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OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

FINANCIAL AUDIT DIVISION REPORT

Department of Employment and Economic Development

Federal Compliance Audit

Fiscal Year 2011

March 23, 2012 **Report 12-05**

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OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

March 23, 2012

Representative Michael Beard, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mark Phillips, Commissioner
Department of Employment and Economic Development

This report presents the results of our audit of certain federal financial assistance programs administered by the Department of Employment and Economic Development during fiscal year 2011. We conducted this audit as part of our audit of the state's compliance with federal program requirements. We emphasize that this has not been a comprehensive audit of the Department of Employment and Economic Development.

We discussed the results of the audit with the department's staff at an exit conference on March 14, 2012. This audit was conducted by Brad White, CPA, CISA, CFE, (Audit Manager) and Joan Haskin, CPA, CISA (Auditor-in-Charge), assisted by auditors David Minch, Daly Miskowiec, Cathy Patterson, Tracia Polden, and Pat Ryan.

This report is intended for the information and use of the Legislative Audit Commission and the management of the Department of Employment and Economic Development. This restriction is not intended to limit the distribution of this report, which was released as a public document on March 23, 2012.

We received the full cooperation of the department's staff while performing this audit.

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
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Report Summary

Conclusion

The Department of Employment and Economic Development generally complied with and had controls to ensure compliance with provisions of laws, regulations, contracts, and grants applicable to the major federal programs we audited for fiscal year 2011. However, the department had weaknesses, as noted in the six findings presented in this report, including one repeat finding from last year's audit that the department did not fully resolve. In addition, the department had another prior audit finding that was not resolved and was included in our audit of the State of Minnesota's internal controls over financial reporting.[1]

Key Findings

- 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. (Finding 1, page 7)
- The Department of Employment and Economic Development did not adequately control supply and equipment purchases for clients participating in Vocational Rehabilitation programs (CFDA 84.126 and 84.390). (Finding 2, page 9)
- The Department of Employment and Economic Development paid for some costs incurred after the end dates of an employer grant agreement and a client employment plan for the Vocational Rehabilitation Cluster. (Finding 3, page 11)
- The Department of Employment and Economic Development did not retain evidence of monitoring two subrecipients for the Workforce Investment Act Cluster. (Finding 4, page 11)

Audit Scope

Our scope included programs determined to be major federal programs for the state of Minnesota for fiscal year 2011, including Unemployment Insurance, Workforce Investment Act Cluster, and Vocational Rehabilitation.

[1] Office of the Legislative Auditor's Financial Audit Division Report 12-03, *Report on Internal Control Over Statewide Financial Reporting*, issued February 16, 2012, Finding 3.

Department of Employment and Economic Development

Federal Program Overview

The Department of Employment and Economic Development administered federal programs that we considered major federal programs for the State of Minnesota, subject to audit under the federal Single Audit Act.[2] Table 1 identifies these major federal programs.

Table 1
Department of Employment and Economic Development
Major Federal Programs
Fiscal Year 2011
(in thousands)

CFDA[1]	Program Name	Federal Expenditures	Federal ARRA[2] Expenditures	Total
17.225	Unemployment Insurance[3]	$2,257,489	$12,720	$2,270,209
	Vocational Rehabilitation Cluster:[1]			
84.126	Vocational Rehabilitation Grants to States	$ 50,718	$0	$50,718
84.390	Vocational Rehabilitation Grants to States, Recovery Act	0	3,642	3,642
	Total Vocational Rehabilitation Cluster	$ 50,718	$ 3,642	$ 54,360
	Workforce Investment Act Cluster:[1]			
17.258	Workforce Investment Act-Adult	$ 12,018	$ 1,266	$ 13,284
17.259	Workforce Investment Act-Youth	15,298	1,856	17,154
17.260	Workforce Investment Act-Dislocated Workers	6,056	9,923	15,979
17.277	Workforce Investment Act- National Emergency Grants	280	0	280
17.278	Workforce Investment Act- Dislocated Workers Formula Grants	11,346	0	11,346
	Total Workforce Investment Act Cluster	$ 44,998	$13,045	$ 58,0430

[1]The Catalog of Federal Domestic Assistance (CFDA) is a unique number assigned by the federal government to identify its programs. Some federal programs are clustered if they have similar compliance requirements. Although the programs within a cluster are administered as separate programs, they are treated as a single program for the purpose of meeting the audit requirements of the U.S. Office of Management and Budget's Circular A-133.

[2]American Recovery and Reinvestment Act.

[3]Expenditures include unemployment insurance benefits and about $60 million of federal administrative reimbursements.

Source: Department of Employment and Economic Development's accounting system for fiscal year 2011.

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[2] We defined a major federal program for the State of Minnesota in accordance with a formula prescribed by the federal Office of Management and Budget as a program or cluster of programs whose expenditures for fiscal year 2011 exceeded $30 million.

Objective, Scope, and Methodology

The objective of our audit was to determine whether the Department of Employment and Economic Development complied with federal program requirements in its administration of these federal programs for fiscal year 2011. This audit is part of our broader federal single audit designed to obtain reasonable assurance about whether the State of Minnesota complied with the types of compliance requirements that are applicable to each of its federal programs.[3] In addition to specific program requirements, we examined the department's general compliance requirements related to federal assistance, including its cash management practices. We also followed up on findings and recommendations reported to the department's management in our previous audit.[4]

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States of America and with the U.S. Office of Management and Budget's *Circular A-133 Compliance Supplement.*

Conclusion

The Department of Employment and Economic Development generally complied with and had controls to ensure compliance with certain provisions of laws, regulations, contracts, and grants applicable to its major federal programs for fiscal year 2011. However, the department had some weaknesses, as noted in the following *Findings and Recommendations* section, including one repeat finding from last year's audit that it did not fully resolve. In addition, the department had another prior audit finding that is not resolved and was included in our audit of the State of Minnesota's internal controls over financial reporting.[5]

[3] The State of Minnesota's single audit is an entity audit of the state that includes both the financial statements and the expenditures of federal awards by all state agencies. We issued an unqualified audit opinion, dated December 20, 2011, on the State of Minnesota's basic financial statements for the year ended June 30, 2011. In accordance with *Government Auditing Standards*, we also issued our report on our consideration of the State of Minnesota's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants. (Office of the Legislative Auditor's Financial Audit Division Report 12-03, *Report on Internal Control Over Financial Reporting*, issued February 16, 2012.) This report included control deficiencies related to the Department of Employment and Economic Development.

[4] Office of the Legislative Auditor's Financial Audit Division Report 11-06, *Department of Employment and Economic Development*, issued April 8, 2011.

[5] Office of the Legislative Auditor's Financial Audit Division Report 12-03, *Report on Internal Control Over Statewide Financial Reporting*, issued February 16, 2012, Finding 3.

We will report these weaknesses to the federal government in the *Minnesota Financial and Compliance Report of Federally Assisted Programs*, prepared by the Department of Management and Budget. This report provides the federal government with information about the state's use of federal funds and its compliance with federal program requirements. The report includes the results of our audit work, conclusions on the state's internal controls over and compliance with federal programs, and findings about control and compliance weaknesses.

Findings and Recommendations

Finding 1

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

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

- The risk assessment did not address the risk of inaccurate federal financial and program reports. The department submitted a wide variety of financial and program reports to the federal government for its Unemployment Insurance (CFDA 17.225[6]), Workforce Investment Act Cluster (CFDA 17.258, 17.259, 17.260, 17.277, and 17.278[7]), and Vocational Rehabilitation Cluster (CFDA 84.126 and 84.390[8]) programs. However, the department did not ensure the reports' accuracy by having an independent review of the reports prior to submission. As a result, the department did not detect errors in the reported expenditure amounts for the Workforce Investment Act Cluster, totaling $56,665, in its quarterly Federal Financial Reports for March and June 2011. In addition, the department did not adjust the reports for refunds and other errors totaling $310,210 in Section 1512 reporting of American Recovery and Reinvestment Act (ARRA) subrecipient awards for the Workforce Investment Act Cluster. While these errors were not significant, without an independent review of the accuracy of federal financial reports, the department may not detect larger errors.

- The risk assessment did not address the risk of late submission of its federal financial and program reports. The department submitted six different Unemployment Insurance (CFDA 17.225) program financial reports from 2 to 21 days late. The annual December 31, 2011, Vocational Rehabilitation Program Cost Reports for the Rehabilitation Services (CFDA 84.126) and the State Services for the Blind (CFDA 84.390) programs were submitted 17 and 18 days late, respectively. In addition, 5 of 12 monthly federal Workforce Investment Act-Youth (CFDA 17.259) reports were submitted from one to eight days late, and one of four Workforce Investment Act-Dislocated Worker (CFDA 17.260) federal financial reports was four days late.

[6] Federal Grant UI-18028-09-55-A-27, UI-19590-10-55-A-27, and UI-21107-11-55-A-27 (Unemployment Insurance Administration, Emergency Compensation, and Trade Benefits). However, federal grant numbers are not used for unemployment insurance benefits.
[7] Federal Grant AA-20201-10-55-A-27 and ARRA AA-17129-08-55-A-27.
[8] Federal Grant H126A100032, H126A100033, H126A110032-11E, H126A110033-11F, H390A090032, H390A090033.

- The risk assessment did not address the risk of errors in its Schedule of Expenditures of Federal Awards submitted to the Department of Management and Budget. If the department had conducted an independent review, it may have detected that it misclassified expenditures totaling $11.3 million for Workforce Investment Act-Dislocated Workers Formula Grants (CFDA 17.278) and $280,000 for Workforce Investment Act-National Emergency Grants (CFDA 17.277).[9] The department inappropriately reported these expenditures in the Workforce Investment Act-Dislocated Workers Program (CFDA 17.260).

  In addition, the department did not accurately calculate certain expenditures for the Workforce Investment Act Cluster (CFDA 17.258, 17.259, 17.260, 17.277, and 17.278) Schedule of Expenditures of Federal Awards. The department failed to include certain accounting system fund ledgers causing it to understate expenditures by $53,784 for the Workforce Investment Act-Dislocated Workers Program and $89,692 for the ARRA Workforce Investment Act-Dislocated Workers (CFDA 17.260) program. Management has the responsibility to ensure controls, such as an independent review, are in place to assure accuracy and completeness of expenditures included in the Schedule of Expenditures of Federal Awards.[10]

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

State policy states that each agency head has the responsibility to identify, analyze, and manage business risks that impact an entity's ability to maintain its financial strength and the overall quality of its programs and government services.[11] The federal government expects management to have effective internal controls over its financial operations and to ensure compliance with federal program requirements.

[9] The OMB Circular A-133 Compliance Supplement, dated March 2011, states that beginning in program year 2010 (grants awarded after July 1, 2010), CFDA 17.260 was archived. New funds allocated for these two programs are to be reported under 17.277 (National Emergency Grants) and 17.278 (formula grants).
[10] OMB Circular A-133 Compliance Supplement 2011, Part 6 – Internal Control.
[11] Department of Management and Budget Policy 0102-01.

Recommendation

- *The department should improve its internal control structure ensuring compliance with federal requirements by:*
    - *assessing the criticality of federal reporting requirements and the cost-benefit of a second review prior to submission to the federal government to ensure the reports' accuracy;*
    - *submitting federal reports by the required due dates;*
    - *reviewing the accuracy of the Schedule of Expenditures of Federal Awards sent to the Department of Management and Budget; and*
    - *monitoring key internal controls to ensure staff are performing the controls as intended and that the controls are effective to mitigate the related risk.*

Finding 2

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

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

The department did not have specific guidelines on the amount a counselor or a vocational rehabilitation technician could spend on some types of supplies or equipment for clients.[12] The lack of guidelines increased the risk that vocational rehabilitation counselors and technicians could purchase items at prices that were higher than a prudent person in similar circumstances would pay. For example, during fiscal year 2011, department staff purchased some items for clients at costs that did not appear reasonable to us based on the department's documentation, including $1,117 for interview clothing and $6,735 for tools. Because of the nature of this program, there may have been extenuating circumstances that warranted these higher costs; however, the department did not document these circumstances. Department management told us they expected counselors and

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

technicians to use good judgment to ensure the reasonableness of the types of items purchased and amounts spent for a client. Department policy further stated that counselors should consider referring customers to thrift shops or other organizations for clothing purchases.[13]

The department did not always have evidence that the clients received supplies or equipment purchased for them by the counselors. For 7 of 12 items tested (including the items mentioned previously in this finding), clients did not sign the sales receipt or a department receipt form verifying that they received the supplies or equipment, as required by department policy.[14] Without a client's signature acknowledging the receipt of the goods, there is an increased risk that counselors could inappropriately purchase supplies or equipment for themselves.

In addition, some vocational rehabilitation counselors and technicians shared the use of a purchasing card to buy certain items for clients. Although these staff submitted purchase logs to the card holders for review, the department's purchase card policy states that the person whose name is on the card must be the one to make the purchase.[15] In addition, state policy indicates that purchasing cards are assigned and issued to authorized users, and only those state employees are authorized to use the purchasing card.[16] Exceptions to purchasing card use policies must be approved by the Department of Administration.

Recommendations

- *The department should develop spending guidelines on different types of supplies or equipment it purchases for clients and require supervisory approval before exceeding those guidelines.*

- *The department should ensure that vocational rehabilitation staff obtain client signatures acknowledging receipt of items purchased on their behalf.*

- *The department should review its practice of allowing other employees to use purchasing cards assigned to a specific employee.*

[13] Vocational Rehabilitation Services Policy Manual, Chapter 14, page 14A-10.
[14] Vocational Rehabilitation Services Policy Manual, Chapter 14, page 14A-17.
[15] Field Operations Manual, Section 5.502, page 4.
[16] Department of Administration, Purchase Card Use Policy 2.1.

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

Finding 3

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

- The department inappropriately reimbursed one subgrantee $79,114 for expenditures incurred after the contract end date. The agreement stated that the grantee would perform the grant activities during the period from December 1, 2009, through December 31, 2010; however, the department continued to reimburse the grantee through September 2011.

- For 1 of 26 clients tested, the department paid additional costs, totaling $5,454, five months beyond the end date of the client's employment plan. The employment plan contains the allowable benefits the client can receive along with a specific end date.

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

Recommendation

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

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

Finding 4

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

Recommendation

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

Finding 5

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

The department overpaid one unemployed worker $13,056 in federal emergency unemployment benefits during fiscal year 2011.[17] The overpayment occurred when the department manually entered certain benefits[18] into the unemployment insurance system twice, causing the unemployed worker to receive more weeks of eligibility than allowed by the extended benefit programs. Although the department's unemployment insurance system periodically produced an exception report to identify these overpaid benefits, employees did not resolve all fiscal year 2011 exceptions to identify, track, and recover overpayments. Improved monitoring would provide management assurance that employees acted on exception report items.

Recommendation

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

[17] Federal Emergency Unemployment Compensation Program (Tier 3) benefits were available to workers who had exhausted regular unemployment insurance benefits during periods of high unemployment.
[18] Trade Readjustment Allowance Benefits.

Finding 6

The Department of Employment and Economic Development did not transfer about $1.5 million to the Department of Commerce's unclaimed property division for credit balances in employer accounts that were over three years old.

As of September 2011, the department did not transfer unclaimed employer unemployment account credit balances to the state Department of Commerce since 2007.[19] We identified credit balances exceeding $100, and totaling about $1.5 million, attributable to about 2,100 employers who had no activity in their unemployment insurance accounts since July 1, 2008, perhaps indicating that they were no longer in business. *Minnesota Statutes* require intangible personal property held by a government agency that has remained unclaimed by the owner for more than three years be presumed abandoned.[20] The statutes also require holders of unclaimed property to report the names and last known addresses of the owners of the abandoned property to the Department of Commerce by November 1 each year and transfer the monetary value of the property to the Department of Commerce for deposit into the General Fund.[21]

Recommendation

- *The department should transfer the value of unclaimed credit balances in employer unemployment accounts to the Department of Commerce, as required by Minnesota Statutes.*

[19] Employer unemployment tax overpayments and tax rate adjustments may create a credit balance in the employer's account in the unemployment system.
[20] *Minnesota Statutes* 2011, 345.38.
[21] *Minnesota Statutes* 2011, 345.43, subd. 2a.

March 20, 2012

Mr. James Nobles
Legislative Auditor
First Floor, Centennial Building
658 Cedar Street
St Paul, MN 55155

Dear Mr. Nobles:

Thank you for the opportunity to respond to the findings and recommendations related to the audit on selected federal programs awarded to the Department of Employment Economic Development (DEED) for the year ending June 30, 2011.

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

Recommendation: The department should improve its internal control structure ensuring compliance with federal requirements by:

- *assessing the criticality of federal reporting requirements and the cost-benefit of a second review prior to submission to the federal government to ensure the reports accuracy;*
- *submitting federal reports by the required due dates;*
- *reviewing the accuracy of the Schedule of Expenditures of Federal Awards sent to the Department of Management and Budget; and*
- *monitoring key internal controls to ensure staff are performing the controls as intended and that the controls are effective to mitigate the related risk.*

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

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

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

Recommendations:

- *The department should develop spending guidelines on different types of supplies or equipment it purchases for clients and require supervisory approval before exceeding those guidelines.*

- *The department should ensure that vocational rehabilitation staff obtain client signatures acknowledging receipt of items purchased on their behalf.*

- *The department should review its practice of allowing other employees to use purchasing cards assigned to a specific employee.*

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

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

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

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

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

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

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

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

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

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

Audit Finding 6: The Department of Employment and Economic Development did not transfer about $1.5 million to the Department of Commerce's unclaimed property division for credit balances in employer accounts that were over three years old.

Recommendation: The department should transfer the value of unclaimed credit balances in employer unemployment accounts to the Department of Commerce, as required by Minnesota Statutes.

Response: The department agrees with the finding. In order to facilitate the transfer, the department must implement an unemployment insurance system alteration which halts automatic netting of credit balances. Rick Caligiuri, Unemployment Insurance Director, will oversee resolution of this finding by September 30, 2012.

If you have any questions or need additional information please contact Cindy Farrell at 651-259-7085 or Cindy.Farrell@state.mn.us.

Sincerely,

Mark Phillips

Mark Phillips
Commissioner