors' Recommendation:**

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

**Minnesota State Colleges and Universities Response:**

The Colleges agree with the auditor's recommendation and will improve their procedure to ensure that funds are returned to the Department of Education within 45 days of the date that they determine that a student has withdrawn.

**Persons Responsible:**

Century College

Minneapolis Community and Technical College

Northland Community and Technical College

Pam Engebretson, Financial Aid Director

Angie Christensen, Financial Aid Director

Gerald Schulte, Financial Aid Director

**Estimated Completion Date:** June 30, 2011

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

**Report LA-10**

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

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

**CFDA Numbers/Program Names:**

84.033 Federal Work Study Program

**Questioned Costs:** \$3,645

**Federal Project Nos./Award Year:** Not Available

**Finding LA-10-4** *Changes to administrative information not reported timely.*

**Condition – Community Service Activity:**

During our testing of the Federal Work Study program, we noted that Mesabi Range Community and Technical College did not meet the minimum requirement to have 7% of its student workers involved in community service jobs.

**Criteria:**

Under Federal regulations, schools are required to use at least 7% of its Federal Work Study allocation to employ students in community service jobs.

**Questioned Costs:**

\$3,645

**Possible Asserted Effect:**

The purpose of earmarking these funds is to serve the needs of the community and provide enriching and rewarding experiences for students. By not meeting the 7% minimum requirement, this purpose may not be met.

**Auditors' Recommendation:**

We recommend that the college obtain a waiver for this requirement in the future.

**Minnesota State Colleges and Universities Response:**

The College agrees with the auditor's recommendation and will seek a waiver for this requirement from the Department of Education in the future.

**Person Responsible:**

Mesabi Range Community and Technical College

David Dailey, Dean of Student Services

**Estimated Completion Date:** June 30, 2011

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

**MnDOT Office of Audit Report 11-800-51**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Number/Program Name:**

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

**Questioned Costs:** \$5,829,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

**Federal Project Nos./Award Year:** H128(001)/2008  
H104(100)/2008  
09ES(068)/2009

**Finding DOT-11-I** *Noncompliance with materials control for bridge concrete and steel*

**I. Prior Audit Finding Not Resolved: Agency testing was not done and properly documented on Bridge Concrete and Steel.**

For 3 of 4 projects audited, exceptions to requirements were noted for bridge concrete and steel material testing requirements.

- Certified Mill Test Reports were not available for all of the bridge Structural Steel. The reports describe the chemical composition of the steel and address compliance with American Society for Testing of Materials (ASTM) standards.
- Project personnel did not perform aggregate quality testing for 5 of 7 months required for one project. #200 sieve coarse aggregate testing, required as part of the aggregate quality testing, was not done for two projects, one of which was an American Recovery and Reinvestment Act (ARRA) project.
- The first load of concrete for each day was not always tested to ensure mix design requirements were met on one project.
- Slump tests were missed, and corrective action for slump test results falling outside requirements was not documented for one project.
- Air entraining and water reducing agents were not tested for one ARRA project.

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

*Recommendation*

- *Department management should work with cities and counties to ensure compliance with testing requirements for bridge concrete and steel.*

**Minnesota Department of Transportation Response:**

State Aid for Local Transportation, working in collaboration with the State Aid Metro District, has instructed the City of Richfield, and Mn/DOT's Metro District staff who performed the construction administration tasks for this project, to obtain the required Certified Mill Test Reports for the bridge structural steel. State Aid for Local Transportation has also prepared a 2011 Construction Reminders Memo containing information and resource links regarding proper testing rates and documentation requirements for structural steel. The 2011 Construction Reminders Memo will be available on the State Aid Construction website. A copy will also be distributed via email to all cities and counties this spring.

State Aid for Local Transportation has instructed the City of Moorhead and Kittson County Engineers to comply with all appropriate structural concrete and concrete paving material testing requirements to assure that the materials incorporated into each project meet or exceed the requirements of the project specifications. Additionally, the 2011 Construction Reminders memo includes informative resource links to assist all cities and counties with concrete testing related issues. These findings were also discussed at the 2011 City Engineer's Association of Minnesota (CEAM) and Minnesota County Engineer's Association (MCEA) conference in January, 2011.

**Person Responsible:** State Aid for Local Transportation Division Director

**Estimated Completion Date:** April 2011

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

**MnDOT Office of Audit Report 11-800-51**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Number/Program Name:**

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

**Questioned Costs:** \$7,487,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

**Federal Project Nos./Award Year:** 0169(317)/2008  
09ES(033)/2009  
09ES(080)/2009

**Finding DOT-11-II**      *Noncompliance with concrete materials control requirements*

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

The department did not comply with concrete materials control requirements for three of five projects tested.

- Payment reductions for test results not meeting specifications were not taken on two projects, including concrete mixing on one ARRA project and #200 sieve coarse aggregate testing on two ARRA projects.
- Cores for thickness were not taken on one ARRA project, and an alternative testing method for thickness was not documented as a contract change.
- Quality Control coarse and fine aggregate testing was incomplete for one project.

*Recommendation*

- *Department management should work with cities, counties, and districts to ensure compliance with testing requirements for paving concrete.*

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

**Minnesota Department of Transportation Response:**

Engineering Services Division

Engineering Services Division, Office of Construction and Innovative Contracting (OCIC) will remind all project personnel at upcoming state wide meetings to follow through on the disposition of failing gradations for material passing the #200 sieve of the coarse aggregate fraction in structural concrete for paving. Disposition may include additional QA testing, corrective action, or assessment of a monetary deduction as soon as the failures are known. Final disposition of these failures should be taken into consideration before making aggregate quality incentive payments.

Operations Division

Payment Reductions

We believe it was incumbent on the Department to pay the contractor for the pavement placed as there was predictably significant value in the work performed. This judgment was confirmed by experts from the Department's Construction Office. Given this legitimate decision of the engineer, it was incumbent on the Department to make payment for the pavement, minus a monetary reduction, to arrive at a payment for the reasonable value of the work performed. The unique aspect of this project is that considerable study and time lag was involved between making payment and determining the appropriate deduction. The district, with the assistance and support of the construction office has engaged in a dialog with the contractor to remedy the defective work in a manner that protects the interests of the taxpayers. Alternatives include processing the \$1.144 payment reduction, removal and replacement and repair of defective work, some form of warranty or guarantee, or possible combinations of these alternatives.

Concrete Mixing Concerns

While it is true that project personnel did not provide written notice of concrete mixing concerns to the contractor until late in the process, project personnel did direct addressing of concerns immediately when the problems were discovered in the field, and in an ongoing manner, as is demonstrated by overwhelming evidence regarding numerous shut-downs, involvement of various technical experts, and the contractor's efforts to resolve the mixing problem.

District 8 management has clarified expectations with remaining project personnel that formal practices are to be followed. We are also aware that the construction office has provided training, support and encouragement to contemporary project leaders in the more formal methods of project management.

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

Material Passing the #200 Sieve for Coarse Aggregate

After learning of the problems with the Mn/DOT quality assurance tests of the material passing the #200 sieve for coarse aggregate, the district was able to consider the contractors tests on this project, as well as numerous other tests on the same aggregate used on different projects. In our opinion, it would be far more difficult to discount the TH 7 contractor's passing tests based on the suspect Mn/DOT tests than the converse. When one considers the numerous other representative results available, we continue to believe that the contractor was due payment of \$109,000 for the class A aggregate incentive.

To prevent future similar problems, the district provided additional training, and significantly increased oversight of testers on all projects in the district. Project chief inspectors, supervisors and engineers, and the Independent Assurance technician have all been given increased expectations in oversight of testers on projects. Training in both the methodology of testing, as well as the integration of testing in the overall management of projects, has been provided where necessary. Expectations of notification of supervisors upon the failure of tests have been clarified with testers.

Regarding "Cores for Thickness"

This project was an Unbonded Concrete Overlay and as such elevations were shot on top of the PASSRC every 50 feet on the left and right lane edges, as well as on centerline prior to placement of the concrete pavement. This was done in order to develop a profile for the concrete pavement. After consultation with the Mn/DOT Concrete Office, it was determined by project personnel that these elevations could be re-shot on top of the concrete pavement to determine the pavement's thickness. The results of these shots are on file in the Willmar Construction Office. By using the surveyed elevations to determine thickness, we have approximately 4720 discrete points to compute thickness from as opposed to the 159 core locations.

A Supplement Agreement will be processed to document this change. In the future the district will process supplemental agreements for these types of method of measurement changes.

Regarding "Aggregate Shouldering Class 5"

Project personnel took 27 samples of the Aggregate Shouldering Class 5. The gradation on all 27 tests met specifications. However, on eight (8) of the tests, the Loss by Washing was out of tolerance. This left only 19 valid tests of 24 tests required. The material is performing adequately in the field. The basis of acceptance for this material will be documented on the Material Certification Exceptions Summary.

In addition to the gradation tests, 2 of 10 moisture tests were missed. The fact that the density tests performed showed that density was achieved indicates that moisture was within range. The missing moisture tests did not affect the control of the material as it was placed nor the quality of

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

the project. The missing moisture tests will be documented on the Material Certification Exceptions Summary.

To prevent future similar problems, the district provided additional training, and significantly increased oversight of testers on all projects in the district. Project chief inspectors, supervisors and engineers, and the Independent Assurance technician have all been given increased expectations in oversight of testers on projects. Training in both the methodology of testing, as well as the integration of testing in the overall management of projects, has been provided where necessary. Expectations of notification of supervisors upon the failure of tests have been clarified with testers.

The Operations Division Director will instruct all District Engineers to ensure that Quality Control gradations are performed as required.

State Aid Division

State Aid for Local Transportation has instructed the Goodhue County Engineer, along with the County field staff, on the proper procedure for applying and documenting payment reductions. The 2011 Construction Reminders memo contains helpful information and links regarding payment timeliness and procedures. Payment timeliness and application of incentives and disincentives were also discussed at the Minnesota County Engineers Association (MCEA) and City Engineers Association of Minnesota (CEAM) conferences in January, 2011, and will be further stressed at upcoming training seminars throughout the districts for city and county construction and design personnel.

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

**Estimated Completion Date:** April 2011



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

**MnDOT Office of Audit Report 11-800-51**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Number/Program Name:**

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

**Questioned Costs:** \$1,289,000 (This amount represents the sum of the cited bid item and includes both federal and state funds.)

**Federal Project Nos./Award Year:** 09ES(021)/2009  
09ES(033)/2009  
3509(106)/2009  
09ES(103)/2009  
09ES (068)/2009  
09ES(078)/2009  
09ES(080)/2009

**Finding DOT-11-III** *Noncompliance with materials control for grading and base construction*

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

Noncompliance with requirements was noted for grading and base construction materials for 7 of 14 projects evaluated, resulting in \$1,289,000 in questioned costs. Some improvements and best practices were also noted, leading to a significant decrease in last year's \$9,873,000 in questioned costs.

- Payment reductions for materials not meeting specifications were not correct for one ARRA project.
- For four projects, sample locations were not all documented as random. As a result, use of the statistically based Random Sampling Gradation Acceptance Method, which allows for a reduced testing rate of 4 per 10,000 tons (otherwise the testing rate is 1 per 1,000 tons), could not be verified. 3 of the 4 projects were ARRA projects.
- Quality Assurance gradations were incorrect or incomplete for 3 ARRA projects.
- Grading and base reports were inaccurate, incomplete, or not completed for two projects, including 1 ARRA project. Related testing was missed on the ARRA project.

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

- Quality Assurance moisture content testing was not done correctly for four ARRA projects.
- Percent Crushing tests were missed for two projects, including one ARRA project, and aggregate quality testing was not done for one ARRA project.

*Recommendation*

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

**Minnesota Department of Transportation Response:**

Operations Division

The Operations Division Director will instruct all District Engineers to perform the following as applicable and required: Random Sampling Gradation Acceptance Method, including the Random Sampling Acceptance Report; correct completion of the Worksheet for Sieve Analysis of Granular Materials, including fine sieve check totals; QA field and laboratory gradations; moisture content; percent crushing; and quality testing; document the basis for acceptance for exceptions to material testing requirements on the Materials Certification Exceptions Summary.

State Aid Division

As stated in the Audit Report, the question cost amount for Fiscal Year 2010 is significantly less than 2009; a good inclination that county and city personnel have benefited and learned from previous years' audit findings. State Aid for Local Transportation construction staff, along with our district partners, have met with St. Louis County, Traverse County, Kittson County and Goodhue County Engineers and field staff to discuss this year's audit findings. Each county has been instructed to take additional measures such as forensic testing to assure that all materials incorporated into the Project meet or exceed the project specifications. The items mentioned in Recommendation 2 were discussed at the 2011 MCEA and CEAM conferences.

State Aid for Local Transportation will continue to stress the importance of holding preconstruction meetings for each project to discuss project personnel expectations and review all applicable Schedule of Materials Control testing rates. When deemed necessary, recertification of individuals will be reviewed and required to assure that the proper quality assurance measures are being achieved.

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

Operations Division and Engineering Services Division

Engineering Services Division, Office of Construction and Innovative Contracting will remind all project personnel at upcoming state wide meetings to make sure they are using the correct random sampling procedure for all grading and base test sampling and to complete the worksheets and forms correctly.

Engineering Services Division (OCIC) will review the process for decertification of project personnel involved in non-compliance events and take appropriate action. In light of recent events, OCIC will be re-examining the current technical decertification process with the standing Technical Certification Committee and make changes where appropriate.

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

**Estimated Completion Date:** April 2011

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

**MnDOT Office of Audit Report 11-800-51**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Number/Program Name:**

20.205 ARRA-Highway Planning and Construction Program

**Questioned Costs:** \$760,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

**Federal Project Nos./Award Year:** 1609(253)/2009

**Finding DOT-11-IV** *Noncompliance with materials control requirements for stabilized full depth bituminous pavement reclamation*

**IV. The department did not comply with materials control requirements for stabilized full depth bituminous pavement reclamation.**

Noncompliance with stabilized full depth bituminous pavement reclamation (SFDR) materials control requirements was noted for an ARRA county project, resulting in \$760,000 in questioned costs.

- Quality Control #200 Sieve Gradations were not done. Project personnel indicated that the Contractor did not have the necessary equipment to perform the gradations.
- The Contractor did not record and report QC Emulsion Percent Content to the Engineer by location and gradation number. After completion of the audit, project personnel calculated the QC emulsion percent content by location. Gradation number data is not available.
- The department allowed the Contractor to proceed with SFDR in measured atmospheric temperatures of less than 50 degrees Fahrenheit, and freezing temperatures occurred within 48 hours of SFDR placement. This could affect curing and performance.
- The hot mix bituminous overlay was not placed on the SFDR within 15 calendar days as required, taking a total of 21 calendar days instead. Project personnel indicated that the first lift of bituminous overlay was completed within 15 days. OMRR personnel explained that the SFDR is not designed to be driven on.

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

*Recommendation*

- *Department management should work with cities and counties to ensure compliance with materials control requirements for stabilized full depth bituminous pavement reclamation.*

**Minnesota Department of Transportation Response:**

State Aid for Local Transportation has followed up with the Cook County Engineer to review the QC/QA requirements for SFDR. The Cook County Engineer completed all of the required QA tests which represent that the final product meets the requirements of the project specifications, as delivered to the site.

With the 2011 construction season drawing near, the State Aid for Local Transportation construction staff, in cooperation with our district partners, will continue to provide training opportunities for city and county technicians and design staff around the state over the following few months. Full Depth Reclamation projects are becoming increasingly popular as agency budgets get tighter and quality aggregate sources become increasingly difficult to find; therefore, we will include additional information and resources for the cities and counties during our training seminars.

**Person Responsible:** State Aid for Local Transportation Division Director

**Estimated Completion Date:** April 2011

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

**MnDOT Office of Audit Report 11-800-51**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Number/Program Name:**

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

**Questioned Costs:** \$33,000 (This represents the sum of the cited bid item and includes both federal and state funds.)

**Federal Project Nos./Award Year:** H104(100)/2008  
09ES(068)/2009

**Finding DOT-11-V**      *Noncompliance with bridge and building removal requirements*

**V. The department did not comply with requirements for bridge and building removals.**

For 2 projects, requirements were not met for bridge and building removals, Questioned costs totaled \$33,000.

- For an ARRA project, an inspection required prior to a bridge removal was not performed by a person licensed by the Minnesota Department of Health. The inspection that was performed did not include an assessment of all types of regulated waste, including lead paint on the removed bridge. Also, the department did not provide a Notification of Intent to Perform a Bridge Demolition 10 days in advance of the bridge demolition to the Minnesota Pollution Control Agency.
- On another project, certification of proper removal and disposition of asbestos, lead paint, mercury, and polychlorinated biphenyls was not available during the audit. After the audit was completed, project personnel provided manifests documenting disposition of the asbestos. The Contractor performed this work concurrent to the construction project work, a practice that increased the risk of noncompliance with requirements.

*Recommendation*

- *Department management should work with cities and counties to comply with requirements for bridge and building removals.*

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

**Minnesota Department of Transportation Response:**

State Aid for Local Transportation has instructed the Kittson County Engineer and construction staff to obtain the required regulated waste disposal manifests to properly document removal, disposal or reuse of any regulated materials encountered on the project during the demolition of the existing bridge. The Kittson County Engineer has also been instructed to follow Mn/DOT's Best Practices guidance and use Minnesota Department of Health certified personnel to perform inspection activities for preliminary investigation and removal/abatement of any regulated waste materials.

State Aid for Local Transportation's Metro Division met with the Mn/DOT Metro District Construction Office, with regards to their construction administration of the Richfield Project, on Friday December 3<sup>rd</sup> 2010. The discussion included a review of Mn/DOT's procedure for the proper abatement/removal of asbestos and other regulated wastes. Project staff was also instructed to obtain the required regulated waste disposal manifests to properly document disposal.

State Aid for Local Transportation has added a new procedure/item to our project review checklists to assure that asbestos and other regulated wastes are handled according to local, state and federal standards, per the Mn/DOT Best Practices for regulated waste handling, removal and abatement. The State Aid Bridge Office, in cooperation with the State Aid construction staff, sent out a memo dated 7/19/2010 to all county and city engineers regarding the use of this procedure. This issue has also been discussed at several District County Engineer meetings, as well as the 2011 CEAM and CMEA conferences.

**Person Responsible:** State Aid for Local Transportation Division Director

**Estimated Completion Date:** April 2011

# MINNESOTA



Headwaters of the mighty Mississippi



**State of Minnesota**  
**Financial and Compliance Report on Federally Assisted Programs**  
**Fiscal Year Ended June 30, 2010**

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# MINNESOTA



Headwaters of the mighty Mississippi

STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

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.
<b>U.S. Department of Agriculture</b>							
10.551	Supplemental Nutrition Assistance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
10.551	Supplemental Nutrition Assistance Program	Department of Human Services	Not public data on individuals not adequately protected	4	09-10	4	2008
10.551	Supplemental Nutrition Assistance Program (1)	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
10.551	Supplemental Nutrition Assistance Program (1)	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
10.551	Supplemental Nutrition Assistance Program (1)	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	4	2009
10.551	Supplemental Nutrition Assistance Program (1)	Department of Human Services	Inaccurate reporting of financial activity for federal programs	1	10-11	5	2009
10.551	Supplemental Nutrition Assistance Program (1)	Department of Human Services	Excessive federal cash balances	1	10-11	7	2009
10.551	Supplemental Nutrition Assistance Program (1)	Minnesota Management and Budget	No independent review of payroll reports	2	10-11	10	2009
10.551	Supplemental Nutrition Assistance Program (1)	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
10.553	School Breakfast Program	Department of Education	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
10.553	School Breakfast Program	Minnesota Management and Budget	Inadequate internal control structure ensuring compliance	2	09-08	1	2008
10.553	National School Lunch Program	Department of Education	Inadequate internal control structure ensuring compliance	2	10-08	1	2008
10.553	National School Lunch Program	Department of Education	Inadequate internal control structure ensuring compliance	2	10-12	2	2009
10.556	Special Milk Program for Children	Department of Education	Inadequate internal control structure ensuring compliance	2	10-12	2	2009
10.556	Special Milk Program for Children	Department of Education	Inadequate internal control structure ensuring compliance	2	09-08	1	2008
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-09	1	2009
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inadequate internal control structure ensuring compliance	2	09-02	11	2007
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inadequate internal control structure ensuring compliance	2	09-06	3	2008
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inaccurate reporting of vendors for suspension and debarment	1	09-06	6	2008
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inaccurate monitoring of spending on draft schedule of expenditures	1	09-14	2	2008
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inadequate internal control structure ensuring compliance	2	10-03	2	2009
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inadequate reporting of vendors on draft schedule of expenditures	1	10-03	3	2009
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	1	10-03	4	2009
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Noncompliance with state equipment policies and procedures	1	10-03	4	2009
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Inaccurate reporting on the draft schedule of expenditures	1	10-12	2	2008
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Minnesota Department of Health	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2008
10.558	Child and Adult Care Food Program	Department of Education	Inadequate internal control structure ensuring compliance	2	09-08	1	2008
10.558	Child and Adult Care Food Program	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-12	2	2009
10.558	Child and Adult Care Food Program	Department of Education	Inadequate internal control structure ensuring compliance	2	09-08	1	2008
10.559	Summer Food Service Program for Children	Department of Education	Inadequate internal control structure ensuring compliance	2	10-08	1	2008
10.559	Summer Food Service Program for Children	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-12	2	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Inadequate internal control structure ensuring compliance	2	09-10	1	2008
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Not public data on individuals not adequately protected	4	09-10	4	2008
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Inadequate internal control structure ensuring compliance	2	10-11	1	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Not public data on individuals not adequately protected	4	10-11	3	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Inadequate internal control structure ensuring compliance	2	10-11	3	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	4	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Inadequate internal control structure ensuring compliance	2	10-11	4	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Inadequate reporting of financial activity for federal programs	1	10-11	5	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Inadequate reporting of financial activity for federal programs	1	10-11	5	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Excessive federal cash balances	1	10-11	7	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	No independent review of payroll reports	2	10-11	7	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Department of Human Services	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-11	10	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	2	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
<b>U.S. Department of Defense</b>							
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Military Affairs	Untimely grant close-out / extension request procedures	1	10-09	2	2009
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	1	08-09	1	2008
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	1	10-10	1	2009

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

CATEGORY OF CORRECTIVE ACTION TAKEN

- 1 - Findings have been fully corrected.
- 2 - Findings are not corrected or are only partially corrected
- 3 - Corrective action taken was significantly different than previously reported.
- 4 - Audit findings are no longer valid or do not warrant further action

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

STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

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.
<b>U.S. Department of Interior</b>							
15.605	Sport Fish Restoration Program	Minnesota Department of Natural Resources	Inadequate internal control structure over single audit requirements	1	09-07	1	2008
15.605	Sport Fish Restoration Program	Minnesota Department of Natural Resources	Inadequate internal control structure over single audit requirements	1	10-05	1	2009
15.605	Sport Fish Restoration Program	Minnesota Department of Natural Resources	Inaccurate amounts on the schedule of expenditures in draft schedule	1	10-05	2	2009
15.605	Sport Fish Restoration Program	Minnesota Department of Natural Resources	Inaccurate reporting on the draft schedule of expenditures	1	10-12	1	2009
15.611	Wildlife Restoration	Minnesota Department of Natural Resources	Inadequate internal control structure over single audit requirements	1	09-07	1	2008
15.611	Wildlife Restoration	Minnesota Department of Natural Resources	Inadequate internal control structure over single audit requirements	1	10-05	1	2009
15.611	Wildlife Restoration	Minnesota Department of Natural Resources	Inaccurate amounts on the schedule of expenditures in draft schedule	1	10-05	2	2009
15.611	Wildlife Restoration	Minnesota Department of Natural Resources	Inaccurate reporting on the draft schedule of expenditures	1	10-12	1	2009
<b>U.S. Department of Labor</b>							
17.225	Unemployment Insurance	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	09-09	1	2008
17.225	Unemployment Insurance	Department of Employment and Economic Development	Benefits not always assigned to employers for use in tax rate calculations	1	09-09	2	2008
17.225	Unemployment Insurance	Minnesota Management and Budget	Inaccurate reporting of spending on draft schedule of expenditures	1	09-14	2	2008
17.225	Unemployment Insurance	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.225	Unemployment Insurance	Department of Employment and Economic Development	Inaccurate reporting of expenditures on the Schedule of Expenditures of Federal Awards	1	10-10	2	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Inaccurate reporting of expenditures on the Schedule of Expenditures of Federal Awards	1	10-10	2	2009
17.225	Unemployment Insurance	Department of Employment and Economic Development	Inadequate review of system data for certain benefits and employer tax filings	1	10-10	3	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Inadequate review of system data for certain benefits and employer tax filings	1	10-10	3	2009
17.225	Unemployment Insurance	Department of Employment and Economic Development	Benefits were not always appropriately assigned to employer accounts	1	10-10	4	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Benefits were not always appropriately assigned to employer accounts	1	10-10	4	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Amended unemployment determination notices are not always sent	1	10-10	5	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	5	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.225	Unemployment Insurance	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.225	ARRA Unemployment Insurance	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.225	ARRA Unemployment Insurance	Minnesota Management and Budget	Inaccurate reporting on the draft schedule of expenditures	1	10-12	1	2009
17.225	ARRA Unemployment Insurance	Minnesota Management and Budget	Inaccurate reporting on the draft schedule of expenditures	1	10-12	1	2009
17.225	ARRA Unemployment Insurance	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	1	2009
17.225	ARRA Unemployment Insurance	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
17.258	WIA Adult Program	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	09-09	1	2008
17.258	ARRA WIA Adult Program	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.258	ARRA WIA Adult Program	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.258	ARRA WIA Adult Program	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.258	ARRA WIA Adult Program	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.258	ARRA WIA Adult Program	Department of Employment and Economic Development	Inadequate prior approval of overtime pay for one employee	1	10-10	7	2009
17.258	ARRA WIA Adult Program	Department of Employment and Economic Development	Inadequate prior approval of overtime pay for one employee	1	10-12	2	2009
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	Incorrect projected costs used in calculating the statewide indirect cost rate	2	09-09	1	2008
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	Inadequate prior approval of overtime pay for one employee	1	10-10	7	2009
17.258	ARRA WIA Youth Activities	Department of Employment and Economic Development	Inadequate prior approval of overtime pay for one employee	1	10-12	2	2009
17.258	ARRA WIA Youth Activities	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
17.258	ARRA WIA Youth Activities	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
17.260	WIA Dislocated Workers	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	09-09	1	2008
17.260	ARRA WIA Dislocated Workers	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.260	ARRA WIA Dislocated Workers	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
17.260	ARRA WIA Dislocated Workers	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.260	ARRA WIA Dislocated Workers	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
17.260	ARRA WIA Dislocated Workers	Department of Employment and Economic Development	Inadequate prior approval of overtime pay for one employee	1	10-10	7	2009
17.260	ARRA WIA Dislocated Workers	Department of Employment and Economic Development	Inadequate prior approval of overtime pay for one employee	1	10-12	2	2009
17.260	ARRA WIA Dislocated Workers	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
<b>U.S. Department of Transportation</b>							
20.106	Airport Improvement Program	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
20.106	ARRA Airport Improvement Program	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
20.205	Highway Planning and Construction	Department of Transportation	Project oversight procedures need improvement	2	06-12	2	2005
20.205	Highway Planning and Construction	Department of Transportation	Project oversight procedures need improvement	2	07-09	1	2006
20.205	Highway Planning and Construction	Department of Transportation	Project oversight procedures need improvement	2	08-13	1	2007
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with materials control for grading and base construction	2	DOT-09	I	2008
20.205	Highway Planning and Construction	Department of Transportation	Prepayment of insurance expenses and inadequate documentation	2	DOT-09	II	2008
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with concrete materials control requirements	2	DOT-09	III	2008
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with environmental requirements for some projects	2	DOT-09	IV	2008
20.205	Highway Planning and Construction	Department of Transportation	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
20.205	Highway Planning and Construction	Minnesota Management and Budget	Inadequate testing of bridge post-tensioning steel strand	2	DOT-10	I	2009
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with materials control requirements	4	DOT-10	II	2009
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with materials control requirements for bituminous mixtures	1	DOT-10	III	2009
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with materials control requirements for mobilization	1	DOT-10	IV	2009
20.205	Highway Planning and Construction	Department of Transportation	Noncompliance with federal acquisition regulations	1	DOT-10	V	2009
20.205	Highway Planning and Construction	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
20.205	Federal Transit Capital Investment Grants	Department of Transportation	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
20.500	Federal Transit Capital Investment Grants	Department of Transportation	Inadequate documentation for Northstar Commuter Rail flagging and interest costs	4	DOT-10	VII	2009

**CATEGORY OF CORRECTIVE ACTION TAKEN**

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

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

- 2 - Findings are not corrected or are only partially corrected.
- 4 - Audit findings are no longer valid or do not warrant further action.

STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

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.
	<b>U.S. Department of Education</b>						
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	Two colleges did not return Title IV funds timely	1	KDV-08	08-1	2008
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	College did not return Title-IV funds timely	1	KDV-09	08-1	2009
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	Unclaimed federal disbursements not returned timely	1	KDV-09	09-3	2009
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	Changes to administrative information not reported timely	1	KDV-09	09-4	2009
84.010	Title 1 - Grant to Local Education Agencies	Minnesota State Colleges and Universities	College did not comply with eligibility requirement for Federal Family Education Loan	1	KDV-09	09-7	2009
84.010	Title 1 - Grant to Local Education Agencies	Department of Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.010	Title 1 - Grant to Local Education Agencies	Department of Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
84.010	Title 1 - Grant to Local Education Agencies	Minnesota Management and Budget	Inadequate documentation of time charged to federal programs	1	10-08	4	2009
84.027	Special Education - Grants to States	Department of Education	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
84.027	Special Education - Grants to States	Department of Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.027	Special Education - Grants to States	Department of Education	No documented internal control structure ensuring compliance	2	10-08	2	2009
84.027	Special Education - Grants to States	Department of Education	Insufficient verification of grant payments made to local education agencies	2	10-08	2	2009
84.027	Special Education - Grants to States	Department of Education	Inadequate documentation of time charged to federal programs	2	10-08	3	2009
84.027	Special Education - Grants to States	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-08	3	2009
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	Inadequate internal control structure over loan proceeds	1	KDV-07	07-8	2007
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	Two colleges did not return Title IV funds timely	1	KDV-08	08-1	2008
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	Inadequate notification of disbursement of loan proceeds	1	KDV-09	07-8	2009
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	College did not return Title-IV funds timely	1	KDV-09	08-1	2009
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	Unclaimed federal disbursements not returned timely	1	KDV-09	09-3	2009
84.032	Federal Family Education Loans	Minnesota State Colleges and Universities	Changes to administrative information not reported timely	1	KDV-09	09-4	2009
84.033	Federal Work-Study Program	Minnesota State Colleges and Universities	College did not comply with eligibility requirement for Federal Family Education Loan	1	KDV-09	09-7	2009
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	Changes to administrative information not reported timely	1	KDV-09	09-4	2009
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	Colleges not complying with matching, level of effort, or earmarking requirements	1	KDV-09	09-5	2009
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	Inadequate notification of disbursement of loan proceeds	1	KDV-07	07-8	2007
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	Two colleges did not return Title IV funds timely	1	KDV-08	08-1	2008
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	Inadequate notification of disbursement of loan proceeds	1	KDV-09	07-8	2009
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	College did not return Title-IV funds timely	1	KDV-09	08-1	2009
84.038	Federal Perkins Loan Program - Federal Capital Contributions	Minnesota State Colleges and Universities	Unclaimed federal disbursements not returned timely	1	KDV-09	09-3	2009
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Changes to administrative information not reported timely	1	KDV-09	09-4	2009
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	College did not return Title-IV funds timely	1	KDV-09	08-1	2009
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Unclaimed federal disbursements not returned timely	1	KDV-09	09-3	2009
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Changes to administrative information not reported timely	1	KDV-09	09-4	2009
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Notification of disbursement of loan proceeds not made timely	1	KDV-09	09-6	2009
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	09-09	1	2009
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	Not public data included in the state's accounting system	2	09-09	6	2009
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	Non public data inappropriately entered into the accounting system has not been removed	2	10-10	6	2009
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	Inadequate notification of public data to the state's information database	1	10-12	2	2009
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Minnesota Management and Budget	Inadequate internal control structure over single audit requirements	2	09-08	3	2009
84.173	Special Education - Preschool Grants	Department of Education	No documented internal control structure ensuring compliance	2	09-08	1	2009
84.173	Special Education - Preschool Grants	Department of Education	Insufficient verification of grant payments made to local education agencies	2	10-08	2	2009
84.173	Special Education - Preschool Grants	Department of Education	Insufficient monitoring of subcontract activity	2	10-08	3	2009
84.173	Special Education - Preschool Grants	Department of Education	Inadequate documentation of time charged to federal programs	1	10-08	4	2009
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Inadequate notification of disbursement of loan proceeds	1	KDV-07	07-8	2007
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Inadequate notification of disbursement of loan proceeds	1	KDV-09	07-8	2009
84.367	Improving Teacher Quality State Grants	Department of Education	Changes to administrative information not reported timely	1	KDV-09	09-4	2009
84.367	Improving Teacher Quality State Grants	Department of Education	Inadequate internal control structure over single audit requirements	2	09-08	1	2008
84.367	Improving Teacher Quality State Grants	Department of Education	No documented internal control structure ensuring compliance	2	10-08	1	2009
84.367	Improving Teacher Quality State Grants	Department of Education	Inadequate documentation of time charged to federal programs	1	10-08	4	2009
84.390	ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
84.390	ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	No documented internal control structure ensuring compliance	2	10-10	1	2009
84.390	ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States	Department of Employment and Economic Development	Unnecessary and incompatible employee access to the state's accounting system	1	10-10	6	2009
84.390	ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009

**CATEGORY OF CORRECTIVE ACTION TAKEN**

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STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

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.
<b>U.S. Department of Health and Human Services</b>							
93.069	Public Health Emergency Preparedness	Minnesota Department of Health	No documented internal control structure ensuring compliance	2	10-03	1	2009
93.069	Public Health Emergency Preparedness	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	1	10-03	3	2009
93.069	Public Health Emergency Preparedness	Minnesota Department of Health	Noncompliance with state procurement policies and procedures	1	10-03	4	2009
93.069	Public Health Emergency Preparedness	Minnesota Department of Health	Noncompliance with state procurement requirements	1	10-03	5	2009
93.268	Immunization Grants	Minnesota Department of Health	No documented internal control structure ensuring compliance	2	09-06	1	2008
93.268	Immunization Grants	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	2	09-06	6	2008
93.268	Immunization Grants	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	2	10-03	1	2009
93.268	Immunization Grants	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	2	10-03	3	2009
93.283	Centers for Disease Control and Prevention, Investigations and Technical Assistance	Minnesota Department of Health	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-12	2	2009
93.283	Centers for Disease Control and Prevention, Investigations and Technical Assistance	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	2	09-06	6	2008
93.283	Centers for Disease Control and Prevention, Investigations and Technical Assistance	Minnesota Department of Health	Inadequate monitoring of vendors for suspension and debarment	2	10-03	3	2009
93.364	Nursing Student Loans	Minnesota State Colleges and Universities	Inadequate monitoring of vendors for suspension and debarment	2	10-11	09-4	2009
93.558	Temporary Assistance for Needy Families	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.558	Temporary Assistance for Needy Families	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.558	Temporary Assistance for Needy Families	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.558	Temporary Assistance for Needy Families	Department of Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.558	Temporary Assistance for Needy Families	Department of Human Services	Not public data on individuals not adequately protected	4	10-11	3	2009
93.558	Temporary Assistance for Needy Families	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	4	2009
93.558	Temporary Assistance for Needy Families	Department of Human Services	Inaccurate reporting of financial activity for federal programs	1	10-11	5	2009
93.558	Temporary Assistance for Needy Families	Department of Human Services	Inaccurately recorded transactions and not promptly paying liabilities	4	10-11	6	2009
93.558	Temporary Assistance for Needy Families	Department of Human Services	No independent review of payroll reports	2	10-11	10	2009
93.558	Temporary Assistance for Needy Families	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-12	2	2009
93.558	Temporary Assistance for Needy Families	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	4	09-10	4	2008
93.558	Temporary Assistance for Needy Families	Minnesota Management and Budget	Not public data on individuals not adequately protected	4	10-11	3	2009
93.563	Child Support Enforcement	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.563	Child Support Enforcement	Department of Human Services	Not public data on individuals not adequately protected	4	10-11	3	2009
93.563	Child Support Enforcement	Department of Human Services	Not public data on individuals not adequately protected	4	10-11	3	2009
93.563	Child Support Enforcement	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	4	2009
93.563	Child Support Enforcement	Department of Human Services	Inaccurate reporting of financial activity for federal programs	1	10-11	5	2009
93.563	Child Support Enforcement	Department of Human Services	Inaccurate reporting of financial activity for federal programs	1	10-11	5	2009
93.563	Child Support Enforcement	Department of Human Services	No independent review of payroll reports	2	10-11	10	2009
93.563	Child Support Enforcement	Department of Human Services	Inaccurate reporting on the debit schedule of expenditures	1	10-12	1	2009
93.563	Child Support Enforcement	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-12	2	2009
93.563	Child Support Enforcement	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	4	09-10	4	2008
93.563	Child Support Enforcement	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	4	10-12	3	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.575	ARRA Child Support Enforcement	Department of Human Services	Not public data on individuals not adequately protected	4	09-10	4	2008
93.575	ARRA Child Support Enforcement	Department of Human Services	Excessive federal cash balances	4	09-10	8	2008
93.575	ARRA Child Support Enforcement	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Not public data on individuals not adequately protected	4	10-11	3	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	4	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Inaccurately recorded transactions and not promptly paying liabilities	4	10-11	6	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Excessive federal cash balances	4	10-11	7	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	No independent review of payroll reports	2	10-11	10	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Incorrect projected costs used in calculating the statewide indirect cost rate	2	10-12	2	2009
93.575	ARRA Child Support Enforcement	Department of Human Services	Inadequately protecting not public data in the state's information warehouse	4	09-10	4	2008
93.575	ARRA Child Support Enforcement	Department of Human Services	Not public data on individuals not adequately protected	4	10-12	3	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Incorrectly recorded transactions and not promptly paying liabilities	4	09-10	4	2008
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Excessive federal cash balances	4	09-10	4	2008
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	1	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Not public data on individuals not adequately protected	4	10-11	3	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Administration of Cost Allocation Plan	1	10-11	4	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Incorrectly recorded transactions and not promptly paying liabilities	4	09-10	4	2008
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Excessive federal cash balances	4	09-10	4	2008
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	No independent review of payroll reports	2	10-11	6	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	No independent review of payroll reports	2	10-11	7	2009
93.586	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Minnesota Department of Health	Inadequately protecting not public data in the state's information warehouse	4	10-12	3	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	Not public data on individuals not adequately protected	4	09-10	4	2008
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	Not public data on individuals not adequately protected	4	10-11	3	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	Not public data on individuals not adequately protected	4	10-11	3	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	Administration of Cost Allocation Plan	1	10-11	4	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	Administration of Cost Allocation Plan	1	10-11	4	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	No independent review of payroll reports	2	10-11	10	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Department of Health	No independent review of payroll reports	2	10-11	10	2009

\*CATEGORY OF CORRECTIVE ACTION TAKEN  
 1 - Findings have been fully corrected.  
 2 - Corrective action taken was significantly different than previously reported.  
 For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.  
 2 - Findings are not corrected or are only partially corrected  
 4 - Audit findings are no longer valid or do not warrant further action

STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2010

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.
<b>U.S. Department of Health and Human Services (continued)</b>							
93.658	Foster Care, Title IV-E	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
93.658	Foster Care, Title IV-E	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
93.658	ARRA Foster Care, Title IV-E	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
93.659	Adoption Assistance	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.659	Adoption Assistance	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	4	2008
93.659	Adoption Assistance	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.667	Social Services Block Grant	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.667	Social Services Block Grant	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.667	Social Services Block Grant	Department of Human Services	No public data on individuals not adequately protected	4	09-10	4	2008
93.667	Social Services Block Grant	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.667	Social Services Block Grant	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.667	Social Services Block Grant	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	4	2008
93.667	Social Services Block Grant	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.667	Social Services Block Grant	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	10	2009
93.667	Social Services Block Grant	Department of Human Services	No public data on individuals not adequately protected	4	07-08	5	2006
93.667	Social Services Block Grant	Department of Human Services	No documented internal control structure ensuring compliance	2	08-12	6	2007
93.767	Children's Health Insurance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.767	Children's Health Insurance Program	Department of Human Services	No public data on individuals not adequately protected	4	09-10	4	2008
93.767	Children's Health Insurance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	6	2008
93.767	Children's Health Insurance Program	Department of Human Services	No public data on individuals not adequately protected	4	10-11	1	2009
93.767	Children's Health Insurance Program	Department of Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.767	Children's Health Insurance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	3	2009
93.767	Children's Health Insurance Program	Department of Human Services	No public data on individuals not adequately protected	4	10-11	4	2009
93.767	Children's Health Insurance Program	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	8	2009
93.767	Children's Health Insurance Program	Department of Human Services	Did not submit quarterly reports timely	2	10-11	10	2009
93.767	Children's Health Insurance Program	Department of Human Services	No independent review of payroll reports	4	10-12	2	2009
93.767	Children's Health Insurance Program	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	3	2009
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	Inadequately protecting not public data in the state's information warehouse	1	07-08	5	2006
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	Did not submit quarterly reports timely	2	07-08	5	2006
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	Did not submit quarterly reports timely	2	08-12	6	2007
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	No public data on individuals not adequately protected	4	09-10	4	2008
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	Did not submit quarterly reports timely	2	09-10	6	2008
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	Did not submit quarterly reports timely	2	10-11	8	2009
93.777	State Survey and Certification of Health Care Providers and Suppliers	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
93.777	State Survey and Certification of Health Care Providers and Suppliers	Department of Human Services	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
93.778	Medical Assistance Program	Department of Human Services	Did not submit quarterly reports timely	2	08-12	6	2007
93.778	Medical Assistance Program	Department of Human Services	Did not submit quarterly reports timely	2	08-12	6	2007
93.778	Medical Assistance Program	Human Services - Ramsey County	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	09-10	1	2008
93.778	Medical Assistance Program	Department of Human Services	Insufficient citizenship documentation to verify eligibility	2	09-10	4	2008
93.778	Medical Assistance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	09-10	6	2008
93.778	Medical Assistance Program	Human Services - Ramsey County	Insufficient citizenship documentation to verify eligibility	2	09-10	6	2008
93.778	Medical Assistance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Inadequately addressing responsibility for monitoring accurate eligibility determinations	2	10-11	2	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Administration of Cost Allocation Plan	1	10-11	4	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Did not submit quarterly reports timely	2	10-11	4	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Inaccurately recorded transactions and not promptly paying liabilities	4	10-11	6	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Excessive federal cash balances	1	10-11	7	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Did not submit quarterly reports timely	2	10-11	7	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	Did not submit quarterly reports timely	2	10-11	8	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	No independent review of payroll reports	2	10-11	8	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	No public data on individuals not adequately protected	4	10-11	10	2009
93.778	ARRA Medical Assistance Program	Department of Human Services	No independent review of payroll reports	2	10-11	10	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	Inaccurate reporting on the debit schedule of expenditures	1	10-12	1	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	Inaccurate reporting on the debit schedule of expenditures	1	10-12	1	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	Incorrect projected costs used in calculating the statewide indirect cost rate	1	10-12	2	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	Inadequately protecting not public data in the state's information warehouse	1	10-12	3	2009
93.778	ARRA Medical Assistance Program	Minnesota Management and Budget	No documented internal control structure ensuring compliance	2	09-10	1	2008
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Human Services	No public data on individuals not adequately protected	4	09-10	4	2008
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Human Services	Excessive federal cash balances	1	09-10	8	2008
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Human Services	No documented internal control structure ensuring compliance	2	10-11	1	2009
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Human Services	No public data on individuals not adequately protected	4	10-11	3	2009
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Department of Human Services	Excessive federal cash balances	1	10-11	7	2009
<b>U.S. Department of Homeland Security</b>							
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Public Safety	Inadequate internal control structure over single audit requirements	2	09-11	1	2008
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Public Safety	Inadequate internal control structure over single audit requirements	2	10-04	1	2009

\*CATEGORY OF CORRECTIVE ACTION TAKEN  
1 - Findings have been fully corrected.  
2 - Findings are not corrected or are only partially corrected.  
3 - Corrective action taken was significantly different than previously reported.  
4 - Audit findings are no longer valid or do not warrant further action.  
For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

# MINNESOTA



Headwaters of the mighty Mississippi



# State of Minnesota

## Financial and Compliance Report on Federally Assisted Programs

Fiscal Year Ended June 30, 2010

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### Supplemental Information

#### Status of Prior Federal Program Audit Findings

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

#### Report 06-12

**State Agency:** Minnesota Department of Transportation

**Federal Agencies:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Findings II and III, for the Department of Transportation's response.

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

**Report 07-08**

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

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

**CFDA Numbers/Program Names:**

93.767 Children's Health Insurance Program

93.778 Medical Assistance Program

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

**5. Prior Finding Partially Resolved: Some reports the Department of Human Services submitted to the federal government were inaccurate and late.**

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 8, for the Department of Human Services' response.

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

**Report 07-09**

**State Agency:** Minnesota Department of Transportation

**Federal Agencies:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Findings II and III, for the Department of Transportation's response.

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

**Report 08-12**

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

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

**CFDA Numbers/Program Names:**

93.767 Children's Health Insurance Program  
93.778 Medical Assistance

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

**6. Prior Finding Partially Resolved: The Department of Human Services submitted reports late to the federal government for three federal programs. (Prior Finding 07-08-5)**

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 8, for the Department of Human Services' response.

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

**Report 08-13**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Findings II and III, for the Department of Transportation's response.

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

**Report 09-06**

**State Agency:** Minnesota Department of Health

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

**CFDA Numbers/Program Names:**

10.557	Special Nutrition for Women, Infants and Children
93.268	Childhood Immunization Grants
93.283	CDC Investigations and Technical Assistance

**Finding 09-06-1**      No documented internal control structure ensuring compliance.

- 1. Prior Finding Partially Resolved: The Minnesota Department of Health did not identify, analyze, and document its internal controls related to business operations and the schedule of federal expenditures.**

This finding is repeated in the current audit report. See Section III, Report 11-09, Finding 1, for the Department of Health's response. This finding also affects the CDC Investigations and Technical Assistance Program (CFDA 93.283), which was a major program in fiscal year 2009 but not in fiscal year 2010.

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

**Report 09-08**

**State Agency:** Minnesota Department of Education

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

**CFDA Numbers/Program Names:**

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

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

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

This finding is repeated in the current audit report. See Section III, Report 11-12, Finding 1, for the Department of Education's response.

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

**Report 09-09**

**State Agency:** Minnesota Department of Employment and Economic Development

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

**CFDA Numbers/Program Names:**

17.225	Unemployment Insurance
17.258	Workforce Investment Act-Adult
17.259	Workforce Investment Act-Youth
17.260	Workforce Investment Act-Dislocated Worker
84.126	Vocational Rehabilitation

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

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

This finding is repeated in the current audit report. See Section III, Report 11-06, Finding 2, for the Department of Employment and Economic Development's response.



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

**Report 09-10**

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

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

**CFDA Numbers/Program Names:**

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

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

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

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 2, for the Department of Human Services' response.

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

**Report 09-10**

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

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

**CFDA Numbers/Program Names:**

93.767 State Children's Health Insurance Program  
93.778 Medical Assistance

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

**6. Prior Finding Partially Resolved: The Department of Human Services submitted reports to the federal government late for three federal programs. (Prior Finding 07-08-5 and 08-12-6)**

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 8, for the Department of Human Services' response.

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

**Report 09-11**

**State Agency:** Minnesota Department of Public Safety

**Federal Agency:** U.S. Department of Homeland Security

**CFDA Numbers/Program Names:**

97.036 Disaster Recovery Public Assistance Program

**Finding 09-11-1** Inadequate internal control structure over single audit requirements.

- 1. Prior Finding Partially Resolved: The Department of Public Safety did not identify, analyze, and document its internal controls over compliance with federal single audit requirements for the Disaster Recovery Public Assistance Program.**

This finding is repeated in the current audit report. See Section III, Report 11-07, Finding 1, for the Department of Public Safety's response.

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

**MnDOT Office of Audit Report 09-800-71**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Finding III, for the Department of Transportation's response.

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

**MnDOT Office of Audit Report 09-800-71**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Finding II, for the Department of Transportation's response.

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

**Report 10-03**

**State Agency:** Minnesota Department of Health

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

**CFDA Numbers/Program Names:**

10.557	Special Nutrition for Women, Infants and Children
93.069	Public Health Emergency Preparedness
93.268	Immunization Grants
93.283	CDC Investigations and Technical Assistance

**Finding 10-03-1**      No documented internal control structure ensuring compliance.

- 1. Prior Finding Partially Resolved: The Minnesota Department of Health did not identify, analyze, and document its internal controls related to business operations and the schedule of federal expenditures. (Prior Finding 09-06-1)**

This finding is repeated in the current audit report. See Section III, Report 11-09, Finding, 1 for the Department of Health's response. This finding also affects the CDC Investigations and Technical Assistance Program (CFDA 93.283), which was a major program in fiscal year 2009 but not in fiscal year 2010.

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

**Report 10-04**

**State Agency:** Minnesota Department of Public Safety

**Federal Agency:** U.S. Department of Homeland Security

**CFDA Numbers/Program Names:**

97.036 Disaster Recovery Public Assistance Program

**Finding 10-04-1** Inadequate internal control structure over single audit requirements.

- 1. Prior Finding Partially Resolved: The Department of Public Safety did not identify, analyze, and document its internal controls over compliance with federal single audit requirements for the Disaster Recovery Public Assistance Program. (Prior Finding 09-11-1)**

This finding is repeated in the current audit report. See Section III, Report 11-07, Finding 1, for the Department of Public Safety's response.

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

**Report 10-08**

**State Agency:** Minnesota Department of Education

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

**CFDA Numbers/Program Names:**

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

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

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

This finding is repeated in the current audit report. See Section III, Report 11-12, Finding 1, for the Minnesota Department of Education's response.



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

**Report 10-08**

**State Agency:** Minnesota Department of Education

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

**CFDA Numbers/Program Names:**

84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

**Finding 10-08-3**      Insufficient monitoring of subrecipient activity.

**3. Prior Finding Not Resolved: The Department of Education did not comply with federal subrecipient monitoring requirements for special education program.**

This finding is repeated in the current audit report. See Section III, Report 11-12, Finding 2, for the Department of Education's response.

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

**Report 10-10**

**State Agency:** Minnesota Department of Employment and Economic Development

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

**CFDA Numbers/Program Names:**

17.225	Unemployment Insurance
17.225	ARRA Unemployment Insurance
17.258	Workforce Investment Act-Adult
17.258	ARRA Workforce Investment Act-Adult
17.259	Workforce Investment Act-Youth
17.259	ARRA Workforce Investment Act-Youth
17.260	Workforce Investment Act-Dislocated Workers
17.260	ARRA Workforce Investment Act-Dislocated Workers
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States
84.390	ARRA Rehabilitation Services-Vocational Rehabilitation Grants to States

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

**Prior Finding Partially Resolved: The Department of Employment and Economic Development did not identify and document its internal controls ensuring compliance with federal requirements. (Prior Finding 09-09-1)**

This finding is repeated in the current audit report. See Section III, Report 11-06, Finding 2, for the Department of Employment and Economic Development's response.

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

**Report 10-11**

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

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

**CFDA Numbers/Program Names:**

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

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

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

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 2, for the Department of Human Services' response.

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

**Report 10-11**

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

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

**CFDA Numbers/Program Names:**

93.558	Temporary Assistance for Needy Families
93.575	Child Care and Development - Discretionary
93.596	Child Care and Development - Mandatory and Matching
93.767	Children's Health Insurance Program
93.778	Medical Assistance
93.778	ARRA Medical Assistance Program

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

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

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 1, for the Department of Human Services' response.

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

**Report 10-11**

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

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

**CFDA Numbers/Program Names:**

93.767 Children's Health Insurance Program

93.778 Medical Assistance

93.778 ARRA Medical Assistance

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

**8. Prior Finding Partially Resolved: The Department of Human Services submitted reports to the federal government late for three federal programs. (Prior Finding 07-08-5, 08-12-6, and 09-10-6)**

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 8, for the Department of Human Services' response.

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

**Report 10-11**

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

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

**CFDA Numbers/Program Names:**

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

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

**10. Prior Finding Partially Resolved: The Department of Human Services did not independently review two key payroll reports.**

This finding is repeated in the current audit report. See Section III, Report 11-13, Finding 5, for the Department of Human Services' response.

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

**MnDOT Office of Audit Report 10-800-60**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Finding III, for the Department of Transportation's response.

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

**MnDOT Office of Audit Report 10-800-60**

**State Agency:** Minnesota Department of Transportation

**Federal Agency:** U.S. Department of Transportation

**CFDA Numbers/Program Names:**

20.205 Highway Planning and Construction

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

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

This finding is repeated in the current audit report. See Section III, Report MnDOT Office of Audit Report 11-800-51, Finding II, for the Department of Transportation's response.