

State of Minnesota

Financial and Compliance Report on Federally Assisted Programs



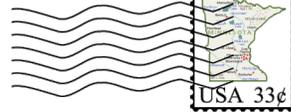
For the Year Ended June 30, 2015

Dear Friend,

Having a wonderful time in
Minnesota, Land of 10,000
Lakes. The weather is great
for fishing and traveling to all
of the places we want to see.
Lots to do in Minnesota.

Wish you were here!

Your friend



A. B. Johnson
123 Any Street NW
Anyplace, Anystate
35464



State of Minnesota

Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2015

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



State of Minnesota

2015
Financial and
Compliance Report on
Federally Assisted
Programs

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

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

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

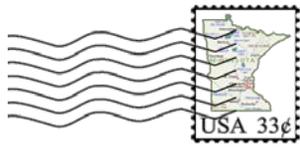
The State of Minnesota Comprehensive Annual Financial Report is available at the following website:

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

State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
Transmittal Letter.....	3
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 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards	7
Schedule of Expenditures of Federal Awards	
Major Federal Programs	11
Nonmajor Federal Programs	15
Notes to the Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs and Corrective Action Plans	
Section I: Summary of Auditor’s Results	41
Section II: Financial Statement Audit Findings.....	45
Section III: Index of Federal Program Audit Findings and Questioned Costs	47
Schedule of Federal Program Audit Findings and Questioned Costs.....	49
Detailed Federal Program Findings and Questioned Costs by State Agency....	53
Index of Prior Federal Program Audit Findings	141
Schedule Showing the Status of Prior Federal Program Audit Findings.....	143
Supplemental Information on Unresolved Prior Federal Program Audit Findings.....	149



March 18, 2016

The Honorable Mark Dayton, Governor
Members of the Legislature

**RE: 2015 Financial and Compliance Report on Federally Assisted Programs Transmittal
Letter from the Commissioner of Minnesota Management and Budget**

Dear Governor Dayton:

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2015. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996; the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable.

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

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

Management Responsibilities

Minnesota Management and Budget is responsible for the accuracy, fairness and completeness of the Schedule of Expenditures of Federal Awards, including all disclosures, presented in this report. The department is also responsible for the Statewide Integrated Financial Tools System (SWIFT), which was used in preparing this report. I believe the schedule provides a fair representation of expenditures for federal programs for the year ended June 30, 2015.

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 2015, the state of Minnesota received approximately \$12.3 billion in federal assistance for its many programs.

Audits

The Minnesota Office of the Legislative Auditor performs an annual statewide audit primarily for the purpose of expressing an audit opinion on the financial statements included in the state's Comprehensive Annual Financial Report prepared by Minnesota Management and Budget. Another purpose of the statewide audit is to provide information to the Governor, Legislature and heads of state agencies concerning financial and accounting issues involving the state and its agencies. The scope of the annual statewide audit also includes the federal requirements of the Single Audit Act, OMB Circular A-133, and the Uniform Guidance, as applicable.

The Office of the Legislative Auditor has audited the state's major federal programs identified in this single audit report. The auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance is included as part of this report. The Office of the Legislative Auditor has also issued a report on internal control over financial reporting in conjunction with the audit of the state's Comprehensive Annual Financial Report for the year ended June 30, 2015.

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

Report

This single audit report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 2015, and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

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

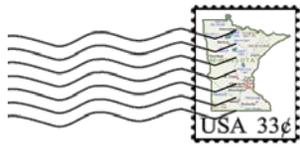
Acknowledgments

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

Sincerely,



Myron Frans
Commissioner





OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

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

Independent Auditor's Report

Members of the Minnesota Legislature

The Honorable Mark Dayton, Governor

Mr. Myron Frans, Commissioner of Minnesota Management and Budget

Report on Compliance for Each Major Federal Program

The Office of the Legislative Auditor (OLA) has audited the State of Minnesota's compliance with the compliance requirements contained in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* and the Uniform Guidance¹ that could have a direct and material effect on each of the State of Minnesota's major federal programs for the year ended June 30, 2015. The state's major federal programs are identified in Section I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

The OLA's responsibility is to express an opinion on compliance for each of the State of Minnesota's major federal programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Uniform Guidance. Those standards, OMB Circular A-133, and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

¹ Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Minnesota's compliance.

Basis for Qualified Opinion on Medical Assistance (CFDA² 93.778), Basic Health Program (CFDA 93.640), Temporary Assistance for Needy Families (CFDA 93.558), and Child Care Development Fund Cluster³ (CFDA 93.575 and CFDA 93.596)

As described in the findings in Section III of the accompanying Schedule of Findings and Questioned Costs and identified below, the State of Minnesota did not comply with certain federal requirements that are applicable to four of its major federal programs. These federal requirements included verifying program eligibility for recipients of assistance, assessing the types of activities allowed or unallowed under the grant awards, and determining the validity of specific allowable costs charged to the federal programs with the requirements of OMB Circular A-133 and the Uniform Guidance. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to the following major federal programs:

- Medical Assistance – (CFDA 93.778)
 - Findings 2015-001 thru 2015-007, Finding 2015-010, and Finding 2015-011
- Basic Health Program – (CFDA 93.640)
 - Findings 2015-001 thru 2015-009, and Finding 2015-011
- Temporary Assistance for Needy Families – (CFDA 93.558)
 - Findings 2015-011
- Child Care Development Fund Cluster – (CFDA 93.575 and CFDA 93.596)
 - Findings 2015-011

Qualified Opinion on Medical Assistance (CFDA 93.778), Basic Health Program (CFDA 93.640), Temporary Assistance for Needy Families (CFDA 93.558), and Child Care Development Fund Cluster (CFDA 93.575 and CFDA 93.596)

In our opinion, except for the material noncompliance described in the Basis for Qualified Opinion paragraph, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Medical Assistance (CFDA 93.778), Basic Health Program (CFDA 93.640), Temporary Assistance for Needy Families (CFDA 93.558), and the Child Care Development Fund Cluster (CFDA 93.575 and CFDA 93.596) for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

² The Catalog of Federal Domestic Assistance (CFDA) is a unique number assigned by the federal government to identify its programs.

³ A cluster of programs is a group of closely related programs that have similar compliance requirements and are treated as a single program.

Other Matters

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

Report on Internal Controls Over Compliance

Officials in the executive branch of Minnesota state government are responsible for establishing and maintaining effective internal controls over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal controls over compliance with the requirements that could have a direct and material effect on each major federal program. The purpose of our consideration of internal controls was to determine the auditing procedures necessary for us to express our opinion on compliance for each major federal program and to test and report on internal controls over compliance in accordance with OMB Circular A-133 and the Uniform Guidance. Our consideration of internal controls 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 controls over compliance.

Our consideration of internal controls over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies⁴ in the State of Minnesota's internal controls over compliance that might be significant deficiencies⁵ or material weaknesses⁶ 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 controls over compliance, identified as Findings 2015-001 thru 2015-011 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 controls over compliance described in Section III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota, as of and for the year ended June 30, 2015, and have issued our

⁴ A *deficiency* in internal controls over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

⁵ A *significant deficiency* in internal controls over compliance is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

⁶ A *material weakness* in internal controls 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.

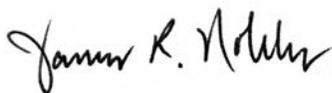
Members of the Minnesota Legislature
The Honorable Mark Dayton, Governor
Mr. Myron Frans, Commissioner of Minnesota Management and Budget
Page 4

report thereon dated December 11, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Minnesota's basic financial statements.

The State of Minnesota's basic financial statements include the operations of its discretely presented component units, which received approximately \$1.62 billion in federal awards for the year ended June 30, 2015. 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, 2015. 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 and the Uniform Guidance.

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

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



James R. Nobles
Legislative Auditor



Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

March 18, 2016

**STATE OF MINNESOTA
MAJOR FEDERAL PROGRAMS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Supplemental Nutrition Assistance Program (SNAP) Cluster			
10.551	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	HUMAN SERVICES	\$ 632,836,222
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	EDUCATION	\$ 502,032
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	HUMAN SERVICES	\$ 70,167,958
Supplemental Nutrition Assistance Program (SNAP) Cluster Total:			\$ 703,506,212
Child Nutrition Cluster			
10.553	SCHOOL BREAKFAST PROGRAM	EDUCATION	\$ 47,206,264
10.555	NATIONAL SCHOOL LUNCH PROGRAM	EDUCATION	\$ 187,205,398
10.556	SPECIAL MILK PROGRAM FOR CHILDREN	EDUCATION	\$ 848,996
10.559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	EDUCATION	\$ 8,589,220
Child Nutrition Cluster Total:			\$ 243,849,878
10.557	SPECIAL SUPP. NUTRITION PROGRAM FOR WOMEN, INFANTS (4)	HEALTH	\$ 95,099,412
10.558	CHILD AND ADULT CARE FOOD PROGRAM	EDUCATION	\$ 63,903,040
10.558	CHILD AND ADULT CARE FOOD PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 13,437
Program 10.558 Total:			\$ 63,916,477
U.S. DEPARTMENT OF DEFENSE			
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	MILITARY AFFAIRS	\$ 51,550,816
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	WATER & SOIL RESOURCES BOARD	\$ 3,008,049
Program 12.401 Total:			\$ 54,558,865
U.S. DEPARTMENT OF INTERIOR			
Fish and Wildlife Cluster			
15.605	SPORT FISH RESTORATION PROGRAM	NATURAL RESOURCES	\$ 12,713,604
15.611	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	NATURAL RESOURCES	\$ 17,531,738
Fish and Wildlife Cluster Total:			\$ 30,245,342

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF LABOR			
17.225	UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 764,709,827
17.225	ARRA-UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 1,626,368
Program 17.225 Total:			\$ 766,336,195
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster			
20.205	HIGHWAY PLANNING AND CONSTRUCTION	STATE COLLEGES & UNIVERSITIES	\$ 108,492
20.205	R&D-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 12,807,420
20.205	ARRA-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 1,174,206
20.205	HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 595,943,601
20.219	RECREATIONAL TRAILS PROGRAM	NATURAL RESOURCES	\$ 1,521,242
Highway Planning and Construction Cluster Total:			\$ 611,554,961
20.106	AIRPORT IMPROVEMENT PROGRAM (7)	TRANSPORTATION	\$ 40,555,044
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
84.007	FEDERAL SUPP. EDUCATIONAL OPPORTUNITY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 6,636,460
84.033	FEDERAL WORK-STUDY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 6,052,370
84.038	FEDERAL PERKINS LOAN (2)	STATE COLLEGES & UNIVERSITIES	\$ 29,393,706
84.063	FEDERAL PELL GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 263,966,769
84.268	FEDERAL DIRECT STUDENT LOANS (3)	STATE COLLEGES & UNIVERSITIES	\$ 622,272,527
84.379	TEACHER ED. ASSIST. FOR COLLEGE AND HIGHER ED. GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 811,498
93.364	NURSING STUDENT LOANS (2)	STATE COLLEGES & UNIVERSITIES	\$ 25,851
Student Financial Assistance Cluster Total:			\$ 929,159,181

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)			
Special Education (IDEA) Cluster			
84.027	SPECIAL EDUCATION_GRANTS TO STATES	EDUCATION	\$ 184,155,121
84.027	SPECIAL EDUCATION_GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 10,238
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	EDUCATION	\$ 6,533,269
Special Education (IDEA) Cluster Total:			\$ 190,698,628
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	\$ 155,260,137
84.126	REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	\$ 55,050,609
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Temporary Assistance for Needy Families (TANF) Cluster			
93.558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	HUMAN SERVICES	\$ 186,706,718
Temporary Assistance for Needy Families (TANF) Cluster Total:			\$ 186,706,718
Child Care and Development Fund (CCDF) Cluster			
93.575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	HUMAN SERVICES	\$ 82,629,120
93.596	CHILD CARE MANDATORY AND MATCHING FUNDS	HUMAN SERVICES	\$ 42,566,517
Child Care and Development Fund (CCDF) Cluster Total:			\$ 125,195,637
Medicaid Cluster			
93.775	STATE MEDICAID FRAUD CONTROL UNITS	ATTORNEY GENERAL	\$ 1,241,283
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HEALTH	\$ 10,174,077
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HUMAN SERVICES	\$ 5,380,687
93.778	MEDICAL ASSISTANCE PROGRAM (4)	HUMAN SERVICES	\$ 6,721,872,229
Medicaid Cluster Total:			\$ 6,738,668,276
93.268	IMMUNIZATION COOPERATIVE AGREEMENTS	HEALTH	\$ 50,439,886
93.525	STATE PLANNING, ESTABLISHMT GRANTS FOR ACA EXCHANGES	MNSURE	\$ 47,675,620
93.563	CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	\$ 118,712,498
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	COMMERCE	\$ 118,546,391

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)			
93.640	BASIC HEALTH PROGRAM (ACA)	HUMAN SERVICES	\$ 111,412,199
93.658	FOSTER CARE_TITLE IV-E	HUMAN SERVICES	\$ 43,904,142
93.667	SOCIAL SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 31,045,726
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	HUMAN SERVICES	\$ 42,405,785
U.S. DEPARTMENT OF HOMELAND SECURITY			
97.036	DISASTER GRANTS – PUBLIC ASSISTANCE	PUBLIC SAFETY	\$ 38,852,527
Major Program Total:			\$ 11,593,356,346

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Food Distribution Cluster			
10.565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	HEALTH	\$ 1,193,411
10.568	EMERGENCY FOOD ASSISTANCE (ADMINISTRATIVE COSTS)	HUMAN SERVICES	\$ 965,773
Food Distribution Cluster Total:			\$ 2,159,184
Forest Service Schools and Roads Cluster			
10.665	SCHOOLS AND ROADS - GRANTS TO STATES	MN MANAGEMENT & BUDGET	\$ 7,836,013
Forest Service Schools and Roads Cluster Total:			\$ 7,836,013
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	AGRICULTURE	\$ 1,171,289
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	ANIMAL HEALTH BOARD	\$ 748,936
Program 10.025 Total:			\$ 1,920,225
10.072	WETLANDS RESERVE PROGRAM	WATER & SOIL RESOURCES BOARD	\$ 209,392
10.093	VOLUNTARY PUBLIC ACCESS & HABITAT INCENTIVE PROGRAM	NATURAL RESOURCES	\$ 11,945
10.162	INSPECTION GRADING AND STANDARDIZATION	AGRICULTURE	\$ 122,776
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	AGRICULTURE	\$ 711,273
10.171	ORGANIC CERTIFICATION COST SHARE	AGRICULTURE	\$ 437,620
10.221	TRIBAL COLLEGES EDUCATION EQUITY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 61,196
10.222	TRIBAL COLLEGES ENDOWMENT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 40,086
10.307	ORGANIC AG RESEARCH AND EXT INITIATIVE	AGRICULTURE	\$ 31,016
10.314	NEW ERA RURAL TECHNOLOGY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 30,050
10.319	FARM BUSINESS MANAGEMENT GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 40,276
10.475	COOP AGMNTS WITH STATES FOR INTRASTATE MEAT, POULTRY	AGRICULTURE	\$ 1,333,460
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	AGRICULTURE	\$ 184,823
10.500	COOPERATIVE EXTENSION SERVICE	STATE COLLEGES & UNIVERSITIES	\$ 156,993
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	EDUCATION	\$ 4,337,959
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	AGRICULTURE	\$ 201,114
10.574	TEAM NUTRITION GRANTS	EDUCATION	\$ 183,968

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE (Continued)			
10.576	SENIOR FARMERS' MARKET NUTRITION PROGRAM	AGRICULTURE	\$ 95,382
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	EDUCATION	\$ 89,163
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	EDUCATION	\$ 3,077,760
10.664	COOPERATIVE FORESTRY ASSISTANCE	AGRICULTURE	\$ 309,985
10.664	COOPERATIVE FORESTRY ASSISTANCE	NATURAL RESOURCES	\$ 1,721,379
		Program 10.664 Total:	\$ 2,031,364
10.674	WOOD UTILIZATION ASSISTANCE	NATURAL RESOURCES	\$ 41,129
10.675	URBAN AND COMMUNITY FORESTRY PROGRAM	NATURAL RESOURCES	\$ 111,000
10.676	FOREST LEGACY PROGRAM	NATURAL RESOURCES	\$ 1,340
10.678	FOREST STEWARDSHIP PROGRAM	NATURAL RESOURCES	\$ 332,574
10.680	FOREST HEALTH PROTECTION	AGRICULTURE	\$ 22,255
10.680	FOREST HEALTH PROTECTION	NATURAL RESOURCES	\$ 302,660
		Program 10.680 Total:	\$ 324,915
10.683	NATIONAL FISH & WILDLIFE FOUNDATION	NATURAL RESOURCES	\$ 6,217
10.855	DISTANCE LEARNING & TELEMEDICINE LOANS & GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 354,892
10.902	SOIL AND WATER CONSERVATION	AGRICULTURE	\$ 321,125
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	AGRICULTURE	\$ 10,004
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	WATER & SOIL RESOURCES BOARD	\$ 100,761
		Program 10.912 Total:	\$ 110,765
U.S. DEPARTMENT OF COMMERCE			
Economic Development Cluster			
11.300	INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEV FACILITIES	STATE COLLEGES & UNIVERSITIES	\$ 14,730
		Economic Development Cluster Total:	\$ 14,730
11.407	INTERJURISDICTIONAL FISHERIES ACT OF 1986	NATURAL RESOURCES	\$ 35,800
11.413	FISHERY PRODUCTS INSPECTION AND CERTIFICATION	AGRICULTURE	\$ 17,233
11.417	SEA GRANT SUPPORT	STATE COLLEGES & UNIVERSITIES	\$ 7,815

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF COMMERCE (Continued)			
11.419	COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	NATURAL RESOURCES	\$ 1,041,959
11.463	HABITAT CONSERVATION	NATURAL RESOURCES	\$ 1,803,468
11.549	STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM	PUBLIC SAFETY	\$ 369,398
U.S. DEPARTMENT OF DEFENSE			
12.113	REIMBURSEMENT OF TECHNICAL SERVICES	POLLUTION CONTROL AGENCY	\$ 273,236
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 292,036
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	MILITARY AFFAIRS	\$ 4,476,446
12.404	NATIONAL GUARD CHALLENGE PROGRAM	MILITARY AFFAIRS	\$ 1,225,657
12.902	INFORMATION SECURITY GRANT	STATE COLLEGES & UNIVERSITIES	\$ 24,904
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
14.227	COMMUNITY DEV BLOCK GRANT/TECHNICAL ASSISTANCE	STATE COLLEGES & UNIVERSITIES	\$ 881
14.228	CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	\$ 16,622,957
14.231	EMERGENCY SOLUTIONS GRANTS PROGRAM	HUMAN SERVICES	\$ 1,976,906
14.900	LEAD-BASED PAINT HAZARD CNTRL PRIVATELY-OWNED HOUSING	HEALTH	\$ 270,936
14.914	ASTHMA INTERVENTIONS IN PUBLIC HOUSING	HEALTH	\$ 62,833
U.S. DEPARTMENT OF INTERIOR			
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	NATURAL RESOURCES	\$ 5,083
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	NATURAL RESOURCES	\$ 35,616
15.622	SPORTFISHING AND BOATING SAFETY ACT	NATURAL RESOURCES	\$ 44,276
15.626	ENHANCED HUNTER EDUCATION AND SAFETY PROGRAM	NATURAL RESOURCES	\$ 229,875
15.634	STATE WILDLIFE GRANTS	NATURAL RESOURCES	\$ 1,625,525
15.655	MIGRATORY BIRD MONITORING, ASMT, CONSERVATION	NATURAL RESOURCES	\$ 2,743
15.657	ENDANGERED SPECIES CONSERVATION - REC IMPLEMENT	NATURAL RESOURCES	\$ 32,049

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR (Continued)			
15.660	R&D-ENDANGERED SPECIES-CANDIDATE CONSERVATION ACTION	MN ZOOLOGICAL BOARD	\$ 7,968
15.662	GREAT LAKES RESTORATION	NATURAL RESOURCES	\$ 941,268
15.662	GREAT LAKES RESTORATION	STATE COLLEGES & UNIVERSITIES	\$ 131,659
		Program 15.662 Total:	\$ 1,072,927
15.666	ENDANGERED SPECIES CONSERVATION-WOLF LIVESTOCK LOSS	AGRICULTURE	\$ 51,585
15.669	COOPERATIVE LANDSCAPE CONSERVATION	STATE COLLEGES & UNIVERSITIES	\$ 12,806
15.916	OUTDOOR RECREATION ACQUISITION, DEVELOPMT, PLANNING	NATURAL RESOURCES	\$ 460,100
15.941	MISSISSIPPI NATIONAL RIVER AND REC AREA	LEGISLATURE	\$ 36,332
15.945	COOPERATIVE RESEARCH AND TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 24,470
15.978	UPPER MISSISSIPPI RIVER SYSTEM LT RESOURCE MONITORING	NATURAL RESOURCES	\$ 488,526
U.S. DEPARTMENT OF JUSTICE			
16.004	LAW ENFORCEMENT ASSIST. NARCOTICS, DANGEROUS DRUGS	PUBLIC SAFETY	\$ 79,786
16.013	VIOLENCE AGAINST WOMEN ACT TRAINING	TRIAL COURTS	\$ 256,338
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	PUBLIC SAFETY	\$ 318,764
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	PUBLIC SAFETY	\$ 288,000
16.525	GRANTS TO REDUCE VIOLENCE ON CAMPUS	STATE COLLEGES & UNIVERSITIES	\$ 94,394
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	PUBLIC SAFETY	\$ 570,792
16.543	MISSING CHILDREN'S ASSISTANCE	PUBLIC SAFETY	\$ 253,306
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS	PUBLIC SAFETY	\$ 30,009
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	PUBLIC SAFETY	\$ 71,589
16.560	NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEV	PUBLIC SAFETY	\$ 321,504
16.575	CRIME VICTIM ASSISTANCE	PUBLIC SAFETY	\$ 6,704,181
16.576	CRIME VICTIM COMPENSATION	PUBLIC SAFETY	\$ 989,530
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	TRIAL COURTS	\$ 202,203

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)			
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	PUBLIC SAFETY	\$ 2,166,212
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	SUPREME COURT	\$ 89,476
Program 16.588 Total:			\$ 2,255,688
16.590	ARREST POLICIES AND ENFORCEMT OF PROTECTION ORDERS	CORRECTIONS	\$ 290,657
16.590	ARREST POLICIES AND ENFORCEMT OF PROTECTION ORDERS	PUBLIC SAFETY	\$ 104,675
Program 16.590 Total:			\$ 395,332
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT STATE PRISONERS	PUBLIC SAFETY	\$ 106,695
16.606	STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	CORRECTIONS	\$ 809,914
16.735	PROTECTING INMATES AND SAFEGUARDING COMMUNITIES	CORRECTIONS	\$ 21,056
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	PUBLIC SAFETY	\$ 3,009,076
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	TRIAL COURTS	\$ 216,136
Program 16.738 Total:			\$ 3,225,212
16.740	STATEWIDE AUTOMATED VICTIM INFORMATION NOTIFICATION	PUBLIC SAFETY	\$ 160,429
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC SAFETY	\$ 311,973
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT	PUBLIC SAFETY	\$ 266,273
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH	CORRECTIONS	\$ 109,525
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH	TRIAL COURTS	\$ 121,272
Program 16.745 Total:			\$ 230,797
16.750	SUPPORT FOR ADAM WALSH ACT	PUBLIC SAFETY	\$ 160,269
16.754	HAROLD ROGERS PRESCRIPTION DRUG MONITORING	PHARMACY BOARD	\$ 22,673
16.812	SECOND CHANCE ACT PRISONER REENTRY INITIATIVE	CORRECTIONS	\$ 1,037,242
U.S. DEPARTMENT OF LABOR			
Employment Service Cluster			
17.207	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 20,984,516
17.801	DISABLED VETERANS' OUTREACH PROGRAM (DVOP)	EMPLOYMENT & ECONOMIC	\$ 1,916,842
17.804	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM	EMPLOYMENT & ECONOMIC	\$ 901,988
Employment Service Cluster Total:			\$ 23,803,346

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF LABOR (Continued)			
Workforce Investment Act (WIA) Cluster			
17.258	WIA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 8,740,371
17.259	WIA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 9,314,103
17.260	WIA DISLOCATED WORKERS	LABOR AND INDUSTRY	\$ 35
17.278	WIA DISLOCATED WORKER FORMULA GRANTS	EMPLOYMENT & ECONOMIC	\$ 8,917,056
Workforce Investment Act (WIA) Cluster Total:			\$ 26,971,565
17.002	LABOR FORCE STATISTICS	EMPLOYMENT & ECONOMIC	\$ 1,479,228
17.005	COMPENSATION AND WORKING CONDITIONS	LABOR AND INDUSTRY	\$ 113,518
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 2,333,702
17.245	TRADE ADJUSTMENT ASSISTANCE	EMPLOYMENT & ECONOMIC	\$ 16,183,841
17.267	INCENTIVE GRANTS - WIA SECTION 503	EMPLOYMENT & ECONOMIC	\$ 504,306
17.268	H-1B JOB TRAINING GRANTS	EMPLOYMENT & ECONOMIC	\$ 375,630
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	EMPLOYMENT & ECONOMIC	\$ 187,605
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	EMPLOYMENT & ECONOMIC	\$ 120,582
17.277	WORKFORCE INVESTMENT ACT (WIA) NAT'L EMERGENCY GRANTS	EMPLOYMENT & ECONOMIC	\$ 961,984
17.281	WIA DISLOCATED WORKER NATIONAL RESERVE TECH ASSIST	EMPLOYMENT & ECONOMIC	\$ 8,301
17.282	TRADE ADJ ASSIST COMM CLG AND CAREER TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 13,721,828
17.503	OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	\$ 3,854,032
17.504	CONSULTATION AGREEMENTS	LABOR AND INDUSTRY	\$ 1,113,345
17.600	MINE HEALTH AND SAFETY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 337,286
17.700	WOMEN'S BUREAU	LEGISLATURE	\$ 475
U.S. DEPARTMENT OF STATE			
19.009	ACADEMIC EXCHANGE PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 3,255

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Transit Cluster			
20.500	FEDERAL TRANSIT_CAPITAL INVESTMENT GRANTS	TRANSPORTATION	\$ 1,132,723
Federal Transit Cluster Total:			\$ 1,132,723
Transit Services Programs Cluster			
20.513	ENHANCED MOBILITY OF SRS AND INDIVIDUALS WITH DISABILITIES	TRANSPORTATION	\$ 1,903,154
20.516	JOB ACCESS AND REVERSE COMMUTE PROGRAM	TRANSPORTATION	\$ 400,341
20.521	NEW FREEDOM PROGRAM	TRANSPORTATION	\$ 344,433
Transit Services Programs Cluster Total:			\$ 2,647,928
Highway Safety Cluster			
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	PUBLIC SAFETY	\$ 5,542,724
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	TRANSPORTATION	\$ 1,619,740
20.601	ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE	PUBLIC SAFETY	\$ 1,110,609
20.602	OCCUPANT PROTECTION INCENTIVE GRANTS	PUBLIC SAFETY	\$ 55,068
20.609	SAFETY BELT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 1,513,215
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	PUBLIC SAFETY	\$ 814,217
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	TRANSPORTATION	\$ 159,222
20.612	INCENTIVE GRANT PROGRAM TO INCREASE MOTORCYCLIST SAFETY	PUBLIC SAFETY	\$ 12,145
20.613	CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE	PUBLIC SAFETY	\$ 132,866
20.616	NATIONAL PRIORITY SAFETY PROGRAMS	PUBLIC SAFETY	\$ 1,644,317
Highway Safety Cluster Total:			\$ 12,604,123
20.215	R&D-HIGHWAY TRAINING AND EDUCATION	TRANSPORTATION	\$ 141,737
20.218	NATIONAL MOTOR CARRIER SAFETY	PUBLIC SAFETY	\$ 4,746,093
20.218	NATIONAL MOTOR CARRIER SAFETY	TRANSPORTATION	\$ 1,429,941
Program 20.218 Total:			\$ 6,176,034
20.232	COMMERCIAL DRIVER'S LICENSE PROG IMPROVEMENT	PUBLIC SAFETY	\$ 978,117
20.233	BORDER ENFORCEMENT GRANTS	PUBLIC SAFETY	\$ 242,827

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (Continued)			
20.235	COMMERCIAL MOTOR VEHICLE OP TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 59,160
20.317	INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	\$ 64,127
20.317	ARRA-INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	\$ 536,885
		Program 20.317 Total:	\$ 601,012
20.319	RAIL CORRIDORS AND SERVICE CAP ASSISTANCE	TRANSPORTATION	\$ 4,516,840
20.505	METROPOLITAN TRANSPORTATION PLANNING	TRANSPORTATION	\$ 5,648,142
20.509	FORMULA GRANTS FOR RURAL AREAS	TRANSPORTATION	\$ 14,354,090
20.514	PUBLIC TRANSPORTATION RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 103,857
20.528	RAIL FIXED GUIDEWAY PUBLIC TRANS STATE SAFETY OVERSIGHT	PUBLIC SAFETY	\$ 107,269
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	PUBLIC SAFETY	\$ 7,923,963
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	TRIAL COURTS	\$ 1,569,391
		Program 20.608 Total:	\$ 9,493,354
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	PUBLIC SAFETY	\$ 79,339
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	PUBLIC SAFETY	\$ 1,419,862
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	PUBLIC SAFETY	\$ 510,485
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 17,524
		Program 20.703 Total:	\$ 528,009
20.720	STATE DAMAGE PREVENTION PROGRAM GRANTS	PUBLIC SAFETY	\$ 116,409
20.721	PHMSA PIPELINE SAFETY PROGRAM	PUBLIC SAFETY	\$ 49,638
20.932	ARRA-SURFACE TRANSP-DISCRETIONARY GRANTS	TRANSPORTATION	\$ 3,212,967
U.S. GENERAL SERVICES ADMINISTRATION			
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	ADMINISTRATION	\$ 311,668
39.011	ELECTION REFORM PAYMENTS	SECRETARY OF STATE	\$ 706,127

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. NATIONAL AERONAUTICS & SPACE ADMINISTRATION			
43.001	SCIENCE	STATE COLLEGES & UNIVERSITIES	\$ 258,989
43.008	EDUCATION GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 268,825
U.S. NATIONAL FOUNDATION ARTS & HUMANITIES			
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	ARTS BOARD	\$ 738,649
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	STATE COLLEGES & UNIVERSITIES	\$ 500
Program 45.025 Total:			\$ 739,149
45.162	PROMOTION OF HUMANITIES	STATE COLLEGES & UNIVERSITIES	\$ 21,188
45.164	PROMOTION OF THE HUMANITIES_PUBLIC PROGRAMS	STATE COLLEGES & UNIVERSITIES	\$ 996
45.310	GRANTS TO STATES	EDUCATION	\$ 2,982,489
45.310	GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 52,569
45.310	GRANTS TO STATES	VETERANS AFFAIRS	\$ 417,123
Program 45.310 Total:			\$ 3,452,181
U.S. NATIONAL SCIENCE FOUNDATION			
47.041	ENGINEERING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 76,573
47.049	R&D-MATHEMATICAL AND PHYSICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 503,863
47.050	GEOSCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 45,263
47.070	COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	STATE COLLEGES & UNIVERSITIES	\$ 47,099
47.074	R&D-BIOLOGICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 49,261
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 2,334
47.076	R&D-EDUCATION AND HUMAN RESOURCES	STATE COLLEGES & UNIVERSITIES	\$ 3,303,192
47.079	OFFICE OF INTERNATIONAL AND INTEGRATIVE ACTIVITIES	STATE COLLEGES & UNIVERSITIES	\$ 13,563
U.S. SMALL BUSINESS ADMINISTRATION			
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	EMPLOYMENT & ECONOMIC	\$ 2,081,056
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 602,166
Program 59.037 Total:			\$ 2,683,222

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. SMALL BUSINESS ADMINISTRATION (Continued)			
59.061	STATE TRADE AND EXPORT PROMOTION PILOT GRANT	EMPLOYMENT & ECONOMIC	\$ 129,053
U.S. DEPARTMENT OF VETERANS AFFAIRS			
64.005	ARRA-STATE HOME FACILITIES CONSTRUCTION	VETERANS AFFAIRS	\$ 191,152
64.005	STATE HOME FACILITIES CONSTRUCTION	VETERANS AFFAIRS	\$ 13,047,025
Program 64.005 Total:			\$ 13,238,177
64.027	POST-9/11 VETERANS EDUCATIONAL ASSISTANCE	STATE COLLEGES & UNIVERSITIES	\$ 416,984
64.203	STATE CEMETERY GRANTS	VETERANS AFFAIRS	\$ 7,536,311
U.S. ENVIRONMENTAL PROTECTION AGENCY			
66.032	STATE INDOOR RADON GRANTS	HEALTH	\$ 406,398
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	HEALTH	\$ 43,235
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	POLLUTION CONTROL AGENCY	\$ 740,312
Program 66.034 Total:			\$ 783,547
66.040	STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	\$ 112,646
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	HEALTH	\$ 60,802
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	POLLUTION CONTROL AGENCY	\$ 120,139
Program 66.419 Total:			\$ 180,941
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	HEALTH	\$ 2,394,571
66.454	WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	\$ 243,982
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	POLLUTION CONTROL AGENCY	\$ 3,125,287
66.469	GREAT LAKES PROGRAM	HEALTH	\$ 746,480
66.469	GREAT LAKES PROGRAM	POLLUTION CONTROL AGENCY	\$ 2,664,288
66.469	GREAT LAKES PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 39,936
Program 66.469 Total:			\$ 3,450,704
66.472	BEACH MONITORING AND NOTIFICATION PROGRAM GRANTS	HEALTH	\$ 206,785
66.475	GULF OF MEXICO PROGRAM	POLLUTION CONTROL AGENCY	\$ 43,003

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY (Continued)			
66.605	PERFORMANCE PARTNERSHIP GRANTS	AGRICULTURE	\$ 680,307
66.605	PERFORMANCE PARTNERSHIP GRANTS	POLLUTION CONTROL AGENCY	\$ 11,761,864
		Program 66.605 Total:	\$ 12,442,171
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION	HEALTH	\$ 257,914
66.716	RESEARCH, DEVELOPMENT, MONITORING, EDUCATION	AGRICULTURE	\$ 48,341
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE	POLLUTION CONTROL AGENCY	\$ 1,513,299
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION	POLLUTION CONTROL AGENCY	\$ 796,507
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	\$ 1,606,452
66.817	STATE AND TRIBAL RESPONSE PROGRAM GRANTS	POLLUTION CONTROL AGENCY	\$ 582,505
66.818	BROWNFIELDS ASSESSMENT AND CLEANUP COOP AGREEMENTS	EMPLOYMENT & ECONOMIC	\$ 4,696
66.953	BUILDING CAPACITY TO IMPLEMENT EPA GUIDELINES	HEALTH	\$ 13,402
U.S. DEPARTMENT OF ENERGY			
81.041	STATE ENERGY PROGRAM	COMMERCE	\$ 974,241
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	COMMERCE	\$ 10,040,356
81.119	STATE ENERGY PROGRAM SPECIAL PROJECTS	COMMERCE	\$ 380,564
U.S. DEPARTMENT OF EDUCATION			
TRIO Cluster			
84.042	TRIO_STUDENT SUPPORT SERVICES	STATE COLLEGES & UNIVERSITIES	\$ 6,844,721
84.044	TRIO_TALENT SEARCH	STATE COLLEGES & UNIVERSITIES	\$ 1,586,121
84.047	TRIO_UPWARD BOUND	STATE COLLEGES & UNIVERSITIES	\$ 6,505,481
84.066	TRIO_EDUCATIONAL OPPORTUNITY CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 721,497
84.217	TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT	STATE COLLEGES & UNIVERSITIES	\$ 236,761
		TRIO Cluster Total:	\$ 15,894,581

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)			
School Improvement Grants Cluster			
84.377	SCHOOL IMPROVEMENT GRANTS	EDUCATION	\$ 4,414,533
84.388	ARRA-SCHOOL IMPROVEMENT GRANTS	EDUCATION	\$ 339,154
School Improvement Grants Cluster Total:			\$ 4,753,687
Centers for Independent Living Cluster			
84.132	CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 777,360
84.400	ARRA-CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 138,975
Centers for Independent Living Cluster Total:			\$ 916,335
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	EDUCATION	\$ 6,100,278
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 5,409
Program 84.002 Total:			\$ 6,105,687
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	EDUCATION	\$ 1,955,133
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 8,676
Program 84.011 Total:			\$ 1,963,809
84.013	TITLE I STATE AGENCY PROG FOR NEGLECTED, DELINQ CHILDREN	EDUCATION	\$ 263,352
84.031	HIGHER EDUCATION_INSTITUTIONAL AID	STATE COLLEGES & UNIVERSITIES	\$ 2,796,277
84.048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 16,243,942
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 158,497
84.129	REHABILITATION LONG-TERM TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 22,906
84.144	MIGRANT EDUCATION_COORDINATION PROGRAM	EDUCATION	\$ 79,636
84.169	INDEPENDENT LIVING_STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 1,171,832
84.177	REHABILITATION SERVICES_IND LIVING SVS OLDER INDIVIDUALS	EMPLOYMENT & ECONOMIC	\$ 711,066
84.181	SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	EDUCATION	\$ 6,335,468
84.187	SUPPORTED EMPLOYMENT SERVICES	EMPLOYMENT & ECONOMIC	\$ 400,634
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	\$ 591,725
84.224	ASSISTIVE TECHNOLOGY	ADMINISTRATION	\$ 302,009

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (Continued)			
84.265	REHABILITATION TRAINING-STATE VOC REHAB	EMPLOYMENT & ECONOMIC	\$ 114,074
84.282	CHARTER SCHOOLS	EDUCATION	\$ 4,603,370
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	EDUCATION	\$ 12,015,197
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	EDUCATION	\$ 1,316,086
84.324	RESEARCH IN SPECIAL EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 388
84.326	SPEC EDUC_TO IMPROVE SERVICES FOR DISABLED CHILDREN	EDUCATION	\$ 171,991
84.334	GAIN EARLY AWARENESS AND READINESS FOR UNDERGRADUATE	STATE COLLEGES & UNIVERSITIES	\$ 489,576
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	STATE COLLEGES & UNIVERSITIES	\$ 248,174
84.336	TEACHER QUALITY PARTNERSHIP GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 7
84.350	TRANSITION TO TEACHING	STATE COLLEGES & UNIVERSITIES	\$ 74,866
84.358	RURAL EDUCATION	EDUCATION	\$ 291,414
84.365	ENGLISH LANGUAGE ACQUISITION GRANTS	EDUCATION	\$ 8,113,914
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	EDUCATION	\$ 1,773,307
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	EDUCATION	\$ 28,510,706
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 21,415
		Program 84.367 Total:	\$ 28,532,121
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	EDUCATION	\$ 7,864,224
84.384	ARRA-STATEWIDE DATA SYSTEMS	EDUCATION	\$ 315,475
84.407	TRANSITION PROG-STUDENTS WITH INTELLECTUAL DISABILITIES	STATE COLLEGES & UNIVERSITIES	\$ 314,812
84.412	RACE TO THE TOP-EARLY LEARNING CHALLENGE	EDUCATION	\$ 11,386,460
84.412	RACE TO THE TOP-EARLY LEARNING CHALLENGE	STATE COLLEGES & UNIVERSITIES	\$ 8,500
		Program 84.412 Total:	\$ 11,394,960

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Aging Cluster			
93.044	SPEC PROG FOR THE AGING_TITLE III, PART B_GRANTS	HUMAN SERVICES	\$ 7,274,519
93.045	SPEC PROG FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	HUMAN SERVICES	\$ 9,200,864
93.053	NUTRITION SERVICES INCENTIVE PROGRAM	HUMAN SERVICES	\$ 1,939,562
Aging Cluster Total:			\$ 18,414,945
93.041	SPEC PROG FOR THE AGING_TITLE VII, CHAP 3	HUMAN SERVICES	\$ 65,242
93.042	SPEC PROG FOR THE AGING_TITLE VII, CHAP 2_LONG TERM CARE	HUMAN SERVICES	\$ 235,198
93.043	SPEC PROG FOR THE AGING_TITLE III, PART D	HUMAN SERVICES	\$ 195,415
93.048	SPEC PROG FOR THE AGING_TITLE IV_AND TITLE II	HUMAN SERVICES	\$ 1,078,671
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	HUMAN SERVICES	\$ 191,405
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	HUMAN SERVICES	\$ 1,888,592
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	HEALTH	\$ 11,232,406
93.070	ENVIRON PUBLIC HEALTH & EMERG RESPONSE	HEALTH	\$ 1,120,179
93.071	MEDICARE ENROLLMENT ASSISTANCE	HUMAN SERVICES	\$ 286,851
93.079	COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH	EDUCATION	\$ 360,837
93.090	GUARDIANSHIP ASSISTANCE	HUMAN SERVICES	\$ 352,221
93.092	ACA PERSONAL RESPONSIBILITY EDUCATION	HEALTH	\$ 768,350
93.103	FOOD AND DRUG ADMINISTRATION_RESEARCH	AGRICULTURE	\$ 867,702
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROG	HEALTH	\$ 350,899
93.116	PROJECT GRANTS AND COOP AGREEMENTS FOR TUBERCULOSIS	HEALTH	\$ 1,018,882
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	EMERGENCY MEDICAL SERVICES BD	\$ 171,588
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES	HEALTH	\$ 137,739
93.136	INJURY PREVENTION AND CONTROL RESEARCH	HEALTH	\$ 748,209
93.143	NIEHS SUPERFUND HAZARDOUS SUBSTANCES	STATE COLLEGES & UNIVERSITIES	\$ 6,916
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS	HUMAN SERVICES	\$ 472,150

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)			
93.161	HEALTH PROGRAM FOR TOXIC SUBSTANCES AND DISEASE	HEALTH	\$ 898,438
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	HEALTH	\$ 100,000
93.235	AFFORDABLE CARE ACT (ACA) ABSTINENCE EDUCATION	HEALTH	\$ 244,586
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	HEALTH	\$ 491,114
93.240	STATE CAPACITY BUILDING	HEALTH	\$ 430,649
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	HEALTH	\$ 749,336
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 3,210,379
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	STATE COLLEGES & UNIVERSITIES	\$ 279,779
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	TRIAL COURTS	\$ 180,407
		Program 92.243 Total:	\$ 3,670,565
93.251	UNIVERSAL NEWBORN HEARING SCREENING	HEALTH	\$ 230,553
93.262	OCCUPATIONAL SAFETY & HEALTH GRANTS	HEALTH	\$ 136,398
93.262	OCCUPATIONAL SAFETY & HEALTH GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 14,068
		Program 93.262 Total:	\$ 150,466
93.267	STATE GRANTS FOR PROTECTION AND ADVOCACY	HUMAN SERVICES	\$ 207,381
93.270	ADULT VIRAL HEPATITIS PREVENTION, CONTROL	HEALTH	\$ 138,325
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_ASSISTANCE	HEALTH	\$ 7,511,068
93.296	STATE PARTNERSHIP TO IMPROVE MINORITY HEALTH	HEALTH	\$ 121,082
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	HEALTH	\$ 640,227
93.305	NATIONAL STATE BASED TOBACCO CONTROL PROGRAMS	HEALTH	\$ 216,390
93.314	EARLY HEARING DETECTION AND INTERVENTION INFO SYS	HEALTH	\$ 90,545
93.324	STATE HEALTH INSURANCE ASSISTANCE PROGRAM	HUMAN SERVICES	\$ 884,025
93.336	BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM	HEALTH	\$ 24,881
93.358	ADVANCED NURSING EDUCATION TRAINEESHIPS	VETERANS AFFAIRS	\$ 16,258
93.369	ACL INDEPENDENT LIVING STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 547,788
93.393	CANCER CAUSE AND PREVENTION RESEARCH	HEALTH	\$ 50,477

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)			
93.432	ACL CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 242,273
93.448	FOOD SAFETY AND SECURITY MONITORING PROJECT	AGRICULTURE	\$ 544,588
93.464	ACL ASSISTIVE TECHNOLOGY	ADMINISTRATION	\$ 157,727
93.500	PREGNANCY ASSISTANCE FUND PROGRAM	HEALTH	\$ 1,282,732
93.500	PREGNANCY ASSISTANCE FUND PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 221,869
		Program 93.500 Total:	\$ 1,504,601
93.505	ACA MATERNAL, INFANT, EARLY CHILDHOOD HOME VISIT	HEALTH	\$ 8,102,165
93.506	ACA NATIONWIDE PROGRAM-BACKGROUND CHECKS	HUMAN SERVICES	\$ 375,731
93.507	STRENGTHENING PUBLIC HEALTH INFRASTRUCTURE	HEALTH	\$ 582,970
93.511	ACA GRANTS FOR HEALTH INSURANCE PREMIUM REVIEW	COMMERCE	\$ 527,398
93.511	ACA GRANTS FOR HEALTH INSURANCE PREMIUM REVIEW	HEALTH	\$ 175,137
		Program 93.511 Total:	\$ 702,535
93.521	ACA: BUILDING EPIDEMIOLOGY AND LAB CAPACITY	HEALTH	\$ 3,358,589
93.531	PPHF 2012: COMMUNITY TRANSFORMATION GRANTS	HEALTH	\$ 1,676,456
93.536	ACA MEDICAID INCENT FOR PREVENT OF CHRONIC DISEASE	HUMAN SERVICES	\$ 1,697,704
93.538	ACA-NAT'L ENVIRON HEALTH PUBLIC HEALTH TRACKING	HEALTH	\$ 783,610
93.539	PPHF 2012-CAPACITY BUILDING ASSISTANCE	HEALTH	\$ 165,158
93.556	PROMOTING SAFE AND STABLE FAMILIES	HUMAN SERVICES	\$ 3,528,423
93.566	REFUGEE AND ENTRANT ASSISTANCE_STATE PROGRAMS	HUMAN SERVICES	\$ 5,014,111
93.569	COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 7,287,449
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HEALTH	\$ 144,556
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HUMAN SERVICES	\$ 339,318
		Program 93.576 Total:	\$ 483,874
93.584	REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE	HUMAN SERVICES	\$ 767,623
93.586	STATE COURT IMPROVEMENT PROGRAM	SUPREME COURT	\$ 494,733
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	HUMAN SERVICES	\$ 2,431,728

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)			
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	HUMAN SERVICES	\$ 116,120
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS	HUMAN SERVICES	\$ 477,877
93.600	HEAD START	EDUCATION	\$ 129,787
93.603	ADOPTION INCENTIVE PAYMENTS	HUMAN SERVICES	\$ 5,678
93.609	ACA-MEDICAID ADULT QUALITY GRANTS	HUMAN SERVICES	\$ 386,213
93.617	VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES	SECRETARY OF STATE	\$ 74,307
93.624	ACA-STATE INNOVATION MODELS	HUMAN SERVICES	\$ 1,860,961
93.628	ACA-IMPLEMENTATION SUPPORT FOR STATE DEMONSTRATIONS	HUMAN SERVICES	\$ 334,155
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY	ADMINISTRATION	\$ 951,710
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	HUMAN SERVICES	\$ 341,712
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES	HUMAN SERVICES	\$ 3,854,102
93.659	ADOPTION ASSISTANCE	HUMAN SERVICES	\$ 24,468,562
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	HUMAN SERVICES	\$ 412,153
93.670	CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES	HUMAN SERVICES	\$ 398,013
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES	PUBLIC SAFETY	\$ 1,643,018
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	HUMAN SERVICES	\$ 1,730,596
93.733	CAPACITY BUILDING ASSISTANCE	HEALTH	\$ 1,249,894
93.735	STATE PUBLIC HEALTH APPROACHES	HEALTH	\$ 259,843
93.745	HEALTH CARE SURVEILLANCE/HEALTH STATS	HEALTH	\$ 64,483
93.753	CHILD LEAD POISONING PREVENTION SURVEILLANCE	HEALTH	\$ 246,895
93.755	SURVEILLANCE FOR DISEASES – IMMIGRANTS/REFUGEES	HEALTH	\$ 55,521
93.757	STATE/LOCAL PUBLIC HEALTH PREVENTION ACTIONS	HEALTH	\$ 416,795
93.758	PREVENTATIVE HEALTH AND HEALTH SERVICES	HEALTH	\$ 3,366,318
93.761	EVIDENCE-BASED FALLS PREVENTION PROGRAMS BY PPHF	HUMAN SERVICES	\$ 74,555
93.763	ALZHEIMER'S DISEASE INITIATIVE: SPEC SUPPORTIVE SVCS PROJ	HUMAN SERVICES	\$ 64,102

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, 2015**

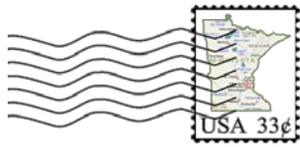
CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)			
93.779	CENTERS FOR MEDICARE AND MEDICAID SERV (CMS) RESEARCH	HUMAN SERVICES	\$ 16,227
93.791	MONEY FOLLOWS THE PERSON REBALANCING DEMO	HUMAN SERVICES	\$ 4,145,841
93.810	PAUL COVERDELL NATIONAL ACUTE STROKE PROGRAM	HEALTH	\$ 565
93.815	DOMESTIC EBOLA SUPPLEMENT TO ELC	HEALTH	\$ 14,359
93.822	HEALTH CAREERS OPPORTUNITY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 34,013
93.847	DIABETES, DIGESTIVE, AND KIDNEY DISEASE RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 45,858
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 49,948
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS	HEALTH	\$ 2,551,776
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES RURAL HEALTH	HEALTH	\$ 168,822
93.917	HIV CARE FORMULA GRANTS	HUMAN SERVICES	\$ 6,043,027
93.919	BREAST AND CERVICAL CANCER EARLY DETECTION	HEALTH	\$ 6,159,682
93.940	HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	HEALTH	\$ 2,164,513
93.944	HIV/AIDS SURVEILLANCE	HEALTH	\$ 420,089
93.945	ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION	HEALTH	\$ 1,787,248
93.946	COOP AGREEMTS TO SUPPORT SAFE MOTHERHOOD	HEALTH	\$ 202,128
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 5,158,854
93.959	BLOCK GRANTS - PREVENTION, TREATMENT OF SUBSTANCE ABUSE	HUMAN SERVICES	\$ 22,348,738
93.969	GERIATRIC EDUCATION CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 8,646
93.970	HEALTH PROFESSIONS RECRUITMENT FOR INDIANS	STATE COLLEGES & UNIVERSITIES	\$ 8,517
93.977	PREVENTIVE HLTH SERVICES_SEXUALLY TRANSMITTED DISEASES	HEALTH	\$ 1,370,725
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT	HEALTH	\$ 6,495,164

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, 2015**

CFDA Number	Federal Program Name	State Agency	Federal Expenditures
U.S. SOCIAL SECURITY ADMINISTRATION			
Disability Insurance/SSI Cluster			
96.001	SOCIAL SECURITY_DISABILITY INSURANCE	EMPLOYMENT & ECONOMIC	\$ 25,282,502
Disability Insurance/SSI Cluster Total:			\$ 25,282,502
U.S. DEPARTMENT OF HOMELAND SECURITY			
97.008	NON-PROFIT SECURITY PROGRAM	PUBLIC SAFETY	\$ 108,268
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	NATURAL RESOURCES	\$ 3,247,229
97.023	COMMUNITY ASSISTANCE	NATURAL RESOURCES	\$ 173,091
97.024	EMERGENCY FOOD AND SHELTER NATIONAL BOARD	STATE COLLEGES & UNIVERSITIES	\$ 150
97.039	HAZARD MITIGATION GRANT	PUBLIC SAFETY	\$ 2,320,596
97.041	NATIONAL DAM SAFETY PROGRAM	NATURAL RESOURCES	\$ 86,476
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 5,802,549
97.043	STATE FIRE TRAINING SYSTEMS GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 1,000
97.045	COOPERATING TECHNICAL PARTNERS	NATURAL RESOURCES	\$ 317,327
97.047	PRE-DISASTER MITIGATION	PUBLIC SAFETY	\$ 1,400,017
97.056	PORT SECURITY GRANT PROGRAM	NATURAL RESOURCES	\$ 21,166
97.056	PORT SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 387,857
Program 97.056 Total:			\$ 409,023
97.067	HOMELAND SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 9,371,775
97.091	HOMELAND SECURITY BIOWATCH PROGRAM	HEALTH	\$ 791,240
97.091	HOMELAND SECURITY BIOWATCH PROGRAM	POLLUTION CONTROL AGENCY	\$ 169,368
Program 97.091 Total:			\$ 960,608
Non Major Program Total:			\$ 693,722,335

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



State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2015

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 2015 conform to the Federal Single Audit Act of 1984 as amended in 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable. The required Schedule of Expenditures of Federal Awards is presented for the state’s fiscal year ended June 30, 2015. The Schedule of Expenditures of Federal Awards is divided into two sections: major and non-major federal programs.

The auditor uses a risk-based approach as defined in OMB Circular A-133 and the Uniform Guidance to determine which federal programs are major programs. Programs expending \$30 million or more in federal awards are Type A programs and are considered major programs. Type B programs are programs expending less than \$30 million in federal awards. If the auditor assesses Type A programs as low-risk, the auditor may replace Type A programs by higher risk Type B programs as major programs.

For purposes of financial reporting, the Catalog of Federal Domestic Assistance (CFDA) number from the 2015 basic edition catalog identifies federal programs. The schedules are presented in numeric CFDA order within each federal agency, except for clusters of programs.

Federal guidelines require separate identification of expenditures of federal awards under the American Recovery and Reinvestment Act (ARRA) on the Schedule of Expenditures of Federal Awards. The prefix “ARRA” was included in the name of the federal program to provide this identification. Federal guidelines also require separate identification of expenditures of federal awards for research and development on the Schedule of Expenditures of Federal Awards. The prefix “R & D” was included in the name of the federal program to provide this identification.

Financial Reporting Entity of the State of Minnesota

The financial reporting entity for the state of Minnesota includes all state departments, agencies, institutions, and organizational units that are controlled by or dependent upon the Minnesota Legislature or its constitutional officers. The state, as a primary government, has considered for inclusion all potential component units for which it may be financially accountable or other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the report to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be used in determining financial

accountability. These criteria include the state's ability to appoint a voting majority of an organization's governing body and either the ability of the state to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state.

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

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

Alexandria Technical & Community College	Minnesota State University, Moorhead
Anoka-Ramsey Community College	Minnesota West Community & 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 and Community College
Fond du Lac Tribal & Community College	Rainy River Community College
Hennepin Technical College	Ridgewater College
Hibbing Community College	Riverland Community College
Inver Hills Community College	Rochester Community & Technical College
Itasca Community College	St. Cloud State University
Lake Superior College	St. Cloud Technical & Community College
Mesabi Range College	Saint Paul College
Metropolitan State University	South Central College
Minneapolis Community & Technical College	Southwest Minnesota State University
Minnesota State College – Southeast Technical	Vermilion Community College
Minnesota State Community & Technical College	Winona State University
Minnesota State University, Mankato	

Basis of Accounting

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

Classification of Statement Information

Expenditures are presented for all federal programs and include amounts sub-granted to other state or local governmental units, nongovernmental organizations, or individuals. Sub-grant expenditures are recognized by the primary state agency sub-granting the funds, not by the state agency receiving a sub-grant from the primary state agency, except for portions of Temporary Aid for Needy Families (TANF) (CFDA 93.558). TANF sub-grants, which are transferred into the Social Services Block Grant (CFDA 93.667) and the Child Care Development Block Grant (CFDA 93.575), are included in those programs and not TANF.

Note 2 – Perkins and Nursing Student Loan Programs

Below is a summary of the loan activity for the Perkins Loans (CFDA 84.038) and Nursing Student Loans (NSL) (CFDA 93.364) programs during fiscal year 2015. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	NSL
Loans Receivable, Beginning	\$ 32,856,298	\$ 34,183
Loan Repayments	(5,155,904)	(5,665)
Loan Cancellations	(374,562)	(2,667)
New Loans Issued	4,849,925	-
Loans Receivable, Ending	\$ 32,175,757	\$ 25,851
Allowance for Doubtful Accounts	(2,782,051)	-
Total Loans Receivable	<u>\$ 29,393,706</u>	<u>\$ 25,851</u>

Note 3 – Federal Direct Student Loan Program

MnSCU financial records provide information on various federal higher education student loan programs for which the state does not manage the federal funds.

Under the Federal Direct Student Loan (FDSL) program (CFDA 84.268), the federal government, rather than a private lender, provides the loan principal to the student. MnSCU distributed the following FDSL loans to students attending state colleges or universities during fiscal year 2015.

Federal Direct Student Loans Issued:	
Direct Federal Subsidized Stafford	\$ 269,042,029
Direct Federal Unsubsidized Stafford	337,221,240
Direct Federal Graduate PLUS	257,723
Direct Federal Parent Loans for Undergraduate Students	15,751,535
Total Federal Direct Student Loans	<u>\$ 622,272,527</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 2015, the state of Minnesota recognized a total rebate of about \$27,727,000 on sales of formula to participants in the WIC program.

The Medical Assistance Program (CFDA 93.778), administered through the Minnesota Department of Human Services, receives cash rebates from drug labelers on sales of drugs to participants in the Medical Assistance Program. The rebates are used to offset program costs and are reported as expenditure reductions. During fiscal year 2015, the state of Minnesota reduced expenditures by \$138,699,315 for the federal share of the uncollected rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2015, expenditures for the Unemployment Insurance Program (CFDA 17.225) include federal and state unemployment insurance expenditures as well as federal administrative expenditures. As shown in the following table, some of these expenditures were funded by American Recovery and Reinvestment Act (ARRA) funds:

	Non-ARRA Funds	ARRA Funds	Total
State Unemployment Expenditures	\$ 708,207,924	\$ -	\$ 708,207,924
Federal Unemployment Expenditures	9,115,294	-	9,115,294
Federal Administrative Expenditures	47,386,609	1,626,368	49,012,977
Total Expenditures	<u>\$ 764,709,827</u>	<u>\$ 1,626,368</u>	<u>\$ 766,336,195</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 and the Uniform Guidance, the U.S. Department of Labor requires that both federal and state unemployment insurance funds be considered federal awards for determining Type A (major) federal programs and for reporting expenditures of federal awards.

Note 6 – Water Quality Capitalization Grants

Water quality capitalization grants (CFDA 66.458) are used by states to create revolving funds to provide financing for construction of wastewater treatment facilities and implementation of other water quality management activities. Loans are administered from these funds by the state departments of Employment and Economic Development, Agriculture, and Pollution Control. The state’s loan programs are Tourism Septic Loan (TLP), Agriculture Best Management Practices (AG BMP), and Clean Water Partnership (CWP). A summary of the loan activity for fiscal year 2015 is shown below.

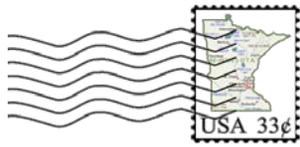
	<u>TLP</u>	<u>AG BMP</u>	<u>CWP</u>
Loans Receivable, Beginning	\$ 179,921	\$ 29,074,579	\$ 18,627,548
Loan Repayments	(86,252)	(7,170,501)	(3,069,509)
New Loans Issued	128,823	5,226,589	2,020,887
Interest Capitalized	-	-	119,988
Loans Receivable, Ending	<u>\$ 222,492</u>	<u>\$ 27,130,667</u>	<u>\$ 17,698,914</u>

Note 7 – Airport Improvement Program

Minnesota Department of Transportation (MnDOT) acts as an agent for Airport Improvement Program grants from the Federal Aviation Administration (FAA) to airports/airport sponsors (i.e. various cities, counties, and airport authorities) in accordance with Minnesota Statutes 360.0161. The FAA determined that MnDOT has no oversight responsibility for these grants to airports/airport sponsors and that the grants represent agreements between the FAA and airport sponsors. MnDOT’s main responsibilities are reviewing and processing requests for reimbursement. The reimbursements passed through to the respective airport sponsors are included in CFDA 20.106 in the Schedule of Expenditures of Federal Awards (SEFA).

Note 8 – CFDA Numbers

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



**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2015**

Section I:

Summary of Auditor's Results

Financial Statements

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

Schedule of Expenditures of Federal Awards

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

Federal Awards

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

Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u> for all major programs, except for Temporary Assistance for Needy Families (CFDA 93.558), Child Care Development Fund (CFDA 93.575 and 93.596), Basic Health Program (CFDA 93.640), and Medical Assistance (CFDA 93.778), which were qualified.
---	--

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) and 2 CFR Part 200, Section .516?	_____ <u>X</u>	Yes	_____ No
--	----------------	-----	----------

Identification of Major Programs

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

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2015**

Section I: (continued)

Major Programs Audited

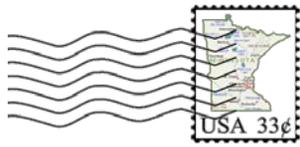
<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
U. S. Department of Agriculture	
<i>Supplemental Nutrition Assistance Program (SNAP) Cluster</i>	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grant for Supplemental Nutrition Program	10.561
<i>Child Nutrition 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
U. S. Department of Defense	
National Guard Military Operations and Maintenance	12.401
U. S. Department of Labor	
Unemployment Insurance	17.225
ARRA - Unemployment Insurance	17.225
U. S. Department of Transportation	
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction	20.205
ARRA – Highway Planning and Construction	20.205
R&D – Highway Planning and Construction	20.205
Recreational Trails Program	20.219
Airport Improvement Program	20.106
U. S. Department of Education	
<i>Student Financial Assistance Cluster</i>	
Federal Supplemental Education Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Teacher Education Assistance for College and Higher Ed. Grants (TEACH)	84.379
Nursing Student Loans	93.364
<i>Special Education Cluster</i>	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
Title 1 Grants to Local Education Agencies	84.010
Rehabilitation Services - Vocational Rehabilitation Grants	84.126

**Minnesota Office of the Legislative Auditor
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2015**

Section I: (continued)

Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
U. S. Department of Health & Human Services	
<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
<i>Medicaid Cluster</i>	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777
Medical Assistance Program	93.778
<i>Temporary Assistance for Needy Families (TANF) Cluster</i>	
Temporary Assistance for Needy Families	93.558
Immunization Cooperative Agreement	93.268
State Planning, Establishment Grants for Affordable Care Act Exchanges	93.525
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Foster Care Title IV-E	93.658
Social Services Block Grant	93.667
Children's Health Insurance Program	93.767
U. S. Department of Homeland Security	
Disaster Grants – Public Assistance	97.036
U. S. Department of The Interior	
Sport Fish Restoration Program	15.605
Wildlife Restoration And Basic Hunter Education	15.611



Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2015

Section II:

Financial Statement Audit Findings

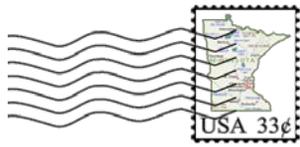
On February 11, 2016, we separately issued a report on *Internal Controls Over Statewide Financial Reporting* for the year ended June 30, 2015 in accordance with *Government Auditing Standards*. (Office of the Legislative Auditor, Financial Audit Division, Report 16-05). This report may also be accessed electronically at:

www.auditor.leg.state.mn.us/fad/pdf/fad1605.pdf. The report also includes responses from the individual agencies cited in the report.

The report contains two 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*. The findings did not relate to federal awards or federal funds.

On November 17, 2015, 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:

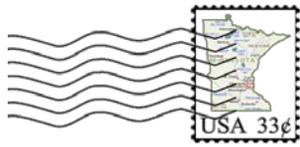
<http://www.finance.mnscu.edu/accounting/financialstatements/yearendstatements/docs/2015syswide.pdf>.



**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2015**

**Index of Section III
Federal Program Audit Findings and Questioned Costs**

	<u>Page</u>
Schedule of Federal Program Audit Findings and Questioned Costs	49
Detailed Federal Program Audit Findings and Questioned Costs by State Agency:	
<u>Report Number</u>	<u>State Agency</u>
Report 16-02	Department of Human Services: Oversight of MNsure Eligibility Determinations for Public Health Care Programs
Report 16-06	Human Services
	Appendix A: Major Federal Programs
Report 16-07	Public Safety
Report 16-08	MNsure
Report 16-09	Minnesota Management and Budget
Report 16-10	Natural Resources
Report 16-11	Employment and Economic Development
Report CLA-15	Minnesota State Colleges and Universities



MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO.	FIND NO.	SF-SAC FIND REF.	INT CONT.	COMP REQ.	PROBLEM	FIN IMPACT
(Note 1)									
U.S. Department of Agriculture									
10.551	Supplemental Nutrition Assistance Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.551	Supplemental Nutrition Assistance Program	Human Services	16-06	1	2015-011	S	E	Noncompliance with federal eligibility requirements	P
10.551	Supplemental Nutrition Assistance Program	Human Services	16-06	2	2015-012	S		Not monitoring system access annually	P
10.553	School Breakfast Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.555	National School Lunch Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.556	Special Milk Program for Children	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.557	Special Supp. Nutrition Pgm - Women, Infant, Children	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.558	Child and Adult Care Food Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.559	Summer Food Service Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.561	Supplemental Nutrition Assistance Administration	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
U.S. Department of The Interior									
15.605	Sport Fish Restoration Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
15.605	Sport Fish Restoration Program	Natural Resources	16-10	1	2015-021	S	B	Noncompliance with federal standards for payroll cost allocations	P
15.611	Wildlife Restoration and Basic Hunter Education	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
15.611	Wildlife Restoration and Basic Hunter Education	Natural Resources	16-10	1	2015-021	S	B	Noncompliance with federal standards for payroll cost allocations	P
U.S. Department of Labor									
17.225	Unemployment Insurance	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
(Note 3)									
U.S. Department of Education									
84.007	Federal Supplemental Educational Opportunity Grants	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-15	1	2015-023	S	N	Discrepancies in reporting disbursements to the COD system	P
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-15	3	2015-025	S	N	Inaccurate information on NSLDS status update reports	P
84.010	Title I - Grant to Local Education Agencies	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.027	Special Education - State Grants	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.033	Federal Work Study Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-15	1	2015-023	S	N	Discrepancies in reporting disbursements to the COD system	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-15	2	2015-024	S	N	One college did not have an off-campus workstudy agreement	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-15	3	2015-025	S	N	Inaccurate information on NSLDS status update reports	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO.	FIND NO.	SF-SAC NO.	INT CONT.	COMP REQ.	PROBLEM	FIN IMPACT
U.S. Department of Education (continued)									
84.038	Federal Perkins Loans	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-15	1	2015-023	S	N	Discrepancies in reporting disbursements to the COD system	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-15	3	2015-025	S	N	Inaccurate information on NSLDS status update reports	P
84.063	Federal Pell Grant Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-15	1	2015-023	S	N	Discrepancies in reporting disbursements to the COD system	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-15	3	2015-025	S	N	Inaccurate information on NSLDS status update reports	P
84.126	Vocational Rehabilitation	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.126	Vocational Rehabilitation	Employment and Economic Development	16-11	1	2015-022	S	N	Noncompliance with the development of individualized employment plans	P
84.173	Special Education - Preschool Grants	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.268	Federal Direct Student Loans	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-15	1	2015-023	S	N	Discrepancies in reporting disbursements to the COD system	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-15	3	2015-025	S	N	Inaccurate information on NSLDS status update reports	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-15	4	2015-026	S	N	These students were not properly awarded subsidized Stafford loans	\$3,072
84.379	Teacher Education Assistance for College and Higher Education Grants	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.379	Teacher Education Assistance for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-15	1	2015-023	S	N	Discrepancies in reporting disbursements to the COD system	P
84.379	Teacher Education Assistance for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-15	3	2015-025	S	N	Inaccurate information on NSLDS status update reports	P
U.S. Department of Health & Human Services									
93.268	Immunization Cooperative Agreement	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.525	State Plan, Establishment Grants for ACA Exchanges	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.525	State Plan, Establishment Grants for ACA Exchanges	MNSure	16-08	1	2015-017	S	A	Used federal money for unallowable activities	\$87,687
93.525	State Plan, Establishment Grants for ACA Exchanges	MNSure	16-08	2	2015-018	S	F	Did not maintain accurate and complete inventory of equipment	P
93.525	State Plan, Establishment Grants for ACA Exchanges	MNSure	16-08	3	2015-019	S	B	Noncompliance with federal standards for payroll cost allocations	P
93.558	Temporary Assistance for Needy Families	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.558	Temporary Assistance for Needy Families	Human Services	16-06	1	2015-011	M	B,E	Noncompliance with federal eligibility requirements	P
93.558	Temporary Assistance for Needy Families	Human Services	16-06	2	2015-012	S	N	Not monitoring system access annually	P
93.558	Temporary Assistance for Needy Families	Human Services	16-06	3	2015-013	S	N	Did not consistently reduce cash assistance benefits	\$579
93.563	Child Support Enforcement	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.563	Child Support Enforcement	Human Services	16-06	2	2015-012	S	N	Not monitoring system access annually	P
93.568	Low-Income Home Energy Assistance	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.575	Child Care and Development Block Grant	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.575	Child Care and Development Block Grant	Human Services	16-06	1	2015-011	M	B	Noncompliance with federal cost principles and excess reserves	NQ
93.575	Child Care and Development Block Grant	Human Services	16-06	2	2015-012	S	B,E	Noncompliance with federal eligibility requirements	P
93.575	Child Care and Development Block Grant	Human Services	16-06	4	2015-014	S	N	Not adequately monitoring program activities	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO.	FIND NO.	SF-SAC NO.	INT CONT.	COMP REQ.	PROBLEM	FIN IMPACT
U.S. Department of Health & Human Services (continued)									
93.596	Child Care Mandatory and Matching Fund	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.596	Child Care Mandatory and Matching Fund	Human Services	16-06	1	2015-011	M	B,E	Noncompliance with federal eligibility requirements	P
93.596	Child Care Mandatory and Matching Fund	Human Services	16-06	2	2015-012	S	N	Not monitoring system access annually	P
93.596	Child Care Mandatory and Matching Fund	Human Services	16-06	4	2015-014	S	N	Not adequately monitoring program activities	P
93.640	Basic Health Program	Human Services	16-02	1	2015-001	M	A,B,E	Noncompliance with eligibility verification requirements	\$1,961
93.640	Basic Health Program	Human Services	16-02	2	2015-002	M	A,B,E	Inadequate controls to ensure security over the transfer of data	\$2,835
93.640	Basic Health Program	Human Services	16-02	3	2015-003	M	A,B,E	Insufficient training for county eligibility workers	P
93.640	Basic Health Program	Human Services	16-02	4	2015-004	M	A,B,E	Did not verify that enrollees remained eligible	P
93.640	Basic Health Program	Human Services	16-02	5	2015-005	M	A,B,E	Noncompliance with eligibility requirements for citizenship and social security information	\$8,098
93.640	Basic Health Program	Human Services	16-02	6	2015-006	M	A,B,E	Noncompliance with eligibility requirements over income	\$48,144
93.640	Basic Health Program	Human Services	16-02	7	2015-007	M	A,B,E	Noncompliance with eligibility requirements over household size and family relationships	P
93.640	Basic Health Program	Human Services	16-02	8	2015-008	M	A,B,E	Enrolled participants in the wrong public program	\$850
93.640	Basic Health Program	Human Services	16-02	9	2015-009	M	A,B,E	Inappropriate use of federal funds to pay for health care costs	\$1,201,232
93.640	Basic Health Program	Human Services	16-06	1	2015-011	M	A,B,E	Noncompliance with federal eligibility requirements	P
93.640	Basic Health Program	Human Services	16-06	2	2015-012	S	A,B,E	Not monitoring system access annually	P
93.640	Basic Health Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.640	Basic Health Program	Management and Budget	16-09	2	2015-020	S	B	Not monitoring system access annually	NQ
93.667	Social Services Block Grant	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.667	Social Services Block Grant	Human Services	16-06	2	2015-012	S	B	Not monitoring system access annually	P
93.767	Children's Health Insurance Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.767	Children's Health Insurance Program	Human Services	16-06	2	2015-012	S	B	Noncompliance with federal cost principles and excess reserves	P
93.767	Children's Health Insurance Program	Human Services	16-06	5	2015-015	S	G	Overcharge of federal share of expenditures	\$241,814
93.777	State Health Care Providers Survey	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.778	Medical Assistance Program	Human Services	16-02	1	2015-001	M	A,B,E	Noncompliance with eligibility verification requirements	\$57,637
93.778	Medical Assistance Program	Human Services	16-02	2	2015-002	M	A,B,E	Inadequate controls to ensure security over the transfer of data	P
93.778	Medical Assistance Program	Human Services	16-02	3	2015-003	M	A,B,E	Insufficient training for county eligibility workers	P
93.778	Medical Assistance Program	Human Services	16-02	4	2015-004	M	A,B,E	Did not verify that enrollees remained eligible	P
93.778	Medical Assistance Program	Human Services	16-02	5	2015-005	M	A,B,E	Noncompliance with eligibility requirements for citizenship and social security information	\$1,875
93.778	Medical Assistance Program	Human Services	16-02	6	2015-006	M	A,B,E	Noncompliance with eligibility requirements over income	\$50,868
93.778	Medical Assistance Program	Human Services	16-02	7	2015-007	M	A,B,E	Noncompliance with eligibility requirements over household size and family relationships	\$8,492
93.778	Medical Assistance Program	Human Services	16-02	10	2015-010	M	A,B,E	Did not ensure newborns turning age one remained eligible	\$1,166
93.778	Medical Assistance Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.778	Medical Assistance Program	Human Services	16-06	1	2015-011	M	A,B,E	Noncompliance with federal eligibility requirements	P
93.778	Medical Assistance Program	Human Services	16-06	2	2015-012	S	A,B,E	Not monitoring system access annually	P
U.S. Department of Homeland Security									
97.036	Disaster Grants - Public Assistance Program	Management and Budget	16-09	1	2015-020	S	B	Noncompliance with federal cost principles and excess reserves	NQ
97.036	Disaster Grants - Public Assistance Program	Public Safety	16-07	1	2015-016	S	A	Duplicate payment made to a grant recipient	\$87,744

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SECTION III
SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
----------	--------------	--------------	--------	---------	-----------------	----------	----------	---------	------------

Notes:
(Note 1) - This summary schedule highlights federal program audit findings presented in the Minnesota Office of the Legislative Auditor's federal compliance reports to the applicable state agencies. These reports may be accessed at www.auditor.leg.state.mn.us.
(Note 2) - The "RPT NO" column shows the report numbers in the format 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. The SF-SAC FIND REF is the Single Audit Report finding number for fiscal year 2015.
(Note 3) - CliftonLarsonAllen, LLP (CLA) audited the Minnesota State Colleges and Universities financial statements and the federal financial aid cluster.
The "RPT NO" for CliftonLarsonAllen federal program findings are reported in CLA-15; and the "FIND NO" are finding numbers within CliftonLarsonAllen's report.

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	\$1,961 – Basic Health Program \$57,637 – Medical Assistance
Federal Project Nos./ Award Year:	Basic Health Program - None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-001 (16-02-1) *Noncompliance with eligibility verification requirements.*

- 1. The Department of Human Services did not adequately verify that people who enrolled in public health care programs through MNsure were eligible for those programs. This is a repeat finding.¹**

We tested a random sample of 157 people enrolled through MNsure in either Medical Assistance or MinnesotaCare for health care benefits during the period from January 2015 through March 2015.² We tested this sample to conclude whether people were eligible for the program in which they were enrolled. For each person we concluded was not eligible for the program in which they were enrolled, we 1) determined whether they were eligible for another public health care program, and 2) quantified the amount the state paid for the ineligible person’s health care benefits from January 2015 through May 31, 2015.

We conducted our testing using the most current information available, as of May 31, 2015, including:

- Quarterly wage and unemployment information at the Department of Employment and Economic Development through March 31, 2015,
- 2014 income tax information at the Department of Revenue,
- Eligibility information about enrollees in MNsure,

¹ Office of the Legislative Auditor, Financial Audit Division, *Department of Human Services Oversight of MNsure Eligibility Determinations for Public Health Care Programs*, report 14-22, issued November 12, 2014 (Finding 1).

² It may be misleading to compare the results of the sample testing in this report to the results of similar testing in our prior audit. Unlike in this audit, the sample selection methodology in our previous audit precluded us from generalizing the sample results to the population.

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

- Enrollee information in the medical payment, legacy eligibility, and other systems at the Department of Human Services, and
- Documents from the department and county case files, such as copies of birth certificates, paycheck stubs, and driver licenses.

Using this information, we used our best judgement to conclude whether people were eligible for the benefits they received.

Because we reviewed people's eligibility retrospectively, we used the wage and unemployment information that corresponded to the time period we tested, that is January 2015 through March 2015. In addition, we used other types of income people reported on their 2014 income tax returns, such as self-employment and pension income. MNsure could not do a similar comparison because the income information was not yet available. Instead, MNsure used wage data from 2014 and tax return information from 2013.

Based on our testing, we concluded:

- Of the 157 people we tested, 59 people (38 percent) were not eligible for the public health care program in which they were enrolled.
- Of the 59 ineligible people we identified in our sample, 44 people (28 percent of the sample) were not eligible for any public health care program.
- For the 59 ineligible people we identified in our sample, the department overpaid about \$93,000 for health care benefits for the period from January 2015 through May 2015.
- For 12 people of the 98 people we concluded were eligible for the program in which they were enrolled, the department overpaid about \$11,000 for healthcare benefits for the period from January 2015 through May 2015.

Based on the results of our sample tests, we estimated the error rate of the total population of 269,674 people who enrolled through MNsure for public health care benefits for the period from January 2015 through March 2015.

Table 3 recaps the results of our sample tests and shows our estimates of error rates in the population.

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

Table 3
Results of Random Sample Tests and
Statistical Generalization of Sample Error to the Population

	<u>Error Found in Sample of 157 People</u>		<u>Estimated Range of Error in the Population of 269,674 People¹</u>	
	<u>Number of People</u>	<u>Percentage</u>	<u>Number of People</u>	<u>Percentage</u>
People not eligible for the program in which they were enrolled	59	38%	80,902 to 132,140	30% to 49%
Ineligible people not eligible for any program	44	28%	56,632 to 107,870	21% to 40%
Net overpayment of health care benefits (January 2015 through May 2015)	\$104,213		\$115 million to \$271 million	

¹ Based on the design of our sample, we are 95 percent confident that the actual amount of error is within the estimated range.

Source: Office of the Legislative Auditor prepared based on the testing of a random sample of 157 people and statistical generalization of errors to the total population.

In addition, our testing showed that incorrect eligibility determinations were more likely among enrollees whose program eligibility was reverified through MNsure than among first time enrollees.

Findings 5 through 9 of this report give the details of the types of eligibility errors we identified while testing the 157 people.

In addition to the errors in Findings 5 through 9, we found the following errors:

- Duplicate Accounts. This is a repeat finding.** Based on our data analysis, we identified three types of potential duplicate accounts: (1) accounts that had the same name and social security number, (2) accounts that had the same name and birthdate, and (3) accounts that had the same name, birthdate, and social security number. We selected 60 people that fit one of these categories and tested to determine whether duplicate accounts existed. We found that 37 people had an account in both the legacy eligibility system and MNsure, and another 10 people had two accounts in MNsure.

In March 2015, the department developed a report to identify enrollees with duplicate accounts whose health care payments were made to managed care organizations.³

Through these reports, the department had identified 35 of the 47 duplicate accounts and

³ Managed care organizations are health insurance companies the department contracts with to manage the health care payments made on behalf of Medical Assistance and MinnesotaCare enrollees. Like private health insurance, the department pays monthly premiums to the managed care organizations.

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

began recovering duplicate managed care payments on 25 of 35 duplicate accounts.⁴ However, the department had not developed procedures to identify duplicate accounts that use the fee-for-service payment method, including 12 of the 47 duplicate accounts, and had not recovered any fee-for-service payments.⁵

As of May 31, 2015, the department had paid for \$90,385 of duplicate health care benefits for the 47 people with duplicate accounts and recovered \$31,924 of those payments.⁶

- **Lack of Instructions for Workers.** In our sample testing of 157 people, we found one person's Medical Assistance should have ended in January 2015 when this person moved out of state. On a centralized website the department maintains written instructions on using MNsure (ONEsource). The department told county workers not to process a change in MNsure until it published instructions for processing that type of change. However, after the department released instructions for this procedure on ONEsource almost a month later, the worker did not ensure that the enrollee's Medical Assistance case closed. As a result, the enrollee's MNsure account remained open, and the department overpaid \$1,050 in health care costs for this person.

During our data analysis of children enrolled in MinnesotaCare, we concluded one child should have been enrolled in Medical Assistance.⁷ The parent called the worker to correct the parents' tax filing status from not-married to married, but the department instructed the worker not to make the correction until it published a procedure in ONEsource. Because MNsure showed the parents having a not-married tax filing status, MNsure used only one parent's income as the MinnesotaCare household income size, resulting in the child being enrolled in MinnesotaCare instead of Medical Assistance. The department overpaid \$85 in health care costs for this child.

As an agency responsible for administering the state's public health care programs, the department must ensure that people who receive program benefits meet state and federal requirements. State policy requires each state agency to design, implement, and maintain an effective internal control structure to ensure the agency administers programs in compliance with federal and state laws.⁸ A key internal control component includes analyzing the risks that could

⁴ As of May 31, 2015, the department was still attempting to recover the duplicate managed care payments on the other ten accounts.

⁵ When the department pays a health care provider directly for services rendered to a Medical Assistance or MinnesotaCare enrollee, the department classifies those payments as fee-for-service. Generally, the department uses the fee-for-service payment method until the enrollee chooses a managed care organization. The department then begins paying a monthly premium rather than paying the health care providers directly.

⁶ All the over and underpayments of health care costs included in this report occurred during the period from January 1, 2015, through May 31, 2015.

⁷ Because the income threshold for children is higher for Medical Assistance than MinnesotaCare, children should generally be enrolled in Medical Assistance.

⁸ Minnesota Management and Budget, Statewide Operating Policy 0102-01, *Internal Control System*.

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

prevent the agency from achieving its goals, including complying with legal requirements. In our most recent audit of the department's federal compliance, we found that the department had not completed a comprehensive risk assessment for its health care programs, and we first reported this finding in 2009.⁹ Without a comprehensive risk assessment, the department cannot ensure its internal controls address the risk that it does not comply with the federal and state health care eligibility requirements, and the department pays the correct health care benefits.

Recommendations

- *The Department of Human Services should continue to design ways to detect and assess the risk that errors may occur in the MNsure application and reverification processes that result in ineligible people obtaining public health care program benefits.*
- *The Department of Human Services should continue its efforts to analyze data it has for people enrolled in public health care programs to identify duplicate accounts and recover inappropriate payments to health care providers.*
- *The Department of Human Services should continue to develop its ONEsource procedures so workers can promptly update MNsure when people report changes in circumstances.*

Minnesota Department of Human Services Response:

The Department of Human Services has been working with MN.IT Services to identify and fix eligibility problems in the Minnesota Eligibility Technology System (METS) throughout the project. The department will continue to identify and resolve systems flaws that contribute to incorrect eligibility determinations.

All the work in METS is being coordinated through three agencies, DHS, MN.IT and MNsure, and items that require IT solutions must be prioritized by the MNsure Executive Steering Committee.

The department continues to identify duplicate records and has recovered duplicate payments as appropriate. The department will pursue the recovery of the remaining incorrect payments made under duplicate records by the end of the year. In addition, MN.IT Services has begun a project to improve the matching logic and merging of duplicate accounts.

The department will continue to develop ONEsource procedures so workers can promptly update METS when enrollees report changes in circumstances.

Responsible Person: Nathan Moracco, Assistant Commissioner
Estimated Completion Date: Ongoing activity

⁹ Office of the Legislative Auditor, Financial Audit Division, report 15-07, *Department of Human Services Federal Compliance Audit* (Finding 2), issued March 24, 2015. Office of the Legislative Auditor, Financial Audit Division, report 09-10, *Department of Human Services Federal Compliance Audit* (Finding 1), issued March 26, 2009.

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	\$2,835 – Basic Health Program None - Procedural Finding Only – Medical Assistance
Federal Project Nos./ Award Year:	Basic Health Program – None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-002 (16-02-2) *Inadequate controls to ensure security over the transfer of data.*

- 2. The Department of Human Services lacked adequate controls to ensure the accurate and complete transfer of enrollee data from MNsure to the department’s medical payment system and to detect whether Office of MN.IT Services’ staff inappropriately accessed enrollees’ personal information. This is a repeat finding.**

Periodically, throughout the day, changes to personal and enrollment information about people who enrolled in public health care programs through MNsure transfer electronically from MNsure to the department’s medical payment system. The completeness and accuracy of this information is essential to the department’s ability to create health care accounts for enrollees, pay for their medical benefits, and stop making payments when MNsure determines a person is no longer eligible.

Good internal controls over the data transfer process would ensure that the information, (1) transferred accurately from MNsure to the medical payment system (that is, no information was added, lost, or altered), and (2) was protected from unauthorized access or use.¹⁰ The department did not have adequate controls over the electronic transfer process from MNsure to the medical payment system that provided this assurance. The department’s reports to verify the accurate and complete transfer of enrollment data were inadequate because they did not ensure all enrollee data in the state’s medical payment system was the same as the information in MNsure.

¹⁰ February 2009, U.S. Government Accountability Office, *Federal Information System Controls Audit Manual*, 4.3, *Interface Controls IN-2.3 and 3.2 Access Controls, AC-5.3.1.*

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

We found several discrepancies between the two systems during our testing of individuals. If the department completed a full reconciliation, it could have identified the following:¹¹

- The medical payment system had duplicate accounts for two people in the same household, but MNsure had only one account for the household.
- MNsure showed five people enrolled in MinnesotaCare, but the medical payment system had them enrolled in Medical Assistance.
- MNsure showed one person enrolled in Medical Assistance, but the medical payment system had them enrolled in MinnesotaCare.
- MNsure showed two people were ineligible for Medical Assistance, but the medical payment system showed them as eligible.
- MNsure showed two people were ineligible for MinnesotaCare, but the medical payment system showed them as eligible.¹²
- MNsure classified two people as adults without children, but the medical payment system had them classified as parents.

In addition, the department did not require the Office of MN.IT Services to log and monitor when any of its 22 employees with access to personal information viewed, modified, or copied that information.¹³ The logs would allow MN.IT or the department to monitor whether the employees' actions were appropriate and authorized.

Recommendations

- *The Department of Human Services should verify the complete and accurate transfer of all enrollees' data from MNsure to the medical payment system.*
- *The Department of Human Services should work with the Office of MN.IT Services to log and monitor when MN.IT employees access enrollees' personal information in the MNsure and medical payment systems.*

¹¹ We discuss these discrepancies in the other findings within this report. Those findings quantify most over or underpayments of health care benefits that occurred.

¹² The department overpaid \$2,835 in health care benefits for these two people; we do not discuss this error in the other findings.

¹³ The Office of MN.IT Services provided information technology services to the Department of Human Services and other state agencies.

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:

Response to Audit Recommendation 2-1

Work is in progress to enable transfer of enrollee eligibility data in METS to MMIS (Medicaid Management Information System), which houses enrollee coverage data and medical claims payment data. Subsequent to the transfer, a review and reconciliation will be conducted to correct variations between the eligibility and coverage data for enrollees.

Responsible Persons: Scott Peterson, MN.IT Services; Gary Johnson, DHS

Estimated Completion Date: December 2016

Response to Audit Recommendation 2-2

MN.IT Services in coordination with the department has implemented some logging in 2015 in response to the previous audit. The department continues working with MN.IT Services to add additional logging associated with the certain datasets and resources identified during the audit. Together, we plan to fine-tune the right level of monitoring and follow-up for any newly logged events. We are implementing a technical solution to address this finding with our existing toolset.

Responsible Persons: Scott Peterson, MN.IT Services; Gary Johnson, DHS

Estimated Completion Date: June 30, 2016

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	Basic Health Program – None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-003 (16-02-3) *Insufficient training for county eligibility workers.*

3. The Department of Human Services did not provide the county human service eligibility workers with sufficient training on MNsure. This is a repeat finding.

Although the department expanded some of the training and system resources for county eligibility workers since our last audit, most workers said the training and resources still were not sufficient to ensure they accurately performed their job responsibilities. The county eligibility worker has a key role to ensure that people enroll in the correct public health care program. This work includes meeting with applicants, providing applicants guidance and access to the MNsure website, and verifying additional information as needed.

We interviewed the department’s Health Care Eligibility Operations staff to learn two things, 1) what user training the department required before granting system access to MNsure, and 2) what additional or improved training the department offered eligibility workers since our last audit. The department still only required workers take webinars on protecting private data before obtaining access to MNsure but offered the following training and guidance:

- Hosted weekly mentor meetings with designated county personnel and department staff to discuss policy, develop new procedures, work through problem cases, and share knowledge,
- Provided classroom training on processing paper applications,
- Added several written procedures to ONEsource along with online classes and video demonstrations showing how to implement the new procedures, and
- Provided interactive webinars that allowed workers to make changes in MNsure while having access to a live trainer.

We also interviewed county human services office managers from three metropolitan counties and asked eleven other county human services offices in greater Minnesota to complete a

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

questionnaire.¹⁴ Among other questions, we asked the county staff if they were satisfied with training and other guidance they received from the department and if the guidance had improved over the last year. Despite the changes made by the department, about 60 percent of the county staff said the MNsure training and guidance was not adequate, and 70 percent said the training and guidance had not improved over the last year. For example, several county staff said ONEsource was not well organized and difficult to navigate, and ONEsource and other manuals were not always up to date. Staff at one county said the training at times contradicted itself.

By not providing sufficient training to the eligibility workers and not requiring they take the training, the workers are likely to make errors when determining if people are eligible for public health care programs. As shown in findings 5, 6, and 8, we found instances where the eligibility workers made mistakes that resulted in the department paying unnecessary health care costs.

Recommendations

- *The Department of Human Services should continue to work with county staff to develop training that meets the needs of the county eligibility workers.*
- *The Department of Human Services should continue to develop MNsure user training and require employees and eligibility workers complete the training prior to granting access to the system.*

Minnesota Department of Human Services Response:

The department continues to update training to keep it current, and will develop additional training as we move through the changes that occur in METS. Over the last year the department released In-Person Paper Application Training which runs on a monthly basis, released renewals training which included supported training sessions, and developed and published many new procedures in ONEsource, our procedural manual. Additional support for the ONEsource procedures included demonstration videos and supported training sessions.

Additionally, we have initiated an ONEsource project that will resolve the issues that counties brought up during the audit, which includes reorganizing ONEsource to make it a more user friendly tool. The department also continues to host a monthly video conferences with counties to address hot topics and answer questions in an effort to provide additional support. These video conferences are taped and available for workers who are unavailable to view them at the time they are presented. The department is working towards requiring system training prior to granting employees and eligibility workers security access to METS.

Responsible Persons: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: Ongoing

¹⁴ The three metropolitan counties included Anoka, Hennepin, and Ramsey. The 11 counties we sent questionnaires included Chisago, Douglas, Freeborn, Goodhue, Houston, Kanabec, Koochiching, Mahnomon, Renville, St. Louis, and Wadena.

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	Basic Health Program – None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-004 (16-02-4) *Did not reverify that enrollees remained eligible.*

4. The Department of Human Services did not reverify that Medical Assistance and MinnesotaCare enrollees who enrolled through MNsure remained eligible for the program within the required timeframes established in federal and state laws.

Federal and state regulations require the department to reverify both Medical Assistance and MinnesotaCare enrollees' eligibility for the public health care programs every 12 months.¹⁵ The department uses MNsure for this purpose. For Medical Assistance, the new 12-month coverage period begins the same month each year that the enrollee initially applied for coverage. Because MinnesotaCare transitioned to a federal Basic Health Care Program on January 1, 2015, the reverification timeframe also transitioned. Effective May 2015, state law changed the 12-month reverification period from the period beginning in the same month the applicant initially applied to a calendar year basis.¹⁶ Note that the effective date of the law change was five months after the calendar year began. The department chose to follow the new legislation before it became enacted and began the reverification process for all MinnesotaCare enrollees in January and February 2015. We also used the new legislation for our audit.

Of the 157 people from our random sample, 105 were due for renewal sometime between January and March 2015, which was our audit timeframe. As shown in Table 4, the department did not reverify most people's eligibility for the program within the timeframes required by federal and state laws.

¹⁵ For Medical Assistance see *Minnesota Statutes* 2014, 256B.056, subd. 7, and 42 CFR, sec. 435.916 (2015), and for MinnesotaCare see *Minnesota Statutes* 2014, 256L.05, subd. 3a, and 42 CFR, sec. 600.340 (2015).

¹⁶ *Minnesota Session Laws* 2015, chapter 71, article 11, sec. 53.

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

Table 4
Medical Assistance and MinnesotaCare
Status of Enrollees' 2015 Reverification of Eligibility
As of May 31, 2015

	<u>Medical Assistance</u>	<u>MinnesotaCare</u>
Total number of enrollees reviewed	62	43
Number of enrollees' eligibility not reverified within required timeframes	24	40
Percentage of enrollees' eligibility not reverified within required timeframes	39%	93%
Health care benefits paid for enrollees that were not reverified ¹	\$39,548	\$122,450
Number of months reverifications were overdue	2-5	5

¹ These payments are not necessarily overpayments made to ineligible people. Rather, they are all health care payments the department made between the month the enrollees' coverage period ended and either May 31, 2015, or the month the department completed the reverification, whichever was earlier. We address the over and underpayments to ineligible people in the other findings in this report.

Source: Office of the Legislative Auditor prepared based on the random sample of 157 people.

In December 2014, the department received approval from the U.S. Health and Human Services' Centers for Medicare and Medicaid Services to delay reverifying people's eligibility for their 2015 public health care. The department requested this delay to provide additional time to implement changes to MNsure to support the reverification process. The center approved a two-month delay for MinnesotaCare (until February 28, 2015) and a three-month delay for Medical Assistance enrollees scheduled for reverification in January and February 2015. However, the federal approval to delay reverification did not relieve the department from state legal requirements.¹⁷ In addition (as shown by number of months the reverifications were overdue in Table 4 above), overdue reverifications exceeded the two-month (MinnesotaCare) and three-month (Medical Assistance) extensions approved by the Centers for Medicare and Medicaid Services.

Factors Contributing to the Delays

Connectivity Problems Between MNsure and the Federal Services Data Hub. With the implementation of the Affordable Care Act, the method of reverifying enrollees' eligibility for public health care programs changed. Federal regulation now requires the states to "...make a redetermination [reverification] of eligibility without requiring information from the individual if able to do so based on reliable information contained in the individual's account or other more

¹⁷ *Minnesota Statutes* 2015, 256L.05, subd. 3a.

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

current information available to the agency...”¹⁸ The “other more current information” includes data accessible to MNSure through the Federal Services Data Hub. If the information MNSure obtains from the federal hub is sufficient to determine the enrollee is still eligible for a public health care program, MNSure automatically updates the enrollee information and sends a notice to the enrollee indicating the enrollee remained eligible for the program. If MNSure cannot conclude the enrollee is still eligible based on the information in the federal hub, it generates a letter requesting the enrollee provide additional information. During the 2015 reverification process, however, the connection between MNSure and the federal hub had problems obtaining information and fewer people than the department expected were automatically reverified. Department staff said they identified the problem in April 2015. As a result, staff had to manually review more accounts than expected, which contributed to significant delays.

Problems and Delays with Notification Letters. The department also had problems with the notification letters MNSure generated. Federal regulations say the state must send notification letters to enrollees informing them of the outcome of the automated reverification process done by MNSure.¹⁹ If MNSure was able to reverify that the enrollee remained eligible, the department must notify the enrollees of the eligibility determinations and request the enrollees report back if any of the information in the notification letters was inaccurate.

If MNSure cannot automatically reverify that the enrollees remained eligible for a public health care program, the department must send pre-populated forms to the enrollees that contain the information available to MNSure and identify the additional information the enrollees should submit to the department. The enrollees have 30 days from the date on the notification letter to submit the additional information. Once the department receives the additional information, it can determine if the enrollees are still eligible for the program they are currently enrolled in, eligible for another public health care program, or not eligible for a public health care program.

Table 5 shows that, based on our random sample of 157 people, MNSure did not generate notification letters for some people and generated all others late.

¹⁸ 42 CFR, sec. 435.916 (a)(2) (2015).

¹⁹ 42 CFR, sec. 435.916 (a) (2015).

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

Table 5
Delays in the MNSure Reverification Notification Letters
As of May 31, 2015

	<u>Medical Assistance</u>	<u>MinnesotaCare</u>
Total number of enrollees due for reverification	62	43
Notifications not sent:		
Notification not sent to enrollees ¹	10	9
Percent of total enrollees	16%	21%
Range of months notification overdue	1-6	4-6
Notifications sent late:		
Notification not promptly sent ²	52	34
Percent of total enrollees	84%	79%
Range of months notification overdue	1-2	1-2

¹ If the department had not sent notification letters by May 31, 2015, we included the enrollees in the *Notifications not sent* category. The department sent most of these enrollees a notification letter in July 2015.

² According to the department's policy, MNSure should send the notification letter to the enrollee at least one month before the new coverage period begins to allow for updating the person's information in MNSure. We did not take into account the Centers for Medicare and Medicaid Services approval to delay the reverification process when we determined the notifications were sent late.

Source: Office of the Legislative Auditor prepared based on the random sample of 157 people.

In response to our findings in Table 5, the department's staff said they delayed sending notification letters beyond May 31, 2015, to 16 enrollees because of known defects in MNSure or other known problems. Once the department fixed the defects in July 2015, it allowed MNSure to generate the notification letters. The majority of these enrollees belonged to households where some members were on Medical Assistance and others on MinnesotaCare.

As shown in the *Notifications sent late* section of Table 5, the department delayed sending letters one or two months to 86 people because the Centers for Medicare and Medicaid Services approved a delay in the reverification process. However, according to the department's policy, MNSure needed to send the notification letters at least one month before the enrollee's coverage period ends to ensure the department completes the reverification process before the new coverage period begins and complies with the reverification requirements in the state statutes.

In addition to the problems with the connection between MNSure and the federal hub, the delay in sending out the notification letters contributed to enrollees' eligibility not being reverified within the required timelines. The delays increased the risk that ineligible people continued to receive benefits months after they became ineligible.

Recommendations

- *The Department of Human Services should confirm that Medical Assistance and MinnesotaCare enrollees remain eligible for a public health care program within the requirements of federal and state laws.*
- *The Department of Human Services should send out notification letters one month before enrollees need their eligibility reverified.*

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:

The department has worked with MN.IT Services to implement and improve system functionality related to renewals processing and timeliness. This work will continue in 2016. We will review the renewals timeline and adjust accordingly to ensure enrollees have one month to respond to renewal letters and county and state workers have time to process renewals timely. We will seek continued system improvement and improve enrollee renewal letters.

Responsible Person: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: Ongoing

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	\$8,098 – Basic Health Program \$1,875 – Medical Assistance
Federal Project Nos./ Award Year:	Basic Health Program – None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-005 (16-02-5) *Noncompliance with eligibility requirements for citizenship and social security information.*

5. The Department of Human Services did not resolve discrepancies with social security numbers, citizenship or immigration status, or household income that MNsure identified for further verification.²⁰ This is a repeat finding.

With a few exceptions, federal regulations and state law require public health care program applicants to furnish the following information:

- a valid social security number,²¹
- citizenship or immigration status, and²²
- household income.²³

MNsure verifies the applicant reported social security numbers, citizenship or immigration status, and household income by matching the information to records from the Social Security Administration, U.S. Department of Homeland Security, Internal Revenue Service, and

²⁰ Discrepancies include, 1) data MNsure finds inconsistent with the information reported by the applicant, 2) verified income that is not reasonably compatible with the income reported by the applicant, and 3) data that is not available through the Federal Services Data Hub. If the federal hub is not available at the time MNsure attempts to validate information, MNsure creates a discrepancy for further verification.

²¹ 42 CFR, sec. 435.910 (a) (2015) for Medical Assistance and *Minnesota Statutes* 2014, 256L.04, subd. 1(a), for MinnesotaCare.

²² *Minnesota Statutes* 2014, 256B.06, subd. 4 and 42 CFR, sec. 435.406 (2015) outline the citizenship and immigration status requirements for Medical Assistance and *Minnesota Statutes* 2014, 256L.04, subd. 10 for MinnesotaCare.

²³ The definitions for household income are found in 42 CFR, sec. 435.603 (d) and (e) (2015) for Medical Assistance and 42 CFR, sec. 600.5 (2015) for MinnesotaCare.

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

Minnesota Department of Employment and Economic Development.²⁴ When MNsure finds there is no data from these sources or the data is not reasonably compatible with the information reported by the applicant, MNsure notifies the applicant and requests additional information.²⁵ With the exception of potential Medical Assistance enrollees needing verification of their household income, states are required to enroll individuals in such programs during the verification process.²⁶

Applicants have 95 days from the date the department notifies them (that is the date on the notification letter) to provide additional information.²⁷ If applicants do not respond or do not have a good reason for not responding, federal regulations require the department to determine eligibility for public health care programs based on information from the Social Security Administration and U.S. Department of Homeland Security. The department must also inform applicants if it cannot verify the information that the department could drop the applicant from the program.²⁸

Unresolved Discrepancies found from the Sample of 157 People

Of the 157 people from our random sample, 58 needed information verified.²⁹ Table 6 shows the number of enrollees where the eligibility workers did not verify the social security numbers, citizenship or immigration status, and/or household income within 95 days.

²⁴ The information from the Social Security Administration, U.S. Department of Homeland Security, and Internal Revenue Service pass through the Federal Services Data Hub to MNsure. MNsure has a direct connection to the information at the Minnesota Department of Employment and Economic Development.

²⁵ MNsure creates different types of notification letters depending on whether someone newly applied for coverage or the department needs to reverify an enrollee's eligibility for a public health care program.

²⁶ 42 CFR, sec. 435.910 (f) (2015) for Medical Assistance social security number; *Minnesota Statutes* 2014, 256L.04, subd. 1a,(b), for MinnesotaCare social security number; and 42 CFR, sec. 435.406 (2015) for Medical Assistance and MinnesotaCare – citizenship and alienage. If MNsure cannot verify the household income used for the Medical Assistance Program, the department cannot enroll someone in the Medical Assistance program until it verifies the income with the applicant.

²⁷ 45 CFR, sec. 155.315 (b)(2) and (c)(3) (2015) and 42 CFR, sec. 435.407 (k).

²⁸ 45 CFR, sec. 155.315 (f)(5) (2015).

²⁹ The department overpaid health care costs for many of these 58 people, and we discuss the overpayments in the other findings of this report. However, 7 of 58 people are not included in the other findings, and because the discrepancies were not verified within the 95 days and the accounts were not closed, the department overpaid \$9,542 in health care costs.

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

Table 6
Sampled Enrollees With Eligibility Discrepancies Not Resolved
Within 95 Days From Date on Notification Letter
As of May 31, 2015

	Total Eligibility Verifications ¹	Unresolved		Percent Unresolved
		New Enrollees	Enrollees up for Reverification	
<u>Medical Assistance</u> ²				
Citizenship/Immigration Status	10	3	5	80%
Social Security Number	5	0	3	60%
<u>MinnesotaCare</u>				
Citizenship/Immigration Status	7	0	6	86%
Social Security Number	1	0	1	100%
Projected Annual Income ³	36	4	25	81%

¹ Some of the people had more than one type of information that needed verification. For example, one person needed to provide evidence of their social security number and citizenship/immigration status.

² MNsure should not enroll a person in Medical Assistance until the household income is verified; however, as explained in Findings 6 and 8, MNsure did not always correctly verify the household income.

³ MNsure identifies a discrepancy if the projected annual income reported by the applicant is not reasonably compatible with the income data from other sources, including the Department of Employment and Economic Development and the Federal Services Data Hub.

Source: Office of the Legislative Auditor prepared based on information from MNsure for the random sample of 157 people.

In addition, an eligibility worker did not correctly verify one woman's social security number. The woman filed a paper application in March 2015 and wrote the wrong number. MNsure correctly identified that the social security number did not match the number provided through the Federal Services Data Hub, and MNsure generated a notification letter requesting additional documentation from the applicant. The worker did not follow the procedure in ONESource when clearing the discrepancy in MNsure and validated the incorrect number originally entered into MNsure. The woman died one month after enrolling in Medical Assistance, and county workers could not identify and close her account because MNsure had the wrong social security number. As a result, the department continued to pay the managed care premiums and, as of May 31, 2015, overpaid \$432.

Unresolved Discrepancies Found from Data Analysis

Based on data analysis of social security numbers, we found additional instances where the department failed to resolve or the eligibility workers incorrectly resolved discrepancies with the social security numbers. On closer examination of 20 of these potential errors, we found:

- The department or county did not verify the social security number for 14 people within the required 95 days. Of those 14 people, MNsure showed 13 still had unresolved discrepancies as of May 31, 2015. The number of days the discrepancy remained unresolved after the 95 days ranged from 48 to 446 days.

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

- The eligibility workers did not correctly verify the social security numbers for three people that MNsure correctly identified for further verification. In these instances, the applicant entered the wrong social security number into MNsure, and that number was already in use by another enrollee. For two of the three people, the eligibility workers received documents from the applicant with the correct social security number but failed to correct the number in MNsure. For the third person, the eligibility worker made a note in MNsure identifying that the social security number listed was incorrect. However, the worker did not clear the discrepancy, and it remained unresolved as of May 31, 2015.

Factors Contributing to the Discrepancies Not Being Resolved

The following factors contributed to the discrepancies not being resolved within the required 95 days:

- The department did not program MNsure to alert workers when the 95-day period was nearing. Eligibility workers do not become aware that discrepancies need verification until they receive the additional documentation from the applicant or look at the MNsure account for a different reason, for example, if enrollees call and ask questions about their coverage. Had MNsure alerted workers of the discrepancies, they could have followed up with the enrollees and resolved the discrepancies within 95 days.
- According to department staff, MNsure does not automatically terminate an enrollee's coverage at the end of the 95 days when the enrollee does not respond to the notification letter requesting additional evidence.
- Many of the discrepancies remained unresolved since 2014 when the department first implemented MNsure. Department staff said they would resolve any lingering discrepancies at the time they reverified that enrollees remained eligible for a public health care program; however, as described in Finding 4, the department significantly delayed re verifying that enrollees remained eligible.
- As mentioned in Finding 3, the department did not adequately train eligibility workers.

Had the department resolved discrepancies within the 95-day requirement, it could have prevented many overpayments similar to those mentioned in the other findings of this report.

Recommendations

- *The Department of Human Services should complete the necessary MNsure changes and enhancements to track and resolve discrepancies within the required 95 days.*
- *The Department of Human Services should assess whether people who do not return the required information within 95 days are eligible by using information from other electronic sources and terminate coverage when it determines people are not eligible.*

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:

Response to Audit Recommendation 5-1

DHS and MN.IT are assessing this issue, and will work to determine enhancements needed in METS or related business processes to track and resolve discrepancies of this type. The timing of IT fixes or enhancements depends on prioritization decisions made by the MNsure Executive Steering Committee.

Responsible Person: Scott Peterson, MN.IT Services

Estimated Completion Date: November 2016

Response to Audit Recommendation 5-2

The department's policy, based on federal requirements, requires the use of electronic data sources to verify an individual's attestation of eligibility factors. If verification cannot be made through this process, the individual's eligibility is determined based on their attestation. If eligible they are provided coverage and given a 95 day period to provide the verification. If they fail to do so their coverage should be terminated. The department is developing business processes to close enrollees in this circumstance and will work with MN.IT Services to develop needed system functionality.

Responsible Person: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: November 2016

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	\$48,144 – Basic Health Program \$50,858 – Medical Assistance
Federal Project Nos./ Award Year:	Basic Health Program – None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-006 (16-02-6) Noncompliance with eligibility requirements over income.

6. The Department of Human Services paid Medical Assistance and MinnesotaCare benefits for enrollees whose incomes exceeded federal and state program limits. This is a repeat finding.

Enrollment in public health programs is limited to people with low incomes. Federal regulations require the department to verify that income reported by an applicant is “reasonably compatible” with income records from the Minnesota Department of Employment and Economic Development, Internal Revenue Service, and Social Security Administration.³⁰ The department uses MNsure for this purpose. If MNsure finds an applicant’s reported income is not reasonably compatible with records at these other sources, federal regulations require the state to “confirm the accuracy of the information submitted by the application filer.”³¹

We concluded the household income for 42 of 157 people exceeded the income thresholds for the program in which they were enrolled, and only four of those people were eligible for a different public health care program. The department overpaid \$94,409 for these 42 ineligible people.

Many factors contributed to the department enrolling these 42 people in public health care programs when they were not eligible, including the problems explained in Findings 2 through 5 and Finding 7.

Another important factor includes the timeliness of income information that is available through the Department of Employment and Economic Development and Federal Services Data Hub. Minnesota employers report wage information to the Department of Employment and Economic Development quarterly, and the quarterly information is not available until the second month

³⁰ 45 CFR, sec. 155.320 (c)(1)(i)(A) and (B) (2015) and 42 CFR sec. 435.948.

³¹ 45 CFR, sec. 155.315 (f)(1) (2015).

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

after the quarter ends.³² Federal income tax information can be more than a year old because people only file taxes annually.

Because eligibility workers do not have direct access to the Department of Employment and Economic Development's wage and unemployment information, they rely on MNsure and information from the applicant. MNsure obtains and displays the wage and unemployment information used at the time of application. However, it does not display the information it uses to verify an enrollee remained eligible at the end of the 12-month coverage period. Had MNsure allowed workers to view the wage and unemployment information after each reverification process, many of the errors noted in this finding may have been avoided.

Prior to the Affordable Care Act (ACA), federal regulations required states to electronically check an enrollee's reported income against state wage information at least every three months.³³ However, when the ACA eliminated this regulation effective January 2014,³⁴ the department discontinued its quarterly file matches.

Ineligible Medical Assistance Enrollees due for Reverification of Eligibility

Federal regulations say the financial eligibility for Medical Assistance enrollees is "based on current monthly household income and family size."³⁵ Based on this requirement, we used the wage and unemployment information from the Department of Employment and Economic Development for the same time period the enrollees received benefits, specifically, January through March 2015. For nonwage income, for example pension and self employment income, we used the 2014 tax information from the Department of Revenue since that was the most current tax information available.

Table 7 shows the Medical Assistance enrollees we concluded were ineligible because their income during the months we tested exceeded the program limits. This table also shows the income MNsure used to determine their eligibility and the health care payments through May 31, 2015, that the department made while these people were ineligible for Medical Assistance.

³² *Minnesota Statutes* 2015, 268.044, subd. 1.

³³ 42 CFR, sec. 435.952 (a) (2011) and 42 CFR, sec. 435.948 (a) (2011).

³⁴ Federal Register, Vol. 77, No. 57, March 23, 2012, page 17212.

³⁵ 42 CFR, sec. 435.603 (h) (2015).

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

Table 7
Income Comparisons for Sampled Enrollees
Ineligible for Medical Assistance at the Time of Reverification
As of May 31, 2015

Sample Enrollee	Household Income Limit¹	Applicant Attested Income²	Auditor Verified Income³	Health Care Over (Under) Payments through May 2015
Adult	\$15,521	\$11,520	\$23,184	\$849
Two Children	65,588	58,800	99,802	1,951
Two Adults	20,921	16,152	40,225	8,215
Adult	15,521	0	45,004	3,927
Adult	15,521	15,121	25,014	4,091
Adult	37,120	0	53,340	833
Adult	15,521	8,306	29,956	3,950
Adult	15,521	8,208	65,215	728
Adult	15,521	0	24,054	4,359
Adult	15,521	0	39,236	3,340
Two Parents	37,120	33,904	52,980	651
Child ⁴	26,321	0	37,796	(84)
Child	54,423	39,410	82,003	1,080
Parent	20,921	0	32,240	2,671
Parent ⁵	20,921	0	29,448	0
Two Parents	31,721	12,500	47,027	4,933
Adult	15,521	12,764	34,856	3,340

¹ The income limits were based on the number of family members in the household and the percent of federal poverty guidelines for the type of individual. See Appendix C for the federal poverty guidelines.

² The applicant attested income is the most recent income from MNSure that the applicant reported and, when applicable, subtracting 5 percent of the federal poverty level from the applicant attested income, as required by *Minnesota Statutes* 2015, 256.B.056, subd. 1a(b)(2).

³ We calculated the auditor verified income using quarterly wage and unemployment data at the Department of Employment and Economic Development and 2014 tax return information at the Department of Revenue.

⁴ This child turned age 19 in 2014, which reduced the Medical Assistance income limit for his age group from \$54,423 to \$26,321. He was not eligible for Medical Assistance in 2015 but was eligible for MinnesotaCare.

⁵ This parent was eligible for MinnesotaCare, and the department did not make an overpayment because it had not paid any managed care premiums for this parent. All the health care costs were payments directly to health care providers.

Source: Office of the Legislative Auditor based on information in MNSure, the Department of Employment and Economic Development's wage system, Department of Revenue 2014 tax returns, and the Medicaid Management Information System. The people listed in this table were included in our random sample of 157 people.

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

Ineligible MinnesotaCare Enrollees Due for Reverification of Eligibility

Effective May 22, 2015,³⁶ state statutes define household income for MinnesotaCare enrollees as “projected annual income for the applicable tax year.”³⁷ Since the implementation of MNsure in October 2013, the department had used the projected annual income to determine eligibility for MinnesotaCare and based that decision on the federal regulations related to the Affordable Care Act’s premium tax credit program.³⁸

Projected annual income means the income the MinnesotaCare enrollees expect to make in the upcoming calendar year. MNsure verifies the projected annual income is “reasonably compatible” with income data available at the Department of Employment and Economic Development and the Federal Services Data Hub. To audit the projected annual income, we used the January through March 2015 wage and unemployment information from the Department of Employment and Economic Development and projected that income for all of calendar year 2015. We also used the 2014 tax information from the Department of Revenue to identify any other types of nonwage income, for example, self-employment and pension income.

Table 8 shows the MinnesotaCare enrollees we concluded were ineligible because the projected annual income we calculated exceeded the program limits. This table also shows the projected annual income MNsure used to determine their eligibility and the health care payments through May 31, 2015, that the department made while these people were ineligible for MinnesotaCare.

³⁶ *Minnesota Session Laws* 2015, chapter 71, article 11, sec. 47.

³⁷ *Minnesota Statutes* 2015, 256L.01, subd. 5.

³⁸ 45 CFR, sec. 155.320 (c)(3)(ii) (2015).

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

Table 8
Income Comparisons for Sampled Enrollees
Ineligible for MinnesotaCare at the Time of Reverification
As of May 31, 2015

Sample Enrollee	Household Income Limit¹	Applicant Attested Income²	Auditor Verified Income³	Health Care Overpayments through May 2015
Parent	\$47,770	\$18,900	\$60,315	\$1,929
Adult	23,340	22,048	25,016	3,038
Adult	23,340	22,000	26,618	2,948
Adult	23,340	20,337	50,769	2,948
Two Adults ⁴	39,580	34,666	45,654	5,988
Adult	23,340	20,591	25,871	2,613
Adult	31,460	21,768	36,273	2,613
Adult	23,340	22,823	26,450	2,709
Parent	47,700	40,040	48,380	1,929
Two Parents	63,940	62,680	67,450	3,783
Parent	31,460	22,090	55,870	1,889
Adult	23,340	19,838	38,559	3,132
Parent	23,340	22,088	30,724	1,933
Parent	39,580	26,000	64,827	1,167
Two Parents	55,820	49,680	75,653	3,818

¹ The income limits were based on the number of family members in the household, and the percent of federal poverty guidelines for the type of individual. See Appendix C for the federal poverty guidelines.

² This applicant attested income is the most recent projected annual income from MNsure reported by the applicant.

³ We calculated the auditor verified income using quarterly wage and unemployment data at the Department of Employment and Economic Development and 2014 tax return information at the Department of Revenue.

⁴ These two adults are from the same household.

Source: Office of the Legislative Auditor based on information in MNsure, the Department of Employment and Economic Development's wage system, Department of Revenue 2014 tax returns, and the Medicaid Management Information System. The people listed in this table were included our random sample of 157 people.

Ineligible Enrollees at the Time They Applied

As shown in Table 9, we found people whose household income reported in MNsure exceeded their income at the time they applied for coverage. This table also shows the income MNsure used to determine their eligibility and the health care payments through May 31, 2015, that the department made while these people were ineligible.

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

Table 9
Income Comparisons for Sampled Enrollees
Ineligible at the Time of Application
As of May 31, 2015

Sample Enrollee	Household Income Limit ¹	Applicant Attested Income ²	Auditor Verified Income ³	Health Care Overpayments through May 2015
Medical Assistance:				
Adult ⁴	\$20,921	\$1,927	\$35,193	\$3,547
Adult ⁴	\$20,921	\$1,927	\$35,193	\$2,474
MinnesotaCare:				
Adult	\$23,340	\$22,128	\$26,561	\$1,116

¹ The income limits were based on the number of family members in the household, and the percent of federal poverty guidelines for the type of individual and program. See Appendix C for the federal poverty guidelines.

² This applicant attested income is the most recent income from MNsure reported by the applicant.

³ We calculated the auditor verified income using quarterly wage and unemployment data at the Department of Employment and Economic Development and 2014 tax return information at the Department of Revenue.

⁴ These two adults are from the same household.

Source: Office of the Legislative Auditor based on information in MNsure, the Department of Employment and Economic Development's wage system, Department of Revenue 2014 tax returns, and the Medicaid Management Information System. The people listed in this table were included in our random sample of 157 people.

Children on MinnesotaCare Not Eligible for a Public Health Care Program

Generally, children are not eligible for MinnesotaCare because the income limits for the Medical Assistance program for children are higher than the limits for MinnesotaCare.³⁹ However, under limited circumstances, some children do not qualify for Medical Assistance but qualify for MinnesotaCare. We identified 1,680 children enrolled in MinnesotaCare and then selected 25 for further review. We concluded four children did not qualify for either Medical Assistance or MinnesotaCare because their parents' income exceeded the limits for both programs.⁴⁰

Table 10 shows the four children enrolled in MinnesotaCare whose household income exceeded both the Medical Assistance and MinnesotaCare income limits. The table also shows the amount of health care costs the department paid for these ineligible children.

³⁹ *Minnesota Statutes* 2014, 256B.056, subd. 4(e), says the Medical Assistance income limit for children under age 19 is 275 percent of the federal poverty level. This is higher than the MinnesotaCare limit for families with children, which *Minnesota Statutes* 2014, 256L.04, subd. 1, sets at 200 percent.

⁴⁰ We also found the department should have enrolled 9 of 25 children in the Medical Assistance program; we discuss one of the children in Finding 1 and the other eight in Finding 8.

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

Table 10
Income Comparison for Sampled MinnesotaCare Children
Ineligible for a Public Health Care Program
As of May 31, 2015

Child	Medical Assistance		MinnesotaCare		Auditor Verified Household Income ⁵	Overpaid Health Care Costs
	Household Income Limit ¹	Household Income ²	Household Income Limit ³	Projected Annual Income ⁴		
1	\$65,588	\$139,992	\$47,700	\$36,855	\$99,000	\$1,042
2	65,588	72,186	47,700	30,700	87,126	1,187
3	65,588	83,113	47,700	27,340	83,126	1,175
4	54,423	73,164	39,580	24,000	57,909	1,187

¹ The Medical Assistance household income limit is based on the number of people in the household and 275 percent of the federal poverty guidelines. See Appendix C for the federal poverty guidelines.

² The Medical Assistance household income is from the income reported by the enrollee in MNSure.

³ The MinnesotaCare household income limit is based on the number of people in the household and 200 percent of the federal poverty guidelines.

⁴ The Projected Annual Income is the income MNSure used to determine the children were eligible for MinnesotaCare.

⁵ The auditor verified household income is from:

- child 1) worker notes in MNSure saying the parent requested the projected annual income be \$99,000,
- child 2) 2014 Income Tax Data from the Minnesota Department of Revenue,
- child 3) the income reported by the enrollee in MNSure during the 2015 renewal process, and
- child 4) wage information from the Department of Employment and Economic Development.

Source: Office of the Legislative Auditor based on information in MNSure, the Department of Employment and Economic Development wage system, Department of Revenue 2014 tax returns, and the Medicaid Management Information System. The children listed in this table were not selected as part of our sample of 157 people.

In our report from last year, we recommended the department consider developing procedures to verify household income with external sources at least quarterly and identify income changes affecting enrollees' eligibility.^{41, 42} The department did not implement this recommendation. However, the 2015 Legislature passed a law that, beginning March 1, 2016, the department must conduct periodic data matching at least once during an enrollee's 12-month period of eligibility to identify those enrollees who may not meet the eligibility criteria for the public health care programs.⁴³ If the department conducts data matching quarterly, it can detect ineligible people enrolled in health care programs sooner.

⁴¹ Office of the Legislative Auditor, Financial Audit Division, *Department of Human Services Oversight of MNSure Eligibility Determinations for Public Health Care Programs*, report 14-22, issued November 12, 2014 (Finding 6).

⁴² The external sources used to verify household income include wage and unemployment information at the Department of Employment and Economic Development and tax information through the Federal Services Data Hub.

⁴³ *Minnesota Session Laws 2015*, chapter 71, article 11, sec. 17.

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

Recommendations

- *The Department of Human Services should consider developing procedures to verify reported income with external sources quarterly to align with the wage information available at the Department of Employment and Economic Development and through the Federal Services Data Hub and identify income changes affecting enrollees' eligibility.*
- *The Department of Human Services should enhance MNsure to display the Department of Employment and Economic Development's wage and unemployment information used to verify people remained eligible for Medical Assistance and MinnesotaCare.*

Minnesota Department of Human Services Response:

The department verifies attested wage and income information with available information in electronic data sources at the time the application or renewal is processed. The METS currently verifies reported income with wage and unemployment information available from the Department of Employment and Economic Development (DEED) and the Federal Services Data Hub (FSDH) at application. The METS currently displays the DEED wage and unemployment information.

The METS also verifies reported income with the FSDH information at renewal. The department will work with MN.IT Services to add DEED wage and unemployment information at renewal and to display this information.

Federal regulations do not permit a determination of ineligibility based solely on these electronic data sources. Therefore, the audit methodology for calculating income eligibility is not comparable to the actual eligibility determination and renewal processes the department is required to complete. For this reason, we are skeptical of the audit's calculation of eligibility errors that contribute to this finding.

The department is working with MN.IT Services to implement the periodic data matching legislation passed in the 2015 session which requires data matching to be conducted at least once during an enrollee's 12-month eligibility period to identify enrollees who may no longer be eligible.

Responsible Person: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: November 2016

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	None – Procedural Finding Only – Basic Health Program \$8,492 – Medical Assistance
Federal Project Nos./ Award Year:	Basic Health Program – None Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-007 (16-02-7) *Noncompliance with eligibility requirements over household size and family relationships.*

7. The Department of Human Services paid health care costs for some ineligible people and paid incorrect costs for others based on the applicants’ reported household size and family relationships. This is a repeat finding.

Federal regulations allow states to accept what applicants list as the number of people in their households and how those people are related to one another unless the state finds contradictory information.⁴⁴ In addition, federal regulations require states to develop plans describing their policies and procedures for verifying applicant information.⁴⁵ The department’s verification plan established that it would accept an applicant’s reported household size and member relationships without further review. Health care costs are based on the eligibility category assigned to the individuals that make up the household.⁴⁶ In addition, MNsure uses the number of household members and their relationships to one another to determine if a person is eligible for a public health care program.

Applicants Not Reporting All Members of the Household

In our sample of 157 people, we found two people who reported only themselves in MNsure; however, based on the Department of Revenue’s 2014 tax information, each had their child living with them. Because of the unreported children, MNsure assigned the parents to the “adult without children” eligibility category rather than the “parent” category. These wrong categories transferred to the medical payment system, and the system paid a higher managed care premium, resulting in overpayments of \$1,483 and \$1,636. Had the department programmed MNsure to

⁴⁴ 45 CFR, sec. 155.320(c)(2) (2015) and 42 CFR, sec. 435.945(a).

⁴⁵ 42 CFR, sec. 435.945(j) (2015).

⁴⁶ Examples of eligibility categories are children under 19, parents, and adults without children.

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

validate the household makeup with tax records, it could have detected these missing family members and prevented the overpayments in premiums.

Applicants Reporting the Wrong Household Member Relationships

Last year we found that MNsure allowed applicants to enter incorrect member relationships between parents and their children. In the household we found last year, the parent(s) incorrectly selected that they were the children and their children were the parents. During this audit, we identified all the children that MNsure classified as adults, and we found MNsure classified 1,582, or 1.4 percent, of the children under age 13 as parents or some other adult.⁴⁷ We then selected 25 children and reviewed each member of the household to see if the family members were eligible for the program in which they were enrolled. We reviewed 82 people and concluded three enrolled in Medical Assistance that were not eligible for the program.

- One father was not eligible for Medical Assistance and should have been enrolled in MinnesotaCare. The 39-year-old father initially reported that he was the parent of his 31-year-old wife and that his two children, ages 3 and 6, were his parents. We assumed he realized his error because he registered himself into MNsure a second time with the correct relationships. MNsure then created a duplicate record for this father but used the initial record to enroll the father in Medical Assistance.⁴⁸ Because of the wrong family relationships in the initial record, MNsure did not take into consideration his wife's income when enrolling him in Medical Assistance. Instead, MNsure used his income alone, which was less than the income limit for the Medical Assistance program. The combined income for both the father and his wife fell within the MinnesotaCare limit. These errors caused the department to overpay \$3,143 in managed care premiums.
- Two children in the same household were not eligible for either Medical Assistance or MinnesotaCare. The 35-year-old mother incorrectly reported in MNsure that her three children, ages 6, 9, and 16, were her parents, and the 6-year-old child was the parent of the 36-year-old father. Because of the wrong family relationships, MNsure excluded the parents' income when determining if the two children were eligible for Medical Assistance, and the department overpaid \$2,230 in managed care premiums.

The department's decision to not verify household size and member relationships caused MNsure to enroll ineligible people in the public health care programs and make unnecessary health care payments. Last year we recommended the department program MNsure to not accept family relationships that are infeasible. For example, parents being younger than children and vice versa; but, as May 31, 2015, the department did not implement that recommendation.

⁴⁷ Examples of adult classifications include grandparents, legal guardians, and foster parents.

⁴⁸ We believed the father was the same person because the date of birth was the same on both records. The errors the applicant entered into MNsure only affected the father's enrollment and not the other family members.

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

Recommendations

- *The Department of Human Services should program MNsure to verify household compositions with information the members reported on their federal income tax returns.*
- *The Department of Human Services should ensure MNsure does not accept invalid member relationships during the enrollment process.*
- *The Department of Human Services should program MNsure to prevent duplicate entries of the same individual.*

Minnesota Department of Human Services Response:

The department will consider the recommendation to verify household composition with the information reported on federal income tax returns. These verifications are not federally required and are not part of our federally approved verification plans.

The department will work with MN.IT Services to pursue system checks to prevent member relationship errors by applicants. The timing of IT fixes or enhancements depends on prioritization decisions made by the MNsure Executive Steering Committee.

MN.IT Services has begun a project to improve the matching logic and merging of duplicate accounts to prevent duplicate entries of the same individual.

Responsible Persons: Nathan Moracco, Assistant Commissioner; Scott Peterson, MN.IT Services

Estimated Completion Date: November 2016

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare)
Questioned Costs:	\$850 – Basic Health Program
Federal Project Nos./ Award Year:	None

Finding Number 2015-008 (16-02-8) *Enrolled participants in the wrong public program.*

8. The Department of Human Services did not detect some people enrolled in MinnesotaCare who were eligible for Medical Assistance. This is a repeat finding

State statutes do not allow people eligible for Medical Assistance to enroll in MinnesotaCare.⁴⁹ Our testing identified the following instances where MinnesotaCare enrollees were eligible, or may have been eligible, for Medical Assistance.

MinnesotaCare Children Eligible for Medical Assistance

Because the Medical Assistance income limit⁵⁰ for children is higher than the MinnesotaCare limit,⁵¹ children generally qualify for Medical Assistance rather than MinnesotaCare. Through data analysis, we identified 1,680 children receiving MinnesotaCare and selected 25 to determine if they should be on Medical Assistance. We concluded 9 of 25 children qualified for Medical Assistance.⁵² We discuss one of these children in Finding 1.

Table 11 shows the other eight children on MinnesotaCare who were eligible for Medical Assistance because the families' household income was lower than the Medical Assistance

⁴⁹ *Minnesota Statutes* 2014, 256L.04, subd. 14.

⁵⁰ *Minnesota Statutes* 2014, 256B.056, subd. 4 (e).

⁵¹ *Minnesota Statutes* 2014, 256L.04, subd. 1.

⁵² Table 10 in Finding 6 shows that 4 of the 25 children had household income higher than both the Medical Assistance and MinnesotaCare income limits and were not eligible for either program. The remaining 12 children were eligible for MinnesotaCare. The requirements for determining which family members' incomes are considered during the enrollment process differ between Medical Assistance and MinnesotaCare. For example, Medical Assistance takes into consideration both parents' incomes as long as the parents live together. However, if the child's parents are not married but living together, the child's MinnesotaCare household income only includes the parent's income who claimed the child on his or her tax return. As a result, the household income used for Medical Assistance could be significantly higher than the MinnesotaCare household income making the child eligible only for MinnesotaCare.

For more detail on the family size requirements see 42 CFR, sec. 435.603(f) (2015) for Medical Assistance and 42 CFR, sec. 600.5 (2015) and 26 CFR 1.36B-1(d) (2015) for MinnesotaCare.

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

income limit. The table also shows the amount of overpayments the department made for the children.

Table 11
Sampled MinnesotaCare Children
With Incorrect Household Incomes in MNsure
Who Should be on Medical Assistance
As of May 31, 2015

Child	Medical Assistance Income Limit ¹	Auditor Verified Household Income ²	Overpaid Health Care Costs Through May 2015 ³
1	\$54,423	\$42,109	\$85
2	43,258	8,145	13
3	54,423	30,000	217
4	87,918	40,795	148
5	32,092	0	171
6	76,753	32,638	148
7	76,753	22,464	21
8	87,918	47,708	47

¹ The Medical Assistance income threshold for children under age 19 is 275 percent of the federal poverty guidelines for the appropriate household size.

² The auditor verified household income is from the income reported by the enrollee in MNsure or wage information from the Department of Employment and Economic Development.

³ The overpaid health care costs are the differences between the Medical Assistance and MinnesotaCare managed care premiums.

Source: Office of the Legislative Auditor, based on information in MNsure, the Department of Employment and Economic Development's wage system, and the Medicaid Management Information System.

We found the following reasons why these eight children were erroneously enrolled in MinnesotaCare:

- An eligibility worker made an error on one of the children's accounts by not following the instructions for processing a household income discrepancy. The error caused MNsure to incorrectly enroll the child in MinnesotaCare. Additional training of eligibility workers may have prevented this error, and we discuss worker training in more depth in Finding 3.
- MNsure correctly showed one child enrolled in Medical Assistance; however, the medical payment system had the child enrolled in MinnesotaCare. We discuss the discrepancies between these two systems in Finding 2.
- The department did not reverify that four children remained eligible for a public health care program by January 1, 2015. The department staff said they planned to correct many of the 2014 enrollment errors MNsure made when they reverified if people remained eligible for a public health care program; however, the delay meant many

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

enrollees continued to be enrolled in the wrong health care program. In Finding 4, we discuss the delays in the reverification process in more detail.

- MNsure incorrectly enrolled one child in MinnesotaCare in February 2015. The department staff said a system defect related to residency caused the error, and they fixed the defect later in February 2015. However, the department did not enroll the child in Medical Assistance until July of 2015, and department staff said they did not identify and correct other people affected by the defect.
- MNsure incorrectly enrolled one child in MinnesotaCare because it incorrectly verified the household income and had a defect that incorrectly calculated the unemployment income. According to department staff, the department fixed the unemployment defect in February 2015.

The family applied in January 2015, and MNsure used the wage and unemployment information from the Department of Employment and Economic Development to verify the household income reported by the applicant. However, MNsure used the March through June 2014, wage information to verify the father's income because the father did not earn wages between July and September 2014, the most recent quarter of wage information available. Department staff said MNsure uses prior quarter wage information, up to one year old, to verify the income the applicant reports in MNsure. However, the father was unemployed when the family applied for coverage and received unemployment income. MNsure did not take into consideration that the father and mother's attested wages were significantly different from the amount MNsure verified.

Table 12 demonstrates the MNsure defect with the wrong unemployment amount and shows the attested household income by the applicant, the income MNsure verified, and the income we verified.

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

Table 12
MNsure Medical Assistance Household Income
Verification for One Family and
Auditor Verified Household Income

Family Member	Type of Income	Attested Income by Applicant ¹	MNsure Verified Income ²	Auditor Verified Income ³
Mother	Wages	\$23,040	\$4,889	\$4,889
Father	Wages	2,000	47,385	0
Father	Unemployment	<u>32,656</u>	<u>10,064</u>	<u>32,656</u>
		<u>\$57,696</u>	<u>\$62,338</u>	<u>\$37,545</u>

¹ The attested income by the applicant is the income reported in MNsure in January 2015.

² The MNsure verified income was the income MNsure pulled from the Department of Employment and Economic Development. The mother's wages came from the 2014 third quarter data, the father's wages came from the 2014 second quarter data, and the father's unemployment shows the defect with the MNsure verification process.

³ The auditor verified income is the 2014 third quarter wage amount from the Department of Employment and Economic Development. The amount used in this table differs from the auditor verified household income in Table 11. In this table, we used the quarter MNsure had available at the time it verified the family's income. In Table 11, we used the quarter that aligned with the months the family received benefits.

Source: Office of the Legislative Auditor, based on information in MNsure, the Medicaid Management Information System, and the Department of Employment and Economic Development.

MinnesotaCare Enrollees Eligible for Medical Assistance

Based on our sample of 157 people (103 enrolled in Medical Assistance and 54 in MinnesotaCare), we concluded 10 of 54 MinnesotaCare enrollees were eligible for Medical Assistance based on their actual wages and other income reported by the departments of Employment and Economic Development and Revenue. Table 13 shows the Medical Assistance household income limits, applicant attested income per MNsure, and the income we verified. The table also shows the incorrect health care costs the department paid because the enrollees were eligible for Medical Assistance.

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

Table 13
Sampled MinnesotaCare Enrollees
With Incorrect Household Incomes in MNsure
Eligible for Medical Assistance
As of May 31, 2015

Sample Enrollee	Medical Assistance Income Limit ¹	Applicant Attested Income ²	Auditor Verified Income ³	Health Care Over (Under) Payments Through May 2015
Parent ⁴	\$31,721	\$44,000	\$25,719	\$(664)
Parent ⁴	31,721	44,000	25,719	(664)
Child age 19 ⁴	31,721	44,000	25,719	84
Parent ⁵	42,520	43,101	27,894	(252)
Parent ⁵	42,520	43,101	27,894	(252)
Child age 19 ⁵	42,520	43,101	27,894	217
Adult	15,521	20,000	7,678	(1,032)
Adult	15,521	16,704	11,684	(1,688)
Adult	15,521	19,606,866,216 ⁶	4,872	(1,032)
Adult	15,521	19,200	14,367	(1,891)

¹ The Medical Assistance income threshold is based on the number of people in the household and the percent of the federal poverty guidelines for the type of individual.

² The applicant attested income is from the current income reported by the enrollee in MNsure.

³ We calculated the auditor verified income using quarterly wage and unemployment data at the Department of Employment and Economic Development and 2014 tax return information at the Department of Revenue..

⁴ These three family members have the same income because they live in the same household. The income limit for children ages 19 and 20 is the same as other adults or 133 percent of the federal poverty level.

⁵ These three family members have the same income because they live in the same household.

⁶ The attested income of \$19.6 billion resulted from a defect in MNsure that the department corrected in April 2014; however, the department did not identify the people affected by the defect and correct the errors. The department planned to correct the errors from this defect when it reverified enrollees remained eligible for a public health care program but had not yet completed the reverification process as of May 31, 2015. For more detail, see the Office of the Legislative Auditor, Financial Audit Division, *Department of Human Services Oversight of MNsure Eligibility Determinations for Public Health Care Programs*, report 14-22, issued November 12, 2014 (Finding 1).

Source: Office of the Legislative Auditor, based on information in MNsure, the Medicaid Management Information System, and the departments of Revenue and Employment and Economic Development.

The factors contributing to the people in Table 13 being enrolled in the wrong program are discussed in Findings 4 and 6 and include:

- Delays in reverifying that people remained eligible for a public health care program;
- MNsure not promptly generating notification letters; and

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

- MNsure and the Federal Services Data Hub using older income information and not reverifying income quarterly.

State statutes require most people enrolled in MinnesotaCare to pay premiums for the health care coverage.⁵³ By enrolling people in MinnesotaCare when they are eligible for Medical Assistance, the department is unnecessarily charging premiums for the lowest income people seeking health care coverage.⁵⁴

Recommendations

- *The Department of Human Services should identify people erroneously enrolled in MinnesotaCare, enroll them in the correct health care program, and reimburse any premiums the enrollees paid while eligible for Medical Assistance.*
- *The Department of Human Services should consider redesigning the way MNsure verifies wage information with the Department of Employment and Economic Development when a person does not have reported wages in the most current quarter available.*
- *The Department of Human Services should identify people affected by the MNsure residency, wage verification, and unemployment defects and ensure these people are enrolled in the correct health care program.*

Minnesota Department of Human Services Response:

The department verifies attested wage and income information with available information in electronic data sources at the time the application or renewal is processed. Federal regulations do not permit a determination of ineligibility based solely on these electronic data sources. Therefore, the audit methodology for calculating income eligibility is not comparable to the actual eligibility determination and renewal processes the department is required to complete. For this reason, we are skeptical of the audit's calculation of eligibility errors that contribute to this finding.

The department will work with MN.IT Services to add DEED wage and unemployment information at renewal and to display this information.

In February 2015 the department corrected the residency and unemployment defects that were cited.

Responsible Person: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: December 2017

⁵³ *Minnesota Statutes* 2014, 256L.15.

⁵⁴ We discuss problems related to the MinnesotaCare premiums in more detail in Finding 11 of this report.

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.640 – Basic Health Program (MinnesotaCare)
Questioned Costs:	\$1,201,232
Federal Project Nos./ Award Year:	None

Finding Number 2015-009 (16-02-9) *Inappropriate use of federal funds to pay for health care costs.*

- 9. The Department of Human Services inappropriately used federal funds to pay for health care costs for MinnesotaCare enrollees age 65 and older and enrolled one person in MinnesotaCare when she was eligible for Medicare. This is a repeat finding.**

Beginning January 1, 2015, when the MinnesotaCare program became a federal Basic Health Program, the department could no longer use federal funds to pay the health care costs of people enrolled in MinnesotaCare who were age 65 and older.⁵⁵ Instead, the department must use all state funds. In addition, state statutes say people eligible for Medicare are not eligible for MinnesotaCare.⁵⁶

We analyzed data in the medical payment system and identified 1,288 people age 65 and older enrolled in MinnesotaCare. We then selected 24 people to see if the department used federal funds to pay their health care costs and if the enrollees were eligible for Medicare. We found one enrollee was eligible for Medicare and, therefore, not eligible for MinnesotaCare. The other 23 were eligible for MinnesotaCare; however, the department used federal funds to pay their health care costs.

System Defect Affecting the Funding of MinnesotaCare Enrollees Age 65 and Older

The department used federal funds to pay about 37 percent of MinnesotaCare enrollees' health care costs. When a person turns age 65, MNsure should automatically prompt the medical payments system to change the person's classification from federal and state funded to just state funded. According to department staff, MNsure and the medical payment system had a defect, and the two systems did not reclassify a MinnesotaCare enrollee's funding percentage when the person turned age 65. The department identified the defect in December 2014, but did not correct it as of May 2015.

⁵⁵ 42 CFR, sec. 600.305(a)(4) (2015).

⁵⁶ *Minnesota Statutes* 2014, 256L.07, subd. 3(b).

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

The department used \$25,219 of federal funds to pay the health care costs of the 23 MinnesotaCare enrollees we tested age 65 and older. Because the system defect affected all MinnesotaCare enrollees age 65 and older, we estimate the department incorrectly used about \$1.2 million of federal funds to pay the healthcare costs of the 1,200 or so MinnesotaCare enrollees age 65 and older.

MinnesotaCare Enrollees Eligible for Medicare

Since our last audit, the department began running reports to identify MinnesotaCare enrollees turning age 65 and removing any from the program if they were eligible for Medicare.⁵⁷ Generally, we found this review process effective. According to the June 2015 report, the department noted that the MNsure account for one person in our review of 24 people had problems reverifying their eligibility for a public health care program. The department could not remove this person from MinnesotaCare until the department fixed the reverification problems with this person's account. The department continued to pay for the health care costs and, as of May 31, 2015, overpaid \$1,232.

Recommendations

- *The Department of Human Services should fix the functionality between MNsure and the medical payment system to ensure the source of funding changes to 100 percent state funded when a MinnesotaCare enrollee turns 65.*
- *The Department of Human Services should determine the amount it owes and reimburse the federal government for the federal funds it used to pay health care costs for MinnesotaCare enrollees age 65 and older.*
- *The Department of Human Services should identify MinnesotaCare enrollees age 65 and older affected by the MNsure reverification problems and remove those no longer eligible for the program.*

Minnesota Department of Human Services Response:

The department and MN.IT Services has been identifying and fixing interface problems between the METS and MMIS and will continue to identify and resolve these issues .The timing of IT fixes or enhancements depends on prioritization decisions made by the MNsure Executive Steering Committee.

The department will determine the amount it owes and reimburse the federal government for the federal funds it used to pay health costs for MinnesotaCare enrollees age 65 and older.

⁵⁷ Office of the Legislative Auditor, Financial Audit Division, *Department of Human Services Oversight of MNsure Eligibility Determinations for Public Health Care Programs*, report 14-22, issued November 12, 2014 (Finding 9).

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

The department will continue to run reports to identify enrollees who become eligible for Medicare, and will redetermine eligibility for these enrollees as appropriate.

Responsible Person: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: Ongoing activity

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

Report 16-02

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.778 – Medical Assistance
Questioned Costs:	\$1,166 – Medical Assistance
Federal Project Nos./ Award Year:	Medical Assistance – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-010 (16-02-10) *Did not ensure newborns turning age one remained eligible.*

10. The Department of Human Services did not ensure newborns turning age one remained eligible for Medical Assistance.

State statutes say an infant born to a woman enrolled in Medical Assistance can be enrolled in the program until the child's first birthday, regardless of the other eligibility requirements.⁵⁸ The department classifies these infants as auto-newborns. Before each infant turns one year old, eligibility workers should determine if the infant will meet all the eligibility requirements by their birthday.

We analyzed data in the medical payment system and identified almost 1,700 infants classified as auto-newborn, whose mothers' accounts originated in the department's legacy eligibility system, and the newborns were added to their account.⁵⁹ We then selected 26 infants to see if a worker reverified the babies were still eligible for Medical Assistance about the time they turned age one. We found, as of May 2015, the workers had not reverified the eligibility for six infants and had reverified another five between 91 and 204 days after the infants' first birthday. The eligibility workers found one of these five infants was not eligible for Medical Assistance, and the department overpaid \$1,166 in health care costs.

According to staff at the department, with the exception of electronic messages sent to workers as reminders to reverify the infants remain eligible for Medical Assistance, the department does not conduct oversight to ensure the eligibility workers complete the reverification process before the infants turned age one. Had the department monitored the workers' follow up of the

⁵⁸ *Minnesota Statutes* 2014, 256B.057, subd. 1(b).

⁵⁹ MAXIS is the department's legacy eligibility system that determined if people were eligible for a public health care program prior to the implementation of MNsure. Because the department had not yet converted all the Medical Assistance enrollees (whose income is determined using the modified adjusted gross income method) to MNsure, many of the infants' Medical Assistance information was in MAXIS.

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

electronic messages, it likely could have prevented overpayments made for infants no longer eligible for Medical Assistance.

Recommendation

- *The Department of Human Services should monitor the counties to ensure the workers reverify the auto-newborns remain eligible for Medical Assistance by their first birthday.*

Minnesota Department of Human Services Response:

The department will monitor counties to ensure workers redetermine eligibility for auto-newborns turning age 1.

Responsible Person: Nathan Moracco, Assistant Commissioner

Estimated Completion Date: November 2016

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

Report 16-06

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services U.S. Department of Agriculture
CFDA Number(s)/ Program Name(s):	10.551 – Supplemental Nutrition Assistance 93.558 – Temporary Assistance for Needy Families 93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Fund 93.640 – Basic Health Plan (MinnesotaCare) 93.778 – Medical Assistance
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	93.558 – 1402MNTANF and 1502MNTANF 93.575 – 1401MNCCDF and 1501MNCCDF 93.596 – 1201MNCCDF, 1301MNCCDF, 1401MNCCDF, and 1501MNCCDF 10.551 – 2014ID281142, 2014IS601842, 2014IS604542, 2014IS802642, 2015IS601842, 2015IS604542, and 2015IS802642 93.778 – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, and 1505MNINCT 93.640 – None

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

- 1. The Department of Human Services did not ensure the effectiveness of controls over eligibility determinations for the Medical Assistance, Basic Health, Temporary Assistance for Needy Families, Child Care and Development Fund, and Supplemental Nutrition Assistance programs. This is a repeat finding.⁶⁰**

In fiscal year 2015, the department continued to have deficiencies in its processes to determine recipients' eligibility for the benefits they received through several federal programs.⁶¹ The department generally works in coordination with the counties to determine eligibility for these programs, although the implementation of the state's health insurance exchange (MNSure) in October 2013 changed the process for the public health care programs, including Medical Assistance and MinnesotaCare.⁶²

The department had the following weaknesses in its eligibility oversight processes:

⁶⁰ Office of the Legislative Auditor, Financial Audit Division Report 15-07, *Department of Human Services Federal Compliance Audit*, (Finding 1) issued March 24, 2015.

⁶¹ For more than ten years, we have reported deficiencies in the state's oversight of eligibility determinations.

⁶² On January 1, 2015, the MinnesotaCare program transitioned to a federal Basic Health Program.

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

Deficiencies in county workers' eligibility determinations – As part of its oversight of the eligibility determinations made by county workers for the Temporary Assistance for Needy Families⁶³ and Child Care and Development Fund⁶⁴ programs, the department reviews the documentation for a sample of cases for each federal program. The reviews address whether the county workers complied with the department's policies and procedures. The reviewers give any potential eligibility errors to the department staff responsible for the program, and the program staff further investigates the causes of the deficiencies in eligibility determinations. Through its sample case reviews, the department can identify changes needed in its policies, procedures, and training to help county workers avoid future errors and can recover overpayments when necessary.

Although the department developed guidance to assist county workers in making eligibility determinations for the **Temporary Assistance for Needy Families** (CFDA 93.558)⁶⁵ program, the number of deficiencies based on the department's case reviews continued to be high. The department's case reviews found that 141 of 288 families, or 49 percent, were potentially not eligible for the program or may have been improperly dropped from the program even though they were eligible. The department's testing identified various deficiencies. For example, in some cases, the county worker's documentation:

- did not show adequate verification of household member relationships or assets,
- had incomplete applications or inconsistent information, or
- was missing identity documents.

During fiscal year 2015, the Temporary Assistance for Needy Families program and policy staff implemented a process for tracking and monitoring corrective action plans sent to counties with potential errors in the eligibility determinations. The department used the counties' responses to the corrective action plans to identify additional guidance the county eligibility workers may need to clarify and reinforce policies and procedures. However, the department did not complete a thorough analysis of the errors and the county responses, including a calculation of the resulting error rate in the eligibility determinations. A more detailed analysis would help the department distinguish between procedural errors and incorrect eligibility determinations, understand the main causes of incorrect eligibility determinations, and develop better guidance and training for county workers.

For the **Child Care and Development Fund Cluster** programs (CFDA 93.575 and 93.596),⁶⁶ the department took steps to reduce the types of errors found through its sample case reviews,

⁶³ *Minnesota Statutes* 2015, chapter 256J, provides the basis for Temporary Assistance for Needy Families eligibility determinations.

⁶⁴ *Minnesota Statutes* 2015, chapter 119B, provides the basis for Child Care and Development Fund program eligibility determinations.

⁶⁵ See Appendix A for federal award numbers for this program.

⁶⁶ *Ibid.*

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

but its fiscal year 2015 sample case reviews indicated the error rates remained high. Steps the department took to reduce errors included:

- sending corrective action plans to counties with potential errors and requiring a written response within 21 days;
- calling county workers on all cases with payment errors to educate them on the policies related to their specific errors and allow the workers to ask questions;
- meeting with staff at several counties to educate workers on the process the department uses to determine errors, the most common eligibility errors, and how to prevent errors;
- updating curriculum for training of new county staff;
- offering webinars for county staff designed to help reduce eligibility errors;
- clarifying and simplifying various policies in program manuals used by county workers; and
- making available other helpful information, for example, a document with the most common eligibility errors and tip sheets.

Despite these efforts, the department found that in 70 of 222 cases reviewed, or 32 percent, it potentially over or underpaid child care providers.⁶⁷ Common errors the reviewers found included incomplete applications and missing documents needed to verify income, address, school and work schedules, and child care provider registrations. Similar to the Temporary Assistance for Needy Families program, the department did not thoroughly analyze the final resolution of those potential errors, calculate the resulting eligibility error rate, and use the results of the analysis to further improve its outreach efforts to county workers.

Inadequate oversight of income discrepancy resolutions – Federal Temporary Assistance for Needy Families (CFDA 93.558) and Supplemental Nutrition Assistance (CFDA 10.551)⁶⁸ regulations require the department to periodically match recipients’ social security numbers and reported incomes to electronic data files at the Internal Revenue Service, Social Security

⁶⁷ In fiscal year 2014, the department determined 69 percent of the cases reviewed did not have sufficient documentation to support the authorized child care hours, or they incorrectly determined family copayments. Based on the *Improper Payments Data Collection Instructions* issued September 30, 2012, by the U.S. Department of Health and Human Services’ Office of Child Care Administration for Children and Families, beginning in fiscal year 2015 the department changed its error calculation standard and based the rate on incorrect payments to child care providers rather than incorrect authorization amounts. Therefore, comparing the 2014 and 2015 error rates would be misleading.

⁶⁸ See Appendix A for federal award numbers for this program.

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

Administration, and Minnesota Department of Employment and Economic Development.⁶⁹ Those regulations further require the department resolve at least 80 percent of the discrepancies found during the matching process within 45 days. However, the department's file matching process had the following control weaknesses:

- The department did not have a formal oversight policy and did not actively monitor the counties timely resolution of income discrepancies. Although reports indicated the state as a whole complied with the federal regulation to resolve at least 80 percent of the discrepancies within 45 days, the department did not monitor whether the counties were effective in meeting this goal. One of nine counties we tested did not meet the 80 percent requirements for all four quarters of fiscal year 2015, and the department did not issue a corrective action plan to the county. A formal oversight policy would give guidance to the department's staff responsible for monitoring the counties' compliance with the discrepancy resolutions. The policy should address how often department staff must review the resolution reports, when to place a county on a corrective action plan, and what the corrective action plan should include. By not monitoring the counties' resolutions of discrepancies and establishing a written policy, the state risks not meeting the 80 percent requirement in the future.
- The current file matching process is ineffective to monitor changes in recipients' eligibility. The department did not make changes to its eligibility system⁷⁰ to better use file matches to identify income and eligibility discrepancies that had a higher risk of affecting eligibility for the Temporary Assistance for Needy Families and Supplemental Nutrition Assistance programs. Because the file matches identify many discrepancies (about 295,000 during fiscal year 2015), we have been skeptical about the diligence of county workers' resolution efforts.

In March 2013, we recommended the department assess the effectiveness of the electronic file matching process so it better identifies discrepancies that have a higher risk of affecting a recipient's eligibility or level of benefits.⁷¹ The department submitted the initial request to the Office of MN.IT Services, the state's information technology office, to change the automated eligibility system in November 2013.⁷² However, as of February 2016, MN.IT had not implemented the department's request. In December 2014, the department and MN.IT combined the project with two related program integrity projects that had federally mandated deadlines. The project work started March 2015

⁶⁹ 45 CFR, sec. 205.55 and 205.56 (a)(1)(iv) for the Temporary Assistance for Needy Families program, and 7 CFR, sec. 273.2 (f)(9) and 7 CFR, sec. 272.8(c)(2) for Supplemental Nutrition Assistance Program. The federal government refers to this matching process as the Income Eligibility and Verification System (IEVS).

⁷⁰ The department's automated eligibility system for the Temporary Assistance for Needy Families and Supplemental Nutritional Assistance programs is MAXIS.

⁷¹ Office of the Legislative Auditor, Financial Audit Division Report 13-05, *Department of Human Services Information Verification in Eligibility Determinations*, (Finding 2) issued March 26, 2013.

⁷² In fiscal year 2015, the department used an automated eligibility system called MAXIS for Temporary Assistance for Needy Families and Supplemental Nutrition Assistance programs.

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

with the federally mandated components scheduled to be completed first. MN.IT staff anticipated MN.IT would begin the project to implement the file matching changes toward the end of fiscal year 2016.

Inadequate oversight of recipient eligibility determined through the state's health

insurance exchange – As mentioned earlier in this finding, the eligibility determination process for new public health care enrollees changed when the state implemented its health insurance exchange (MNsure) in October 2013, including those enrolled in Medical Assistance (CFDA 93.778) and the Basic Health Program (CFDA 93.640).⁷³ The federal Patient Protection and Affordable Care Act requires that MNsure rely on the Federal Services Data Hub to verify applicants' information as a basis for eligibility.⁷⁴

In January 2016, we issued a report that concluded the department had not ensured that Medical Assistance and Basic Health Program recipients who enrolled through MNsure were eligible for the benefits they received.⁷⁵ The report identified many instances where we concluded that the person did not meet federal and state eligibility requirements. Significantly, we concluded that 59 of the 157 people (38 percent) were not eligible for the public health care program in which they were enrolled, and 44 of those people (28 percent) were not eligible for any other public health care program. The report included recommendations to the department to improve its oversight processes.

While verifying the eligibility of people enrolled in these programs is challenging, it is one of the department's essential and fundamental responsibilities to ensure compliance with federal and state laws.

Recommendations

- *The Department of Human Services' Temporary Assistance for Needy Families program policy staff should, (1) thoroughly analyze the causes of the deficiencies in eligibility determinations, (2) improve its policies and procedures based on the analysis, (3) continue to educate county workers, and (4) ensure only eligible families receive benefits.*
- *The Department of Human Services' Child Care Assistance Program staff should thoroughly analyze the causes of the deficiencies in eligibility determinations and continue its efforts to train county workers to ensure only eligible families receive benefits, and the benefits paid are accurate.*

⁷³ See Appendix A for federal award numbers for these programs. The department's MinnesotaCare program is partially funded with federal Basic Health Program funds.

⁷⁴ 45 CFR, sec. 155.320(c)(1)(i)(a) and (b) and 42 CFR, sec. 435.948.

⁷⁵ Office of the Legislative Auditor, Financial Audit Division Report 16-02, *Department of Human Services Oversight of MNsure Eligibility Determinations for Public Health Care Programs*, issued January 28, 2016.

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

- *The Department of Human Services should develop a policy for monitoring the counties' compliance with the 80 percent discrepancy resolution requirement and follow up with counties not meeting the requirement.*
- *The Department of Human Services should work with the Office of MN.IT Services to update the process of matching income data in the eligibility system to information in federal and state databases. The objective of the update is to better identify higher risk income discrepancies for Temporary Assistance for Needy Families and Supplemental Nutrition Assistance programs.*

Minnesota Department of Human Services Response:

Response to Audit Recommendation 1-1

The department agrees with the finding and recommendation. The department has clarified that the results of the program eligibility determination reviews required by federal or state laws are preliminary findings only and should not be construed as final results. The department plans to extend its internal review process for TANF cases. The extended review process will require counties to submit their findings on the corrective action plan to the department to determine whether the preliminary findings are supported or should be overturned. From this documentation, the final error rate can be produced. In addition, these finding will identify strategies most likely to reduce future errors such as:

- Additional training needed for county staff,
- Clearer communication through manuals and bulletins,
- Opportunities for process improvements and efficiencies,
- Suggested legislative fixes to program complexity.

Responsible Persons: Jovon Perry, Director, Economic Assistance and Employment Services; Laurie Grussing, Manager, Program Compliance and Audits

Estimated Completion Date: April 30, 2016, process starts; initial rates determined by October, 31, 2016

Response to Audit Recommendation 1-2

The department agrees with the recommendation. Starting with the reviews currently underway, the department will clarify that the results of the validation reviews required by federal or state law are preliminary findings only and should not be construed as final results. As stated in this report the department currently asks counties to complete corrective action plans. In completing

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

these corrective action plans, counties further investigate preliminary errors and these corrective action plans are then submitted back to the department. Starting with the fiscal year 2016 reviews, the department will now also be making a final error determination once the corrective action plan information is returned from a county and will either support or overturn the preliminary error finding. The department will produce an updated final error rate. In addition, the department will ensure that education and training provided to counties targets final errors as determined through the corrective action plan process.

Responsible Person: Elizabeth Roe, Manager, Child Care Assistance
Laurie Grussing, Manager, Program Compliance and Audits

Estimated Completion Date: April 30, 2016, process starts; initial rates determined by October, 31, 2016

Response to Audit Recommendation 1-3

The department agrees with the recommendation. The department will update and enhance the oversight policy to monitor the counties timely resolution of file matching discrepancies. In addition to statewide monitoring, individual counties that do not meet the timeliness requirement are placed in corrective action status until they resolve IEVS matches timely. There was a gap in oversight during several staffing transitions due to retirements and job changes over the last 6 months. Consistent monitoring will begin again May 1, 2016.

The Department now has dedicated staff that will actively monitor that counties are appropriately resolving the discrepancies and requiring corrective action plans as needed.

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

Estimated Completion Date: May 2016, process starts; results available by July 30th, 2016

Response to Audit Recommendation 1-4

The department agrees with the recommendation. The department is working with the Office of MN IT Service to consolidate other data matching functions.

Responsible Persons: Jovon Perry, Director, Economic Assistance and Employment Services
Scott Peterson, Chief Information Officer, MN.IT at DHS

Estimated Completion Date: December 2016

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

Report 16-06

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services U.S. Department of Agriculture
CFDA Number(s)/ Program Name(s):	10.551 – Supplemental Nutrition Assistance Program 93.558 – Temporary Assistance for Needy Families Cluster 93.563 – Child Support Enforcement 93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Fund 93.640 – Basic Health Program (MinnesotaCare) 93.658 – Foster Care – Title IV-E 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.778 – Medical Assistance Program
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	10.551 – 2014ID281142, 2014IS601842, 2014IS604542, 2014IS802642, 2015IS601842, 2015IS604542, 2015IS802642 93.558 – 1402MNTANF, 1502MNTANF 93.563 – 1404MN4005, 1504MNCSES 93.575 – 1401MNCCDF, 1501MNCCDF 93.596 – 1201MNCCDF, 1301MNCCDF, 1401MNCCDF, 1501MNCCDF 93.640 – None 93.658 – 1401MN1401, 1501MNFOST 93.667 – 1301MNSOSR, 1401MNSOSR, 1501MNSOSR 93.767 – 1405MN5021, 1505MN1081 93.778 – 1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

Finding Number 2015-012 (16-06-2) *Incompatible system access without mitigating controls.*

- 2. The Department of Human Services did not ensure county workers with access to the department’s computer systems needed the access. This is a repeat finding.⁷⁶**

⁷⁶ Office of the Legislative Auditor, Financial Audit Division Report 15-07, *Department of Human Services Federal Compliance Audit*, (Finding 3) issued March 24, 2015.

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

The department did not ensure that counties completed the annual recertification of county workers' access to various state systems.⁷⁷ Thousands of county workers need access to these systems if their job duties require them to determine eligibility for public assistance recipients and/or to process payments on behalf of these recipients.⁷⁸ The purpose of the annual recertification is to determine if the access provided to county workers is still needed. The Office of MN.IT Services is responsible on behalf of the department to verify counties complete and submit recertifications for their employees; however, MN.IT staff told us they had not requested any recertification documents from the counties in fiscal year 2015.⁷⁹

Good information technology controls require that entities restrict access to electronic systems to only users who need the access to accomplish assigned tasks. It also requires a periodic review of the access granted to ensure that only current employees with valid business needs have access to the electronic systems.⁸⁰

By not ensuring that counties recertify that their employees still need the access they have, the department increased the risk that workers who are no longer employed by the counties or who do not have a business need may still have access to the department's systems.

Recommendation

- *The Department of Human Services should work with the Office of MN.IT Services to ensure counties annually recertify that their employees have job-related duties corresponding to their access to the department's computer systems.*

⁷⁷ The department's systems include software applications used by department and county employees to determine the eligibility of recipients on public assistance and process various benefit payments. These include: Minnesota Eligibility Child Care, MAXIS (the cash and food assistance system), Medicaid Management Information System, MNsure/Minnesota Eligibility Technology System, Social Services Information System, and PRISM (the child support enforcement system).

⁷⁸ This finding applies to the following major federal programs: Supplemental Nutrition Assistance Program (CFDA 10.551), Temporary Assistance for Needy Families (CFDA 93.558), Child Support Enforcement (CFDA 93.563), Child Care and Development Fund Cluster (CFDA 93.575 and 93.596), Foster Care (CFDA 93.658), Social Services Block Grant (CFDA 93.667), Children's Health Insurance Program (CFDA 93.767), Basic Health Program (CFDA 93.640) and Medical Assistance Program (CFDA 93.778). See Appendix A for federal award numbers for these programs.

⁷⁹ The Office of MN.IT Services provides information technology services to the Department of Human Services and other state agencies.

⁸⁰ National Institute of Standards and Technology 800-53, Revision 4, Audit Control-6 "Least Privilege," Control Enhancement (7), and Minnesota Management and Budget's Statewide Operating Policy, Security and Access, Number 1101-07.

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:

Response to Audit Recommendation 2

We agree with the finding and recommendation. MN.IT Services is working with the department to identify and implement controls to help ensure that recertification reports are completed annually.

Responsible Persons: Chris Luhman, Information Security Manager, MN.IT @ DHS; Gary Johnson, Director, Internal Audits Office

Estimated Completion Date: December 2016

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

Report 16-06

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.558 – Temporary Assistance for Needy Families
Questioned Costs:	\$579
Federal Project Nos./ Award Year:	1402MNTANF and 1502MNTANF

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

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

The department did not reduce Temporary Assistance for Needy Families (CDFA 93.558) cash assistance benefits for 2 of 25 recipients tested who refused to cooperate with child support enforcement requirements.⁸¹ Federal regulations require state agencies to reduce recipients’ cash assistance benefits by no less than 25 percent when the recipients refuse to cooperate with establishing paternity or establishing, modifying, or enforcing a support order with respect to a child of a recipient.⁸²

The child support enforcement system sends notification messages to county workers through the department’s eligibility system⁸³ to reduce recipients’ benefits when custodial parents initially refused to cooperate with child support enforcement requirements. The county workers received the notification of the two recipients in our sample who were not cooperating with the child support enforcement requirements; however, they did not follow the child support sanction policy.⁸⁴

One recipient in our sample received a total overpayment of \$452 because the county worker did not apply the sanction in the correct month and then removed the sanction a month too soon after the recipient began cooperating. We also found the department overpaid another recipient in our sample \$127 because the county worker removed the sanction one month early.

⁸¹ See Appendix A for federal award numbers for this program.

⁸² 45 CFR, sec. 264.30.

⁸³ MAXIS is the eligibility system for the cash and food assistance programs, including the Temporary Assistance for Needy Families and Supplemental Nutrition Assistance programs.

⁸⁴ Department of Human Services Combined Manual, Child Support Sanctions, section 12.24.

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

Federal regulations allow the federal Department of Health and Human Services to penalize states for failure to substantially comply with these sanction requirements.⁸⁵

Recommendations

- *The Department of Human Services should ensure county workers sanction the cash assistance benefits for recipients who do not cooperate with the child support enforcement requirements.*
- *The Department of Human Services should develop additional training for county workers that addresses the child support sanction policy.*

Minnesota Department of Human Services Response:

Response to Audit Recommendation 3

The department agrees with the recommendation. The department will review the policy manual to ensure the sanction policy is clear for county workers when clients fail to cooperate with child support. The department will also review the training curriculum on sanction policy for new county workers and will present a reminder of the child support cooperation and sanction policy at the next mentor meeting.

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

Estimated Completion Date: June 30, 2016

⁸⁵ 45 CFR, sec. 264.31.

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

Report 16-06

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Funds
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	93.575 – 1401MNCCDF, 1501MNCCDF 93.596 – 1201MNCCDF, 1301MNCCDF, 1401MNCCDF, and 1501MNCCDF

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

4. The Department of Human Services did not always perform on-site licensing reviews of child care centers within the required timeframe. This is a repeat finding.⁸⁶

The department licenses all child care centers in Minnesota. Many child care centers receive federal money from the department because they provide services to families eligible to participate in the Child Care and Development Fund programs (CFDA 93.575 and 93.596).⁸⁷ The Child Care and Development Fund allows each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within the state.

In addition to paying for eligible families’ child care, the department uses federal money to administer the program. In the Child Care and Development Fund plan it submits to the federal government,⁸⁸ the department certifies that procedures are in place to ensure that child care centers comply with applicable state health and safety requirements.⁸⁹ The plan states that the department’s licensing staff will perform on-site reviews of child care centers once every two years to ensure compliance with these requirements.⁹⁰

The department, however, did not always perform on-site reviews of child care centers once every two years. We selected 40 child care centers for review and found that the department

⁸⁶ Office of the Legislative Auditor, Financial Audit Division Report 15-07, *Department of Human Services Federal Compliance Audit* (Finding 5), issued March 24, 2015.

⁸⁷ 45 CFR, Part 98, established the Child Care and Development Fund (CCDF). The purpose of the fund is to increase the availability, affordability, and quality of child care services. This program offers federal funding to states, Indian Tribes, and tribal organizations in order to provide low-income families with necessary child care services and to enhance the quality of child care and early development programs.

⁸⁸ The department submits its plan to the U.S. Department of Health and Human Services’ Administration for Children and Families (ACF).

⁸⁹ 45 CFR, sec. 98.41 (d), requires the department to certify that procedures are in effect to ensure that child care service providers comply with applicable health and safety requirements.

⁹⁰ Child Care Development Plan, section 3.1.2.

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

delayed on-site reviews beyond two years for 18 centers, with an average delay of three months. Table 2 below shows the results from our testing:

Table 2
Length of the Delays in Child Care Center On-Site Licensing Reviews

<u>Delay in Reviews (in months)</u>	<u>Number of Child Care Centers</u>
2 months or under	6
Between 3 and 4 months	9
Between 5 and 6 months	1
Between 7 and 8 months	<u>2</u>
Total delayed reviews	18

Source: Auditor prepared based on documentation provided by the department's licensing division.

During on-site licensing reviews, the state inspectors can verify that the child care centers met requirements pertaining to the prevention and control of infectious diseases, the safety of building and physical premises, and providers' training for basic health and safety practices. Without timely on-site licensing reviews, health and safety issues may exist at child care centers and not be detected and corrected.

A key feature of the federal Child Care and Development Block Grant Act of 2014,⁹¹ which reauthorizes the Child Care and Development Fund program, is an increased focus on the improved health and safety of children. One of the changes requires an annual, unannounced, on-site review of licensed child care centers. The department must demonstrate the ability to comply with this requirement by September 30, 2016.

Recommendation

- *The Department of Human Services should ensure it performs on-site reviews and enforces licensing requirements for child care centers within the required two-year period.*

Minnesota Department of Human Services Response:

Response to Audit Recommendation 4

The State currently employs 9.5 child care licensors, 2 supervisors and 1 manager who are responsible for monitoring 1,600 child care centers. This results in a caseload ration of approximately 1:170. The funding of child care center licensing staff is supported largely by licensing fees. Increasing staff sufficient to ensure 100% compliance with a two-year review cycle would require additional resources and funding that could significantly increase licensing fees.

⁹¹ Public Law 113-186.

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

In addition, the federal Child Care and Development Block Grant Act of 2014, enacted on November 19, 2014, will require several significant changes for child care center licensing activities. Many of the changes will require state law changes, funding, and/or systems programming changes. Perhaps the most significant changes for child care licensing activities is the requirement for States to conduct annual unannounced inspections of child care centers (and family child programs) to monitor for compliance with all child care licensing standards. While the new law does not mandate a caseload ratio, it does require the State to certify that it has policies and procedures in place to successfully achieve annual unannounced inspections. Failure to meet this benchmark could result in financial penalties against the CCDF block grant.

DHS is preparing for implementation of these provisions, which will require passage of state legislation and the identification of additional resources to meet the more demanding inspection and monitoring requirements.

Responsible Person: Regina Wagner, Licensing Deputy Inspector General

Estimated Completion Date: December 2017

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

Report 16-06

State Agency:	Minnesota Department of Human Services
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.767 – Children’s Health Insurance Program
Questioned Costs:	\$241,814
Federal Project Nos./ Award Year:	1405MN5021, 1505MN1081

Finding Number 2015-015 (16-06-5) Overcharge of federal share of expenditures.

5. The Department of Human Services did not accurately split costs related to the Children’s Health Insurance Program between federal and state funding percentages, overcharging the federal share by \$241,814.

The department overstated the federal share of Children’s Health Insurance Program (CFDA 93.767) expenditures by \$241,814.⁹² In fiscal year 2015, the department spent \$42,405,785 for the Children’s Health Insurance Program.

Quarterly, the department adjusted Children’s Health Insurance Program expenditures recorded in the state’s accounting system to align with the federal and state funding percentages for Children’s Health Insurance Program.⁹³ A department accountant calculated the adjustment amounts, but the department did not have another employee review the adjustments to verify their accuracy. The department incorrectly determined the following adjustment amounts:

- For the quarter ending June 2015, the department incorrectly reduced expenditures recorded in the Children’s Health Insurance Program by \$27,420; however, the department should have reduced program expenditures by \$264,326. This error resulted in a \$236,906 overstatement of Children’s Health Insurance Program expenditures.
- For the quarter ending March 2015, the department incorrectly increased expenditures recorded in the Children’s Health Insurance Program by \$2,454; however, the department should have reduced expenditures by \$2,454. The error resulted in a \$4,908 overstatement of Children’s Health Insurance Program expenditures.

⁹² See Appendix A for federal award numbers for this program.

⁹³ For federal fiscal years 2014 and 2015, the federal government funded 65 percent of Children’s Health Insurance Program expenditures, while the state paid 35 percent of the expenditures.

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

Good internal controls require management design effective controls to ensure the accurate recording of transactions.⁹⁴

Recommendations

- *The Department of Human Services should correct the errors by reducing the federal share of Children’s Health Insurance Program expenditures by \$241,814.*
- *The Department of Human Services should have an employee (who is not involved in determining the adjustment amounts) review the adjustments to ensure accuracy.*

Minnesota Department of Human Services Response:

Response to Audit Recommendation 5-1

The Department agrees with this recommendation and has made an adjusting entry to correct the error.

Responsible Person: Martin Cammack, Director, Financial Operations

Estimated Completion Date: February 2016

Response to Audit Recommendation 5-2

The Department agrees with this recommendation and is in the process of developing and documenting an internal peer review process for all manual adjustments performed by the unit.

Responsible Person: Martin Cammack, Director, Financial Operations

Estimated Completion Date: April 2016

⁹⁴ Comptroller General of the United States, Government Accountability Office, Standards for Internal Control in the Federal Government, (Washington D.C., September 2014), page 45, states, “Management should design control activities to achieve objectives and respond to risks.” Figure 6 on page 46 includes “Accurate and timely recording of transactions” as an example of a common category of control activities.

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

Report 16-06

State Agency: Minnesota Department of Human Services

Appendix A
Major Federal Programs
Department of Human Services
Fiscal Year 2015

CFDA¹	Program Name	Federal Award Number
	<u>Supplemental Nutrition Assistance Program Cluster</u>	
10.551	Supplemental Nutrition Assistance Program	2014ID281142, 2014IS601842, 2014IS604542, 2014IS802642, 2015IS601842, 2015IS604542, 2015IS802642
10.561	State Administrative Matching Grants	2012IS820442, 2014OE251842, 20142E251842, 2014CQ251442, 2014CQ251942, 2014CQ252042, 2014IE251842, 2014IQ390342, 2014IQ750342, 2014IS251442, 2014IS251942, 2014IS252042, 2014IS750342, 2014IS803642, 2015CQ750342, 2015IQ390342, 2015IQ750342, 2015IS251442, 2015IS251942, 2015IS252042, 2015IS803642
93.558	Temporary Assistance for Needy Families Cluster	1402MNTANF, 1502MNTANF
93.563	Child Support Enforcement	1404MN4005, 1504MNCSES
	<u>Child Care and Development Fund Cluster</u>	
93.575	Child Care and Development Block Grant	1401MNCCDF, 1501MNCCDF
93.596	Child Care Mandatory and Matching Fund	1201MNCCDF, 1301MNCCDF, 1401MNCCDF, 1501MNCCDF
93.640	Basic Health Program	None ¹
93.658	Foster Care – Title IV-E	1401MN1401, 1501MNFOST
93.667	Social Services Block Grant	1301MNSOSR, 1401MNSOSR, 1501MNSOSR
93.767	Children’s Health Insurance Program	1405MN5021, 1505MN1081
	<u>Medicaid Cluster</u>	
93.775	State Medical Fraud Control Units	1401MN5050; 1501MN5050
93.777	State Health Care Providers Survey	1405MN5001
93.778	Medical Assistance Program	1405MN5ADM, 1405MN5MAP, 1405MNIMPL, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNIMPL, 1505MNINCT

¹ The U.S. Department of Health and Human Services' Center for Medicare and Medicaid Services did not issue a federal award number for the Basic Health Program.

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

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

Report 16-07

State Agency:	Minnesota Department of Public Safety
Federal Agency(ies):	U.S. Department of Homeland Security
CFDA Number(s)/ Program Name(s):	97.036 – Disaster Grants Public Assistance
Questioned Costs:	\$97,744
Federal Project Nos./ Award Year:	1717DRMNP00000001, 1830DRMNP00000001, 1900DRMNP00000001, 1921DRMNP00000001, 1941DRMNP00000001, 1982DRMNP00000001, 1990DRMNP00000001, 4009DRMNP00000001, 4069DRMNP00000001, 4113DRMNP00000001, 4131DRMNP00000001, 4182DRMNP00000001

Finding Number 2015-016 (16-07-1) Duplicate payment made to a grant recipient.

1. The Department of Public Safety did not resolve a \$130,325 duplicate payment it made to a grant recipient.⁹⁵

During fiscal year 2015, the Department of Public Safety awarded approximately \$1.6 million from the Disaster Grants – Public Assistance Program (CFDA 97.036) to the Buffalo Ridge Regional Rail Authority.

On January 21, 2015, the department paid \$87,969 of federal money to this grant recipient for the federal share of a \$130,325 cost reimbursement request. On February 9, 2015, the department again paid \$87,969 of federal money to this grant recipient for the federal share of another \$130,325 cost reimbursement request. On February 19, 2015, the department took a closer look at the grant recipient’s reimbursement requests and identified that the grant recipient had submitted invoices for the same costs to support both the January and February reimbursements.

Despite being aware that it had reimbursed the grant recipient twice from federal money for the same costs, the department subsequently paid the grant recipient \$29,323 twice for the state share of those same costs, and \$13,032 twice for the related amount withheld pending the department’s final review, split between federal (\$9,775) and state (\$3,258) funding. In total, the department inappropriately used \$97,744 in federal money and \$32,581 in state money due to the duplicate payments. In addition, before resolving the duplicate payment, the department made two other payments, using both federal and state money, to the grant recipient in July and December 2015 totaling \$470,403.

⁹⁵ The department paid \$97,744 of the \$130,325 duplicate payment using federal money.

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

The department did not take prompt action to resolve the duplicate payment. Department staff told us the grant recipient was aware that it had been reimbursed for the same costs twice. In December 2015, the grant recipient submitted additional costs that it believed were allowable under the grant to offset the duplicate payment. However, as of the end of February 2016, the department had not determined whether those costs were allowable under the terms of the grant and had not resolved the duplicate payment.

Federal requirements state that, “Any [money] paid to a [grant recipient] in excess of the amount in which the [recipient] is finally determined to be entitled under the terms of the Federal award constitutes a debt to the Federal Government.”⁹⁶

By not promptly resolving the duplicate payment with the grant recipient while continuing to reimburse the grant recipient for other costs, the department increased the risk that the grant recipient would receive money in excess of the costs incurred related to the grant.

Recommendations

- *The Department of Public Safety should recover from the grant recipient \$130,325 for the duplicate payment and return \$97,744 to the federal government and \$32,581 to the state, or determine and document that the grant recipient had other costs allowable under the grant to offset the duplicate payment.*
- *The department should promptly follow up with grant recipients to resolve questions about whether costs submitted for reimbursement are accurate or allowable under the terms of the grant.*

Minnesota Department of Public Safety’s Response:

This letter is our response to the findings of the Single Audit of Disaster Grants – Public Assistance Program (CFDA 97.036) of the Department of Public Safety for the period from July 1, 2014 through June 30, 2015.

The specific finding is the department did not resolve a duplicate payment made to the Buffalo Ridge Regional Railway Authority. As described in the audit report, the error was discovered within 30 days, but the department did not take prompt action and the issue was unresolved a year later.

The specific actions taken to correct this finding and prevent it from happening again are:

1. The department initiated action to recover the duplicate payment from the grant recipient on March 15, 2016.

⁹⁶ 2 CFR, sec. 200.345.

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

2. The department changed Homeland Security and Emergency Management (HSEM) Public Assistance Policy 13-4d to add the requirement to initiate action to resolve duplicate payments and overpayments within 30 days of discovery, and ensure costs submitted are accurate and allowable under the terms of the grant.

Responsible Person: John Moore, Recovery and Mitigation Branch Director

Estimated Completion Date: We consider this finding resolved.

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

Report 16-08

State Agency:	MNsure
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.525 – State Planning and Establishment Grants for the Affordable Care Act’s (ACA) Exchanges
Questioned Costs:	\$97,687
Federal Project Nos./ Award Year:	4 HBEIE130163-01-18, 4 HBEIE140181-01-12, 4 HBEIE120176-01-10, 4 HBEIE120177-01-11

Finding Number 2015-017 (16-08-1) *Used federal money for unallowable activities.*

1. MNsure incorrectly used federal money to pay approximately \$98,000 for software maintenance fees not allowable under the grant.

In April 2015, MNsure paid for annual software maintenance services for software it initially purchased two years before. MNsure incorrectly used money from the State Planning and Establishment Grants for the Affordable Care Act’s Exchanges Program (CFDA 93.525) to pay about \$98,000 of the cost of the software maintenance services.⁹⁷ Federal requirements, effective January 1, 2015, prohibited the use of money from this grant to pay for continued maintenance and operations of MNsure.⁹⁸

Notes on the documentation we examined for this payment erroneously linked it to a purchase order set up in the state’s accounting system to be charged to this federal grant. The documentation did not show who noted the wrong purchase order and lacked an authorization to make the payment. Without authorization, the payment should not have occurred.

MNsure staff we talked to were aware of the change in federal requirements and believed that this was an isolated error.⁹⁹ However, they were unable to identify who linked the payment to the wrong purchase order or how the payment occurred without authorization. Authorization is an important internal control to ensure the appropriate use of federal grant money.

Recommendations

- *MNsure should work with the federal government to resolve its use of approximately \$98,000 in federal money for unallowable activities.*

⁹⁷ The Department of Humans Services paid for the remaining \$109,300 for the software maintenance services with both state and federal money.

⁹⁸ 42 USC, sec. 18031, (d), (5), (A).

⁹⁹ We performed additional analysis in response to this error and did not identify any other unauthorized payments or use of money from this grant for unallowable operational costs.

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

- *MNsure should monitor the effectiveness of its controls to ensure only allowable activities are paid using federal money.*

MNsure Response:

MNsure agrees with this finding and notes that additional audit testing confirmed this to be an isolated incident. The payment was made to the correct vendor but against an incorrect purchase order. This error has been resolved through the completion of an expenditure correction in SWIFT to ensure that the payment reflects the correct funding. The correction restores the expenditure charged against the federal grant. We have implemented internal controls that ensure all vendor invoices are authorized by a staff member with direct knowledge of services provided, significantly reducing the risk that this type of an error will reoccur.

Responsible Person: Kari Koob, Chief Financial Officer

Estimated Completion Date: Complete

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

Report 16-08

State Agency:	MNsure
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.525 – State Planning and Establishment Grants for the Affordable Care Act’s (ACA) Exchanges
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	4 HBEIE130163-01-18, 4 HBEIE140181-01-12, 4 HBEIE120176-01-10, 4 HBEIE120177-01-11

Finding Number 2015-018 (16-08-2) *Did not maintain accurate and complete inventory of equipment.*

2. MNsure did not maintain complete and accurate inventory records of equipment purchased. This is a repeat finding.¹⁰⁰

In February 2016, MNsure management confirmed to us that they had not implemented our October 2014 recommendation to maintain complete and accurate inventory records for over \$5 million of equipment purchased with money from its State Planning and Establishment Grants for the Affordable Care Act’s Exchanges Program (CFDA 93.525). In fiscal year 2015, MNsure used about \$726,000 for equipment purchases with federal money from this grant.

In our prior audit report, we noted that MNsure had not updated its inventory records with specific equipment identification and location information. In addition, MNsure did not ensure its inventory records included all equipment MNsure purchased and equipment purchased by other state agencies for the exchange.

Federal regulations require that, “A state must use, manage, and dispose of equipment acquired under a federal award by the state in accordance with state laws and procedures.” The State of Minnesota’s Property Management Policy and User Guide defines “equipment” as having a useful life of two or more years with an acquisition cost of \$5,000 or more. The guide indicates the Asset Management Module in the state’s accounting system is the official record for all capital assets, and requires agencies to assign asset identification numbers and identify location information for physical inventory at least every two years. MNsure Board Policy #7 further requires a “... written inventory of all physical assets and supplies, and updates the same periodically through a physical inventory.”

Without a complete and accurate record, MNsure cannot adequately control equipment under its responsibility and has increased the risk that assets could be lost or stolen without detection.

¹⁰⁰ Office of the Legislative Auditor, Financial Audit Division Report 14-21, *Minnesota Health Insurance Exchange: MNsure* (Finding 4) issued October 28, 2014.

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

Recommendation

- *MNsure should improve inventory records necessary to safeguard equipment by updating specific equipment identification and location information needed to conduct a physical inventory. MNsure should also ensure its inventory records include all equipment purchased for the exchange, including equipment purchased by other state agencies.*

MNsure Response:

MNsure agrees with this finding. The creation of a fixed asset register in SWIFT is a significant undertaking, given the large number of assets purchased during the creation of the marketplace. Over the past year, MNsure and DHS have been reviewing this issue in an attempt to identify a resolution that will be efficient and allow for compliance with state policy going forward. MNsure and DHS continue these efforts.

Responsible Person: Kari Koob, Chief Financial Officer

Estimated Completion Date: In process. Estimated completion date is June 30, 2017.

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

Report 16-08

State Agency:	MNsure
Federal Agency(ies):	U.S. Department of Health and Human Services
CFDA Number(s)/ Program Name(s):	93.525 – State Planning and Establishment Grants for the Affordable Care Act’s (ACA) Exchanges
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	4 HBEIE130163-01-18, 4 HBEIE140181-01-12, 4 HBEIE120176-01-10, 4 HBEIE120177-01-11

Finding Number 2015-019 (16-08-3) *Noncompliance with federal standards for payroll cost allocations.*

3. MNsure did not have adequate controls to ensure its employees or direct supervisors certified the accuracy of employee payroll time reporting. This is a repeat finding.¹⁰¹

MNsure did not effectively use the state’s automated time reporting system to ensure that payroll costs paid with federal money (totaling approximately \$9.5 million for fiscal year 2015) were for work related to the State Planning and Establishment Grants for the Affordable Care Act’s Exchanges Program (CFDA 93.525). Federal requirements state:

“Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.”¹⁰²

MNsure used employee timesheets completed and approved through the state’s automated time reporting system as certifications that employees worked solely on the federal program. When used in accordance with state payroll policies, the state’s automated time reporting system can provide good internal controls to ensure the integrity of employees’ payroll information. The policy states that the best control is achieved *“when employees prepare their own timesheets and supervisors, who have direct knowledge of employees’ work, review and approve timesheets.”¹⁰³*

To monitor the effectiveness of the control, state policy requires agencies to perform a comprehensive review of the automated time reporting system’s time entry audit report available each pay period, follow up on each of these exceptions, and verify with the employee and/or

¹⁰¹ Office of the Legislative Auditor, Financial Audit Division Report 14-21, *Minnesota Health Insurance Exchange: MNsure* (Finding 5) issued October 28, 2014.

¹⁰² Office of Management and Budget Circular A-87, Attachment B, Section 8, h, (3).

¹⁰³ Department of Management and Budget Policy PAY0017 - Self Service Time Entry.

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

primary supervisor the accuracy of the timesheet.¹⁰⁴ We found that the report was generated, but we saw no evidence that MNsure staff had reviewed the report and followed up on the exceptions noted. If MNsure had used the report effectively, it could have met the federal requirements for payroll costs charged to federal grants.

Since MNsure did not review the report, we conducted a review of 1,648 employees' timesheets completed during ten pay periods in fiscal year 2015. Our review identified the following deviations from internal controls in the use of the state's automated time reporting system:

- About 18 percent of the timesheets we tested were not completed by the employees themselves; instead, supervisors completed the employees' timesheets. The prevalence of supervisors completing employees' timesheets weakens the integrity of the automated time reporting system since employees are best able to identify the hours they worked each day.
- About 11 percent of the timesheets we tested were not approved by a supervisor "having first-hand knowledge of the work performed by the employee." Instead, the timesheets were approved by backup supervisors.

By not following state policy for the use of the state's automated time reporting system and not following federal policy, MNsure increased the risk that it charged the federal government for employee payroll costs not related to the federal program.

Recommendation

- *To comply with federal requirements, MNsure should strengthen its internal controls over payroll expenditures by using the state's automated time reporting system in compliance with state policies.*

MNsure Response:

MNsure agrees with this finding. A comparison of this report to your previous one indicates significant improvements in this area. Timesheets completed by supervisors for staff under their supervision decreased from 28% to 18%. Timesheets approved by backup approvers decreased from 19% to 11%.

We believe actions taken over the past year have significantly mitigated the risk in this area. For example, we have reviewed and adjusted access controls in SEMA4 to further limit intervention to staff who are directly knowledgeable of an employee's work schedule. On each timesheet day, MNsure staff (including supervisors) receive reminders about appropriate documentation where an employee's timesheet is completed by a supervisor or approved by a backup approver.

¹⁰⁴ Department of Management and Budget Policy PAY0017 – Self Service Time Entry.

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

Additionally, effective January 2016, MNsure payroll reports are now reviewed bi-weekly by DHS staff and we have implemented a procedure to improve our use of SEMA4's time entry audit report. We believe these measures will result in a further reduction in the reported uses of these two exceptions.

Responsible Person: Kari Koob, Chief Financial Officer

Estimated Completion Date: Complete

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

Report 16-09

State Agency:	Minnesota Department of Management and Budget
Federal Agency(ies):	U.S. Department of Agriculture U.S. Department of Interior U.S. Department of Labor U.S. Department of Education U.S. Department of Health and Human Services U.S. Department of Homeland Security
CFDA Number(s)/ Program Name(s):	10.551 – Supplemental Nutrition Assistance Program (SNAP) 10.553 – School Breakfast Program 10.555 – National School Lunch Program 10.556 – Special Milk Program for Children 10.557 – Special Supp. Nutrition Prgm 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 Grant for Supp. Nutrition Program 15.605 – Sport Fish Restoration Program 15.611 – Wildlife Restoration and Basic Hunter Education 17.225 – Unemployment Insurance 84.007 – Federal Supplemental Education Opportunity Grants 84.010 – Title 1 Grants to Local Education Agencies 84.027 – Special Education – Grants to States 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loan 84.063 – Federal Pell Grant Program 84.126 – Rehabilitation Services - Vocational Rehabilitation Grants 84.173 – Special Education – Preschool Grants 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants 93.268 – Immunization Cooperative Agreement 93.525 – State Planning, Establishment Grants for ACA Exchanges 93.558 – Temporary Assistance for Needy Families 93.563 – Child Support Enforcement 93.568 – Low-Income Home Energy Assistance 93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Funds 93.640 – Basic Health Program (MinnesotaCare) 93.658 – Foster Care Title IV-E 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.777 – State Survey and Certification of Health Care Providers 93.778 – Medical Assistance Program 97.036 – Disaster Grants – Public Assistance

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

State Agency:	Minnesota Department of Management and Budget
Questioned Costs:	Not Quantifiable
Federal Project Nos./ Award Year:	Various

Finding Number 2015-020 (16-09-1) *Noncompliance with federal cost principles and excess reserves.*

1. The Department of Management and Budget approved rates for centralized information technology services that exceeded the cost of those services and overcharged federal programs.

For fiscal year 2015, as in previous fiscal years, the Department of Management and Budget approved billing rates for certain information technology services that were significantly higher than the break-even rates calculated for those services. The Office of MN.IT Services used the 2015 approved rates to bill other state agencies for information technology services it provided.¹⁰⁵ State agencies used money from federal grant programs, along with state money, to pay the Office of MN.IT Services for these information technology services.

For example, the Office of MN.IT Services' 2015 billing rate for mainframe services was nearly 47 percent higher than the break-even rate the office calculated was necessary to cover the estimated cost of providing those services.¹⁰⁶ Primary users of the state's mainframe services are the Department of Human Services (for systems used to administer the state's Medicaid, cash and food assistance, child support recovery, and various other state and federal programs) and the Department of Employment and Economic Development (for systems used to administer the state's unemployment insurance system.)¹⁰⁷

During our 2015 audit of the Office of MN.IT Services billings for shared information technology services,¹⁰⁸ MN.IT management told us they overcharged for some shared services to offset other shared services where it set rates below break-even. (For example, MN.IT proposed a 2015 rate to charge agencies for e-mail and other office software services that was about 20 percent lower than the estimated cost

¹⁰⁵ The Office of MN.IT Services is the state's centralized information technology organization. The office provides more than 100 information technology services and technical support to state agencies, boards, and councils.

¹⁰⁶ The fiscal year 2015 billing rate was reduced from the rate for fiscal year 2014, which was 56 percent higher than break-even.

¹⁰⁷ These federal programs and their Catalog of Federal Domestic Assistance (CFDA) numbers are: Medical Assistance (CFDA 93.778), Temporary Assistance for Needy Families (CFDA 93.558), Supplemental Nutrition Assistance Program (CFDA 10.551 and 10.561), Child Support Enforcement (CFDA 93.563), and Unemployment Insurance (CFDA 17.225.) The CFDA number is a unique number assigned by the federal government to identify its programs.

¹⁰⁸ Office of the Legislative Auditor, Financial Audit Division Report 15-01, *Office of MN.IT Services - Billings for Shared Information Technology Services*, issued January 22, 2015.

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

of providing those services.) At that time, MN.IT management asserted that they were reluctant to increase the below break-even rates because of the impact these increases would have on agencies' budgets.

MN.IT management used the billing disparities to maximize federal dollars, and stated, "This is a strategy that Minnesota and many other states have historically used successfully to benefit state government, balancing federal penalties against leveraging the dollars for state investments."¹⁰⁹

We found no federal authorization to support MN.IT's strategy. We believe this strategy (initially overbilling the federal government and subsequently paying refunds to the federal government when the overcharges result in excess fund balances) does not comply with federal cost principles, state statutes, or policies. While federal regulations allow for an annual adjustment (refund) when billing rates result in revenue greater than the actual cost of providing services, that does not eliminate the federal requirement that the billing rates "must be based on the estimated costs of providing the services."¹¹⁰ In addition, state statutes require state agencies to reimburse MN.IT for the "cost" of all services provided,¹¹¹ and state policy requires that state agencies set billing rates for internal services "as close to the break-even rate" as possible.¹¹²

Although the Department of Management and Budget identified the issue and began working with MN.IT in August 2013, the rates continued to significantly deviate from break-even rates. In approving billing rates for fiscal year 2015, the Department of Management and Budget worked with MN.IT to move rates closer to break-even. After the department required MN.IT to revise the 2015 proposed billing rates set higher than break-even, it stated, "Those revisions reduced by \$1 million the revenue associated with four over recovering rates." The fiscal year 2016 approved billing rates were set to bring the rates 20 percent closer to break-even. For fiscal year 2017, MN.IT states, "With these rates, MN.IT continues to close the gap between historic charges and full breakeven rates . . ." adding, "these rates are adjusted by 40% towards the full breakeven rates . . ."¹¹³ MN.IT anticipates that an additional adjustment to billing rates for fiscal year 2018 "will achieve 100% break-even across all product lines in order to meet fiscal and audit requirements."

Finally, the overcharges increased the revolving fund's reserve (or retained earnings) balance beyond the 60-day cash flow limit allowed by federal cost principles. In fiscal year 2015, the department refunded about \$5 million to the federal government because of the excess fund balance at the end of fiscal year 2013. In addition, in fiscal year 2016, the department refunded

¹⁰⁹ Memorandum from Carolyn Parnell, former Commissioner of the Office of MN.IT Services and State Chief Information Officer, to Margaret Kelly, Department of Management and Budget, State Budget Director, June 19, 2014.

¹¹⁰ 2 *Code of Federal Regulations*, Part 200, Appendix V.

¹¹¹ *Minnesota Statutes* 2015, 16E.14, MN.IT Services Revolving Fund.

¹¹² Department of Management and Budget Policy 0108-01, *Internal Service Rate Approval*.

¹¹³ Office of MN.IT Services *FY2017 Central Rates*, approved as of November 18, 2015.

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

nearly \$2.5 million because of the excess fund balance at the end of fiscal year 2014. The department expects that in fiscal year 2017, it will again need to make a refund to the federal government because of the excess fund balance at the end of fiscal year 2015.

Recommendation

- *The Department of Management and Budget should continue to work with the Office of MN.IT Services to adjust billing rates for shared information technology services provided to state agencies so that rates break-even with the costs of those services and ensure that the rates comply with federal and state legal requirements.*

Minnesota Department of Management and Budget's Response:

MMB appreciates the Office of the Legislative Auditor's support in our work with MN.IT to correct over- and under-recovering billing rates. As you note in both the current report as well as the January 2015 report, MMB has and will continue to work with MN.IT to align billing rates so that they are closer to break-even.

We have made significant progress with the approval of rate packages for fiscal years 2015, 2016 and 2017, so that adjustments have been made to the billing rates that move MN.IT toward full compliance, while taking into consideration agencies' ability to pay. This progress will continue as we work in partnership with MN.IT to review and consider approval of fiscal year 2018 and subsequent rate packages.

Responsible Person: Margaret Kelly, Assistant Commissioner

Estimated Completion Date: July 1, 2017

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

Report 16-10

State Agency:	Minnesota Department of Natural Resources
Federal Agency(ies):	U.S. Department of the Interior
CFDA Number(s)/ Program Name(s):	15.605 – Sport Fish Restoration Program 15.611 – Wildlife Restoration and Basic Hunter Education
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	Sport Fish Restoration Program: F12AF00009, F14AF00181, F15AF00166, F13AF00322, F15AF00162, F13AF00332, F14AF00028, F12AF01100, F14AF01220, F13AF00876, F13AF00543, F13AF00544, F13AF00585, F13AF00589, F13AF00594, F12AF00420, F14AF00467, and F14AF00596 Wildlife Restoration and Basic Hunter Education Program: F12AF00116, F14AF00404, F13AF00377, F14AF00371, F13AF00378, F14AF00443, F13AF00483, F14AF00032, F14AF00368, and F14AF00369

Finding Number 2015-021 (16-10-1) *Noncompliance with federal standards for payroll cost allocations.*

1. The Department of Natural Resources did not have adequate controls to ensure its employees certified the accuracy of employee payroll time reporting.

The department did not effectively use the state’s automated time reporting system to ensure that payroll costs charged to the Sport Fish Restoration Program (CFDA 15.605) and the Wildlife Restoration and Basic Hunter Education Program (CFDA 15.611), totaling approximately \$17.6 million for fiscal year 2015, were for work related to the objectives of those programs. Federal requirements state:

“Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation Personnel activity reports or equivalent documentation must meet the following standards They must be signed by the employee...”¹¹⁴

The department used employee timesheets completed and approved through the state’s automated time reporting system as equivalent to personnel activity reports to show how employees distributed their time among multiple activities, including federal programs.¹¹⁵ When

¹¹⁴ Office of Management and Budget Circular A-87, Attachment B, Section 8, h, (4) and (5), (d).

¹¹⁵ In the state’s automated time reporting system, an employee is required to indicate electronically, by checking a box, that their timesheet is complete. If a supervisor or other personnel modify the employees’ timesheet, the system will show that someone other than the employee completed the timesheet.

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

used in accordance with state payroll policies, the state's automated time reporting system can provide good internal controls to ensure the integrity of employees' payroll information. The policy states that the best control is achieved "*when employees prepare their own timesheets.*"¹¹⁶

Of 2,444 employees' timesheets completed during four pay periods in fiscal year 2015, we found about 18 percent of the timesheets we tested were not completed by the employees themselves; instead, supervisors completed the employees' timesheets. The prevalence of supervisors completing employees' timesheets fundamentally undermines the integrity of the automated time reporting system since employees are best able to identify the hours they worked each day.

The department also did not effectively use a report available each pay period that identifies each timesheet completed by a supervisor (rather than the employee). Federal policy requires the employee to sign the timesheet.¹¹⁷ Since the department did not follow up on each exception and verify with the employee the accuracy of the timesheet, it did not comply with federal requirements, and we could not conclude that the payroll costs were allowable to be charged to the federal grant. Department staff generated the report, but we saw no evidence that they had followed up on the exceptions noted with the employee. If the department had used the report effectively, it could have met the federal requirements for payroll costs charged to federal grants.

By not following federal policy for the use of the state's automated time reporting system, the department increased the risk that it charged the federal government for employee payroll costs not related to the federal program.

Recommendation

- *To comply with federal requirements, the department should strengthen its internal controls over payroll expenditures by using the state's automated time reporting system.*

Minnesota Department of Natural Resources Response:

The DNR concurs with this finding. While the goal is to have every employee complete their timesheets, there are circumstances that arise where the supervisor needs to finalize the timesheet on behalf of the employee. The majority of these situations are when the supervisor needs to:

- Make corrections for typos that impact funding, total hours, or other miscoding errors; or
- Finalize the time sheet on behalf of the employee when the employee is absent or in the field without access to the system on the last day of the pay period.

In these circumstances, DNR follows state policy, which allows the supervisor to make appropriate changes and note the reason for the change in the comment field. We understand

¹¹⁶ Department of Management and Budget Policy PAY0017 - Self Service Time Entry.

¹¹⁷ Office of Management and Budget Circular A-87, Attachment B, Section 8, h, (5), (d).

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

that this procedure does not meet the federal requirement for an employee to sign the final timesheet with the corrections made by the supervisor.

Many of the corrections made by supervisors could be avoided if the timesheet system would allow employees to validate their entries. The current system design restricts the validation process to be performed by the supervisor after the employee has completed their timesheet. DNR has requested this change to Minnesota Management and Budget, but it has not been an approved change.

DNR will continue to make every effort to ensure employees handle changes to their own timesheets. The DNR will explore options to obtain the employee's signature in instances that the supervisor made changes to the timesheet as well as continue to seek changes in the validation process.

Responsible Person: Barb Juelich, Chief Financial Officer

Estimated Completion Date: December 31, 2016 or date of statewide system changes if applicable

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

Report 16-11

State Agency:	Minnesota Department of Employment and Economic Development
Federal Agency(ies):	U.S. Department of Education
CFDA Number(s)/ Program Name(s):	84.126 – Rehabilitation Services – Vocational Rehabilitation Grants
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	H126A150032-15D, H126A150033-15D, H126A140032-14C, H126A140033-14C

Finding Number 2015-022 (16-11-1) *Noncompliance with the development of individualized employment plans.*

- 1. The Department of Employment and Economic Development did not have adequate internal controls to ensure it developed individualized plans for employment for participants in the Rehabilitation Services – Vocational Rehabilitation Grants program within the required timeframe.**

The department did not always develop individualized plans for employment¹¹⁸ for program participants within 90 days of determining the participants were eligible for services provided through the Rehabilitation Services – Vocational Rehabilitation Grants program (CFDA 84.126.) This new federal requirement was effective starting in July 2014.

The federal requirement stated, “*The individualized plan for employment shall be developed as soon as possible, but not later than a deadline of 90 days after the date of the determination of eligibility...unless the designated State unit and the eligible individual agree to an extension of that deadline to a specific date....*”¹¹⁹

Since July 2014, when the 90-day requirement became effective, the department determined 6,634 individuals were eligible to participate in the program. We found that the department had not developed an individualized plan for employment for 1,527 (23 percent) of those individuals within 90 days of them becoming eligible. For 1,388 of those individuals, the department had developed a plan after the 90-day limit.¹²⁰

We reviewed case information for a sample of 22 of the 1,388 program participants that had individualized plans for employment completed more than 90 days after the department

¹¹⁸ An individualized plan for employment is a written document signed by both the program participant and a department vocational rehabilitation counselor. Those plans include descriptions of the specific employment outcome chosen for the participant and the vocational rehabilitation services needed to achieve that outcome.

¹¹⁹ 29 U.S. Code, sec. 722(b) (3) (F).

¹²⁰ There were also 139 individuals that the department had determined were eligible for the program but it had not developed an individualized plan for employment as of March 11, 2016 and it had not closed the file.

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

determined they were eligible. Our testing did not find documentation of agreements to extend the deadline to a specific date beyond the 90 days for any program participants in our sample. Without an effective method to track the timing of the development of the individualized plans for employment, the department risks providing services to individuals whose eligibility may no longer be valid.

Recommendation

- *The Department of Employment and Economic Development should design and implement internal controls to ensure it develops individualized plans for employment within 90 days (or extends development to a specific date) after determining eligibility, or closes the individual's file.*

Minnesota Department of Employment and Economic Development's Response:

The Department of Employment Economic Development (DEED) agrees with the finding that individualized plans for employment (IPE) must be developed in a timely manner or an extension of that deadline to a specific date must be agreed to by the Vocational Rehabilitation (VR) state agency and the eligible individual.

The timeframe for completion of the IPE was changed immediately upon the President enacting the Workforce Innovation and Opportunity Act (WIOA) on July 22, 2014. This unprecedented implementation timeline required all public VR programs to immediately comply with a significant law change. Both State Services for the Blind (SSB) and VRS have been working expeditiously to implement these changes. Formal policy directives were issued in late 2014.

The current case management system has limited capacity to track timely completion of the IPE. SSB and VRS are currently overhauling the case management system to align with federal changes. The new system is expected to launch in June 2017 and will include functionality to notify staff of IPE due dates.

In the interim, case review processes will focus increased attention to the timely completion requirement and formal case note documentation of any extensions granted with justification for the extension. In some instances, there were case notes that documented the reasons for the delays, but the extensions were not officially granted. Managers and supervisors will reinforce this requirement with all counselors.

Responsible Person: Kim Peck, Director of Vocational Rehabilitation Services
Carol Pankow, Director of State Services for the Blind

Estimated Completion Date: June 30, 2016

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

Report CLA-15

State Agency:	Minnesota State Colleges and Universities
Federal Agency(ies):	U.S. Department of Education
CFDA Number(s)/ Program Name(s):	84.007 – Federal Supplemental Education Opportunity Grants 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loans 84.063 – Federal Pell Grant Programs 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	Not Provided

Finding Number 2015-023 (CLA-15-1)(CLA Report 2015-001) *Discrepancies in reporting disbursements to the COD system.*

Condition – Reporting to the Common Origination and Distribution (COD) system:

We noted three discrepancies in reporting of disbursements to COD during our testing of 25 Pell disbursements and two discrepancies in our testing of 25 Direct Loan disbursements sampled. Central Lakes College had one Pell disbursement where the dates between the student account and COD did not agree as well as the disbursement was not reported within 15 days of the actual disbursement. St. Cloud Technical and Community College had one disbursement where the disbursement date in COD did not agree to the student account. Saint Paul College had one disbursement that was not reported to COD within 15 days of the disbursement. Saint Paul College had two Direct Loan disbursements that were not reported to COD within 15 days of the disbursement.

Criteria

Under Federal regulations, institutions are required to report the disbursement dates and amounts to the Common Origination and Disbursement (COD) system within 15 days of disbursing Pell funds to a student.

Questioned Costs

None

Possible Asserted Affect

Students may not enter repayment timely or the total loan amount may be incorrect.

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

Auditors' Recommendation

We recommend the campuses review their current policies and procedures to ensure that if they report disbursements to COD before the actual disbursements occur, there is a procedure to follow up after the disbursement occurs to review the disbursement dates and amounts for differences from what was expected.

Minnesota State Colleges and Universities Response:

The institutions agree with the auditor's recommendation and will revise their transmission schedules to ensure compliance with COD reporting requirements.

Responsible Person:

Central Lakes College	Mike Barnaby, Financial Aid Director
St. Cloud Technical Community College	Anita Bugh, Financial Aid Director
St. Paul College	Adam Johnson, Financial Aid Director

Estimated Completion Date: February 15, 2016

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

Report CLA-15

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

Finding Number 2015-024 (CLA-15-2)(CLA Report 2015-002) *One college did not have an off-campus workstudy agreement.*

Condition – Off-Campus Workstudy Agreements:

During our testing of the off-campus workstudy agreements, we noted Normandale Community College did not have an agreement with an off-campus employer.

Criteria:

Under Federal regulations, schools are required to enter into a written agreement with the off-campus organization, even if the school is considered the employer of the Federal Work Study student.

Questioned Costs:

None

Possible Asserted Effect:

Since a written agreement doesn't exist for off-campus organizations, there may be confusion with the responsibility of all parties involved.

Auditor's Recommendation:

We recommend the Normandale Community College review their policies and implement procedures to ensure a signed written agreement exists with all organizations utilized for off-campus employment under the Federal Work Study program.

Minnesota State Colleges and Universities Response:

The institution agrees with the auditor's recommendation and has implemented procedures to ensure compliance with off-campus work-study requirements.

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

Persons Responsible:

Normandale Community College

Susan Ant, Financial Aid Director

Estimated Completion Date:

February 1, 2016

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

Report CLA-15

State Agency:	Minnesota State Colleges and Universities
Federal Agency(ies):	U.S. Department of Education
CFDA Number(s)/ Program Name(s):	84.007 – Federal Supplemental Education Opportunity Grants 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loans 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year:	Not Provided

Finding Number 2015-025 (CLA-15-3)(CLA Report 2015-003) *Inaccurate information on National Student Loan Data system status update reports.*

Condition – Status Updates on National Student Loan Data System (NSLDS)

We selected a sample of twelve MnSCU colleges and universities to test for timeliness of reporting student status changes to the National Student Loan Data System (NSLDS). During our testing, we noted that the rosters returned, for all twelve colleges and universities in our sample, yielded error reports that were not corrected and resubmitted within the required 10 days.

This issue occurred at the majority of colleges and universities in the U.S. during Fall 2015, attributable to a processing error within the National Student Clearinghouse and the NSLDS websites. The U.S. Department of Education is aware of this processing error and institutions around the country utilizing the National Student Clearinghouse are also facing this same issue and have the same finding.

This processing error is not within a computer system in the control of the Minnesota State Colleges and Universities System institutions; nevertheless, the System initiated on-going discussions with the National Student Clearinghouse IT staff to determine ways to mitigate the effects of the error. While it is impossible to eliminate the error, it is possible for colleges and universities to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which can help to detect these types of errors. The Summary Report must then be reviewed by college and university financial aid staff and errors must be corrected manually.

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

Criteria:

Federal regulations requires enrollment status for each student be reported accurately to NSLDS. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that don't pass the NSLDS enrollment reporting edits.

Questioned Costs:

None

Possible Asserted Affect

The Institution did not update student enrollment statuses correctly or timely to NSLDS.

Auditor's Recommendation

We recommend that the colleges and universities put a process in place to ensure determination of all students who withdraw are accurately and timely reported to NSLDS.

Minnesota State Colleges and Universities Response:

The system agrees with the auditor's recommendation and will provide training to the System Colleges and Universities regarding the production of the Enrollment Reporting Summary Report and the steps necessary to review that report and manually correct any actual errors in student status reporting.

Persons Responsible:

Minnesota State Colleges and Universities

Chris Halling, System Director for Student
Financial Aid

Estimated Completion Date:

June 30, 2016

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

Report CLA-15

State Agency:	Minnesota State Colleges and Universities
Federal Agency(ies):	U.S. Department of Education
CFDA Number(s)/ Program Name(s):	84.268 – Federal Direct Student Loans
Questioned Costs:	\$632 of subsidized loans that should have been unsubsidized loans. \$2,440 of unsubsidized loans that should have been subsidized loans.
Federal Project Nos./ Award Year:	Not Provided

Finding Number 2015-026 (CLA-15-4)(CLA Report 2015-004) *Three students were not properly awarded subsidized Stafford loans.*

Condition – Awarding of Subsidized Stafford Loans

We noted three out of the 60 students tested for subsidized Stafford loans were not properly awarded subsidized Stafford loans. A student at Dakota County Technical College had an estimated need calculation of \$843 but was awarded subsidized loans of \$1,475 resulting in the student being overawarded \$632 of subsidized loans. The subsidized Stafford loans for two students at St. Cloud State University were not maximized before awarding unsubsidized Stafford loans. One student was underawarded \$2,013 of subsidized loans while the other student was underawarded \$427.

Criteria:

Institutions are required to award Stafford loans within the annual and aggregate limits up to the need calculation before awarding unsubsidized Stafford loans.

Questioned Costs:

\$632 of subsidized loans that should have been unsubsidized loans for Dakota County Technical College and for St. Cloud State University, \$2,440 of unsubsidized loans should be subsidized loans.

Possible Asserted Effect:

The students are not receiving the correct amount of subsidized loans they are eligible for and student is not paying the correct interest on loans.

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

Auditor's Recommendation:

We recommend that Dakota County Technical College review their awarding procedures and implement procedures to ensure the subsidized Stafford loans are awarded within the need calculation and that St. Cloud State University review their awarding procedures to ensure subsidized loans are maximized prior to awarding unsubsidized loans.

Minnesota State Colleges and Universities Response:

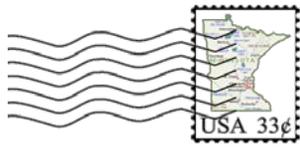
Dakota county Technical College agrees with the auditor's finding and has reviewed their awarding procedures to ensure compliance with the requirements of the Stafford Loan program. St. Cloud State University has corrected a software error that incorrectly calculated the EFC for one student and has reviewed internal procedures that led to the other errors.

Persons Responsible:

Dakota County Technical College Scott Roelke, Financial Aid Director

Saint Cloud State University Mike Uran, Financial Aid Director

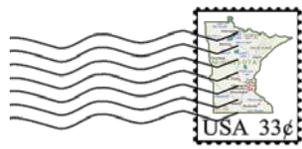
Estimated Completion Date: February 1, 2016



State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2015

Index of Prior Federal Program Audit Findings

	<u>Page</u>	
Schedule Showing the Status of Prior Federal Program Audit Findings	143	
Supplemental Information on Unresolved Prior Federal Program Audit Findings:		
<u>Report Number</u>	<u>State Agency</u>	
Report 13-05	Human Services	149
Report 14-11	Human Services	150
Report 14-21	MNsure	152
Report 14-22	Human Services	154
Report 15-01	MN.IT Services	162
Report 15-07	Human Services	164
Report CLA-14	Minnesota State Colleges and Universities	167



STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
U.S. Department of Agriculture (continued)								
10-558	Child and Adult Care Food Program	Education	Noncompliance with subrecipient monitoring requirements	1	15-08	4	2014-031	2014
10-559	Summer Food Service Program	Education	Inadequate internal control structure over single audit requirements	1	09-08	1		2008
10-559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	1	10-08	1		2009
10-559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	1	11-12	1		2010
10-559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	1	12-04	1		2011
10-559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	1	13-14	1		2012
10-559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	1	14-09	1	2013-005	2013
10-559	Summer Food Service Program	Education	Noncompliance with federal standards for payroll cost allocations	1	14-09	2	2013-006	2013
10-559	Summer Food Service Program	Education	Noncompliance with single audit FFATA reporting requirements	4	14-09	3	2013-007	2013
10-559	Summer Food Service Program	Education	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-559	Summer Food Service Program	Education	No documented internal control structure ensuring compliance	1	15-08	1	2014-028	2014
10-559	Summer Food Service Program	Education	Noncompliance with federal standards for payroll cost allocations	1	15-08	2	2014-029	2014
10-559	Summer Food Service Program	Education	Noncompliance with single audit FFATA reporting requirements	4	15-08	3	2014-030	2014
10-559	Summer Food Service Program	Education	Noncompliance with subrecipient monitoring requirements	1	15-08	4		2014
10-561	Supplemental Nutrition Assistance Administration	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-561	Supplemental Nutrition Assistance Administration	Human Services	Noncompliance with cost allocation plan controls and monitoring	1	15-07	4	2014-026	2014
U.S. Department of Labor								
17-225	Unemployment Insurance	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	13-08	6		2012
17-225	Unemployment Insurance	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	14-10	1	2013-008	2013
17-225	Unemployment Insurance	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
17-225	Unemployment Insurance	Employment and Economic Development	Nonassessment of penalties for applicants who filed fraudulent extended benefits	1	15-06	1	2014-021	2014
17-225	Unemployment Insurance	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	15-06	2	2014-022	2014
U.S. Department of Education								
84-007	Federal Supp Educational Opportunity Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-007	Federal Supp Educational Opportunity Grants	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1		2014
84-007	Federal Supp Educational Opportunity Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-007	Federal Supp Educational Opportunity Grants	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
84-010	Title I Grants to Local Educational Agencies	Education	Inadequate internal control structure over single audit requirements	1	09-08	1		2008
84-010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	1	10-08	1		2009
84-010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	1	11-12	1		2010
84-010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	1	12-04	1		2011
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with review and monitoring of payroll reports	1	13-14	1		2012
84-010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	1	13-14	2		2012
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with federal standards for payroll cost allocations	1	14-09	1	2013-005	2013
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with federal standards for payroll cost allocations	1	14-09	2	2013-006	2013
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with single audit FFATA reporting requirements	4	14-09	3	2013-007	2013
84-010	Title I Grants to Local Educational Agencies	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-010	Title I Grants to Local Educational Agencies	Education	No documented internal control structure ensuring compliance	1	15-08	1	2014-028	2014
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with federal standards for payroll cost allocations	1	15-08	2	2014-029	2014
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with single audit FFATA reporting requirements	4	15-08	3	2014-030	2014
84-010	Title I Grants to Local Educational Agencies	Education	Noncompliance with subrecipient monitoring requirements	1	15-08	4	2014-031	2014
84-027	Special Education-Grants to States	Education	Inadequate internal control structure over single audit requirements	1	09-08	1		2008
84-027	Special Education-Grants to States	Education	No documented internal control structure ensuring compliance	1	10-08	1		2009
84-027	Special Education-Grants to States	Education	No documented internal control structure ensuring compliance	1	11-12	1		2010
84-027	Special Education-Grants to States	Education	No documented internal control structure ensuring compliance	1	12-04	1		2011
84-027	Special Education-Grants to States	Education	No documented internal control structure ensuring compliance	1	13-14	1		2012
84-027	Special Education-Grants to States	Education	Noncompliance with federal standards for payroll cost allocations	1	14-09	1	2013-005	2013
84-027	Special Education-Grants to States	Education	Noncompliance with federal standards for payroll cost allocations	1	14-09	2	2013-006	2013
84-027	Special Education-Grants to States	Education	Noncompliance with single audit FFATA reporting requirements	4	14-09	3	2013-007	2013
84-027	Special Education-Grants to States	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-027	Special Education-Grants to States	Education	No documented internal control structure ensuring compliance	1	15-08	1	2014-028	2014
84-027	Special Education-Grants to States	Education	Noncompliance with federal standards for payroll cost allocations	1	15-08	2	2014-029	2014
84-027	Special Education-Grants to States	Education	Noncompliance with single audit FFATA reporting requirements	4	15-08	3	2014-030	2014

**STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015**

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
	U.S. Department of Education (continued)							
84-027	Special Education-Grants to States	Education	Noncompliance with subrecipient monitoring requirements	1	15-08	4	2014-031	2014
84-033	Federal Work-Study Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-033	Federal Work-Study Program	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1	2014-035	2014
84-033	Federal Work-Study Program	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-033	Federal Work-Study Program	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
84-038	Federal Perkins Loan	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-038	Federal Perkins Loan	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1	2014-035	2014
84-038	Federal Perkins Loan	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-038	Federal Perkins Loan	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
84-063	Federal Pell Grant Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1	2014-035	2014
84-063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-063	Federal Pell Grant Program	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
84-126	Vocational Rehabilitation Grants	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	13-08	6	2012	2012
84-126	Vocational Rehabilitation Grants	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	14-10	1	2013-008	2013
84-126	Vocational Rehabilitation Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-173	Special Education-Preschool Grants	Employment and Economic Development	Insufficient monitoring of equipment purchased with federal funds	4	15-06	2	2014-022	2014
84-173	Special Education-Preschool Grants	Education	Inadequate internal control structure over single audit requirements	1	09-08	1	2008	2008
84-173	Special Education-Preschool Grants	Education	No documented internal control structure ensuring compliance	1	11-12	1	2010	2010
84-173	Special Education-Preschool Grants	Education	No documented internal control structure ensuring compliance	1	12-04	1	2011	2011
84-173	Special Education-Preschool Grants	Education	No documented internal control structure ensuring compliance	1	13-14	1	2012	2012
84-173	Special Education-Preschool Grants	Education	No documented internal control structure ensuring compliance	1	14-09	1	2013-005	2013
84-173	Special Education-Preschool Grants	Education	Noncompliance with federal standards for payroll cost allocations	1	14-09	2	2013-006	2013
84-173	Special Education-Preschool Grants	Education	Noncompliance with single audit FFATA reporting requirements	4	14-09	3	2013-007	2013
84-173	Special Education-Preschool Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-173	Special Education-Preschool Grants	Education	Noncompliance with federal cost principles and excess reserves	2	15-08	1	2014-028	2014
84-173	Special Education-Preschool Grants	Education	Noncompliance with federal standards for payroll cost allocations	1	15-08	2	2014-029	2014
84-173	Special Education-Preschool Grants	Education	Noncompliance with single audit FFATA reporting requirements	4	15-08	3	2014-030	2014
84-268	Federal Direct Student Loans	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1	2014-035	2014
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	One college did not complete a loan reconciliation	1	CLA-14	2	2014-036	2014
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	One college incorrectly awarded a Stafford loan to one student	1	CLA-14	5	2014-039	2014
84-376	National Science and Mathematics Talent Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1	2014-035	2014
84-376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Minnesota State Colleges and Universities	Two colleges had errors related to the return of Title IV funds	1	CLA-14	1	2014-035	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Minnesota State Colleges and Universities	One college did not verify eligibility for one student	1	CLA-14	4	2014-038	2014
	U.S. Department of Health and Human Services							
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Noncompliance with procurement policies	1	14-21	1	2014-001	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Insufficient controls to ensure appropriate access to state business systems	1	14-21	3	2014-002	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Did not maintain accurate and complete inventory of equipment	2	14-21	4	2014-003	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Noncompliance with federal standards for payroll cost allocations	2	14-21	5	2014-004	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Noncompliance with procurement authorization and incurring obligations	1	14-21	6	2014-005	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Noncompliance with federal reporting requirements	1	14-21	7	2014-006	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Inaccurate reporting of federal expenditures	4	14-21	8	2014-007	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93-558	Temporary Assistance for Needy Families	Human Services	Insufficient monitoring of resolution of income discrepancies	2	13-05	2	2012	2012

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
	U.S. Department of Health and Human Services (continued)							
93.558	Temporary Assistance for Needy Families	Human Services	Insufficient monitoring of resolution of income discrepancies	2	14-11	5	2013-014	2013
93.558	Temporary Assistance for Needy Families	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal eligibility requirements	2	15-07	1	2014-023	2014
93.558	Temporary Assistance for Needy Families	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with cost allocation plan controls and monitoring	1	15-07	4	2014-026	2014
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.563	Child Support Enforcement	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.563	Child Support Enforcement	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.563	Child Support Enforcement	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.568	Low-Income Home Energy Assistance	Commerce	Insufficient controls to ensure complete and accurate federal financial reports	1	14-08	1	2013-003	2013
93.568	Low-Income Home Energy Assistance	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.575	Child Care and Development Block Grant	Commerce	Noncompliance with single audit reporting requirements, including FFATA	4	15-05	1	2014-020	2014
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.575	Child Care and Development Block Grant	Human Services	Not adequately monitoring program activities	2	14-11	4	2013-013	2013
93.575	Child Care and Development Block Grant	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with federal eligibility requirements	2	15-07	1	2014-023	2014
93.575	Child Care and Development Block Grant	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Not adequately monitoring program activities	2	15-07	5	2014-027	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	14-11	4	2013-013	2013
93.596	Child Care Mandatory and Matching Fund	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Noncompliance with federal eligibility requirements	2	15-07	1	2014-023	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Not adequately monitoring program activities	2	15-07	5	2014-027	2014
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.658	Foster Care-Title IV-E	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.658	Foster Care-Title IV-E	Human Services	Noncompliance with federal eligibility requirements	2	15-07	1	2014-023	2014
93.658	Foster Care-Title IV-E	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.658	Foster Care-Title IV-E	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.658	Foster Care-Title IV-E	Human Services	Not adequately monitoring program activities	2	15-07	5	2014-027	2014
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
	U.S. Department of Health and Human Services (continued)							
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.659	Adoption Assistance	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.667	Social Services Block Grant	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.667	Social Services Block Grant	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.667	Social Services Block Grant	Human Services	Not monitoring system access annually	2	09-10	3	2014-025	2014
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2008
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2009
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2010
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2011
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2012
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility verification requirements	1	14-22	1		2013
93.767	Children's Health Insurance Program	Human Services	Inadequate controls to ensure security over the transfer of data	4	14-22	2	2014-008	2014
93.767	Children's Health Insurance Program	Human Services	Insufficient training for county eligibility workers	4	14-22	3	2014-010	2014
93.767	Children's Health Insurance Program	Human Services	Inability to close cases based on information changes affecting eligibility	1	14-22	4	2014-011	2014
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements over citizenship and social security information	4	14-22	5	2014-012	2014
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements over income	4	14-22	6	2014-013	2014
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	4	14-22	7	2014-014	2014
93.767	Children's Health Insurance Program	Human Services	Enrolled participants in the wrong public program	4	14-22	8	2014-015	2014
93.767	Children's Health Insurance Program	Human Services	Noncompliance with federal program eligibility requirements	2	15-01	1	2014-018	2014
93.767	Children's Health Insurance Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	4	15-07	1	2014-023	2014
93.767	Children's Health Insurance Program	Human Services	Noncompliance with federal eligibility requirements	4	15-07	2	2014-024	2014
93.767	Children's Health Insurance Program	Human Services	No documented internal control structure ensuring compliance	1	15-07	3	2014-025	2014
93.767	Children's Health Insurance Program	Human Services	Not monitoring system access annually	2	15-07	4	2014-026	2014
93.777	State Health Care Providers Survey	Human Services	Noncompliance with cost allocation plan controls and monitoring	1	09-10	1		2008
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.777	State Health Care Providers Survey	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.777	State Health Care Providers Survey	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93.778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility verification requirements	2	14-22	1	2014-008	2014
93.778	Medical Assistance Program	Human Services	Inadequate controls to ensure security over the transfer of data	2	14-22	2	2014-009	2014
93.778	Medical Assistance Program	Human Services	Insufficient training for county eligibility workers	2	14-22	3	2014-010	2014
93.778	Medical Assistance Program	Human Services	Inability to close cases based on information changes affecting eligibility	1	14-22	4	2014-011	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over citizenship and social security information	2	14-22	5	2014-012	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over income	2	14-22	6	2014-013	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	2	14-22	7	2014-014	2014
93.778	Medical Assistance Program	Human Services	Enrolled participants in the wrong public program	2	14-22	8	2014-015	2014
93.778	Medical Assistance Program	Human Services	Paid benefits for participants in both public program and Medicare	2	14-22	9	2014-016	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with federal program eligibility requirements	4	14-22	10	2014-017	2014
93.778	Medical Assistance Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with federal eligibility requirements	2	15-07	1	2014-023	2014

STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2015

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
	U.S. Department of Health and Human Services (continued)							
93-778	Medical Assistance Program	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
93-778	Medical Assistance Program	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93-778	Medical Assistance Program	Human Services	Noncompliance with cost allocation plan controls and monitoring	1	15-07	4	2014-026	2014
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	09-10	1		2008
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	10-11	1		2009
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	11-13	2		2010
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	12-07	1		2011
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	13-15	2		2012
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	14-11	1	2013-010	2013
93-959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	No documented internal control structure ensuring compliance	1	15-07	2	2014-024	2014
	U.S. Department of Homeland Security							
97-036	Disaster Grants - Public Assistance	MIN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
97-036	Disaster Grants - Public Assistance	Public Safety	Noncompliance with single audit FFATA reporting requirements	4	15-04	1	2014-019	2014
<p>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.</p> <p>* CATEGORY OF CORRECTIVE ACTION TAKEN</p> <p>1 - Findings have been fully corrected.</p> <p>2 - Findings are not corrected or are only partially corrected.</p> <p>3 - Corrective action taken was significantly different than previously reported.</p> <p>4 - Audit findings are no longer valid or do not warrant further action.</p> <p>For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.</p>								

State of Minnesota

Financial and Compliance Report on Federally Assisted Programs Fiscal Year Ended June 30, 2015

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 13-05

State Agency: Minnesota Department of Human Services

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

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

10.551 Supplemental Nutrition Assistance Program (SNAP)
93.558 Temporary Assistance for Needy Families (TANF)

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

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

This finding is repeated in the current audit report. See Section III, Report 16-06, Finding 1 (2015-011), for the Department of Human Services' response.

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

Report 14-11

State Agency: Minnesota Department of Human Services

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

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

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

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

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

This finding is repeated in the current audit report. See Section III, Report 16-06, Finding 4 (2015-014), for the Department of Human Service's response.

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

Report 14-11

State Agency: Minnesota Department of Human Services

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

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

10.551 Supplemental Nutrition Assistance Program (SNAP)
93.558 Temporary Assistance for Needy Families (TANF)

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

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

This finding is repeated in the current audit report. See Section III, Report 16-06, Finding 1 (2015-011), for the Department of Human Services' response.

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

Report 14-21

State Agency: MNsure

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

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

93.525 State Planning and Establishment Grants for the Affordable
Care Act Exchanges

Finding 2014-003 (14-21-4) *Did not maintain accurate and complete inventory of equipment.*

4. The Department of Commerce and MNsure did not maintain complete and accurate inventory records of equipment purchased for the Exchange.

This finding is repeated in the current audit report. See Section III, Report 16-08, Finding 2 (2015-018), for MNsure's response.

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

Report 14-21

State Agency: MNsure

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

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

93.525 State Planning and Establishment Grants for the Affordable
Care Act Exchanges

Finding 2014-004 (14-21-5) *Noncompliance with federal standards for payroll cost allocations.*

5. MNsure did not comply with state requirements to ensure the accuracy and approval of employee payroll time reporting.

This finding is repeated in the current audit report. See Section III, Report 16-08, Finding 3 (2015-019), for MNsure's response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-008 (14-22-1) *Noncompliance with eligibility verification requirements.*

- 1. The Department of Human Services did not adequately verify that people who enrolled in public health care programs through MNsure were eligible for those programs.**

This finding is repeated in the current audit report. See Section III, Report 16-02, Finding 1 (2015-001), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-009 (14-22-2) *Inadequate controls to ensure security over the transfer of data.*

- 2. The Department of Human Services lacked adequate controls to ensure the accurate and complete transfer of recipient data from MNsure to DHS's medical payment system, and to detect whether Office of MN.IT Services staff inappropriately accessed recipients' personal information.**

This finding is repeated in the current audit report. See Section III, Report 16-02, Finding 2 (2015-002), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-010 (14-22-3) *Insufficient training for county eligibility workers.*

3. The Department of Human Services did not provide the county human service eligibility workers with sufficient training on MNsure.

This finding is repeated in the current audit report. See Section III, Report 16-02, Finding 3 (2015-003), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-012 (14-22-5) *Noncompliance with eligibility requirements for citizenship and social security information.*

- 5. The Department of Human Services did not have an effective process to resolve discrepancies with social security numbers and citizenship or immigration status that MNsure identified for further verification.**

This finding is repeated in the current audit report. See Section III, Report 16-02, Finding 5 (2015-005), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-013 (14-22-6) *Noncompliance with eligibility requirements over income.*

6. The Department of Human Services paid Medical Assistance and MinnesotaCare benefits for recipients whose income exceeded federal and state program limits.

This finding is repeated in the current audit report. See Section III, Report 16-02, Finding 6 (2015-006), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-014 (14-22-7) *Noncompliance with eligibility requirements over household size and family relationships.*

- 7. The Department of Human Services paid health care costs for some ineligible people based on the applicants' reported household size and family relationships.**

This finding is repeated in the current audit report. See Section III, Report 16-02, Finding 7 (2015-007), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-015 (14-22-8) *Incorrectly enrolled participants in the wrong public program.*

- 8. MNSure incorrectly enrolled some people in MinnesotaCare when they were eligible for Medical Assistance, and the Department of Human Services did not transfer MinnesotaCare recipients to the Medical Assistance Program when their income dropped.**

This finding is repeated in the current audit report but is now being reported under CFDA 93.640 Basic Health Program (Affordable Care Act) rather than CFDA 93.778 Medical Assistance. See Section III, Report 16-02, Finding 8 (2015-008), for the Department of Human Services' response.

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

Report 14-22

State Agency: Minnesota Department of Human Services

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

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

93.778 Medical Assistance

Finding 2014-016 (14-22-9) *Paid benefits for participants in both public program and Medicare.*

9. The Department of Human Services paid benefits for MinnesotaCare participants who were also enrolled in Medicare.

This finding is repeated in the current audit report but is now being reported under CFDA 93.640 Basic Health Program (Affordable Care Act) rather than CFDA 93.778 Medical Assistance. See Section III, Report 16-02, Finding 9 (2015-009), for the Department of Human Services' response.

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

Report 15-01

State Agency: MN.IT Services

Federal Agency(ies): U.S. Department of Agriculture
U.S. Department of Labor
U.S. Department of Education
U.S. Department of Health and Human Services
U.S. Department of Homeland Security

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.557	Special Supp. Nutrition Program for Women, Infants, Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.561	Supplemental Nutrition Assistance Administration
17.225	Unemployment Insurance
84.007	Federal Supplemental Educational Opportunity Grants
84.010	Title I – Grant to Local Educational Agencies
84.027	Special Education – State Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan
84.063	Federal Pell Grant Program
84.126	Vocational Rehabilitation Grants
84.173	Special Education – Preschool Grants
84.268	Federal Direct Student Loans
84.376	National Science and Mathematics Talent Grants
84.379	Teacher Education Asst. for College and Higher Education
93.525	State Planning and Establishment Grants for ACA Exchanges
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care and Development – Mandatory and Matching
93.658	Foster Care
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance
97.036	Disaster Grants – Public Assistance

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

Finding 2014-018 (15-01-1) *Noncompliance with federal cost principles and excess reserves.*

- 1. The Office of MN.IT Services used billing rates that significantly overcharged for some shared information technology services to offset other billing rates that significantly undercharged for some shared information technology services.**

This finding is repeated in the current audit report and is now included in Minnesota Management and Budget's report. See Section III, Report 16-09, Finding 1 (2015-020), for Minnesota Management and Budget's response.

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

Report 15-07

State Agency: Minnesota Department of Human Services

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

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
93.558	Temporary Assistance for Needy Families (TANF)
93.575	Child Care and Development Block Grant
93.596	Child Care and Development - Mandatory and Matching
93.778	Medical Assistance

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

- 1. The Department of Human Services did not adequately ensure that recipients receiving benefits met the eligibility requirements for Medical Assistance, Children’s Health Insurance, Temporary Assistance for Needy Families, Child Care and Development Fund, and Supplemental Nutrition Assistance programs. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 16-06, Finding 1 (2015-011), for the Department of Human Services’ response.

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

Report 15-07

State Agency: Minnesota Department of Human Services

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

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care and Development - Mandatory and Matching
93.658	Foster Care
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.778	Medical Assistance

Finding 2014-025 (15-07-3) *Incompatible system access without mitigating controls.*

3. The Department of Human Services did not consistently ensure county workers with access to the department's computer systems needed the access.

This finding is repeated in the current audit report. See Section III, Report 16-06, Finding 2 (2015-012), for the Department of Human Services' response.

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

Report 15-07

State Agency: Minnesota Department of Human Services

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

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

93.575 Child Care and Development Block Grant

93.596 Child Care and Development - Mandatory and Matching

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

5. The Department of Human Services did not always perform licensing visits to child care facilities in timely manner. This is a repeat finding.

This finding is repeated in the current audit report. See Section III, Report 16-06, Finding 4 (2015-014), for the Department of Human Services' response.

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

Report CLA-14

State Agency: Minnesota State Colleges and Universities

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

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

84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.376	National Science and Mathematics Talent Grants
84.379	Teacher Education Assistance for College and Higher Education Grants

Finding 2014-037 (CLA-14-3) (CLA Report 2014-003)

Inaccurate information on the National Student Loan Data System status update reports.

This finding is repeated in the current audit report. See Section III, Report CLA-2015-003, Finding 1 (2015-025), for Minnesota State Colleges and Universities' response.

