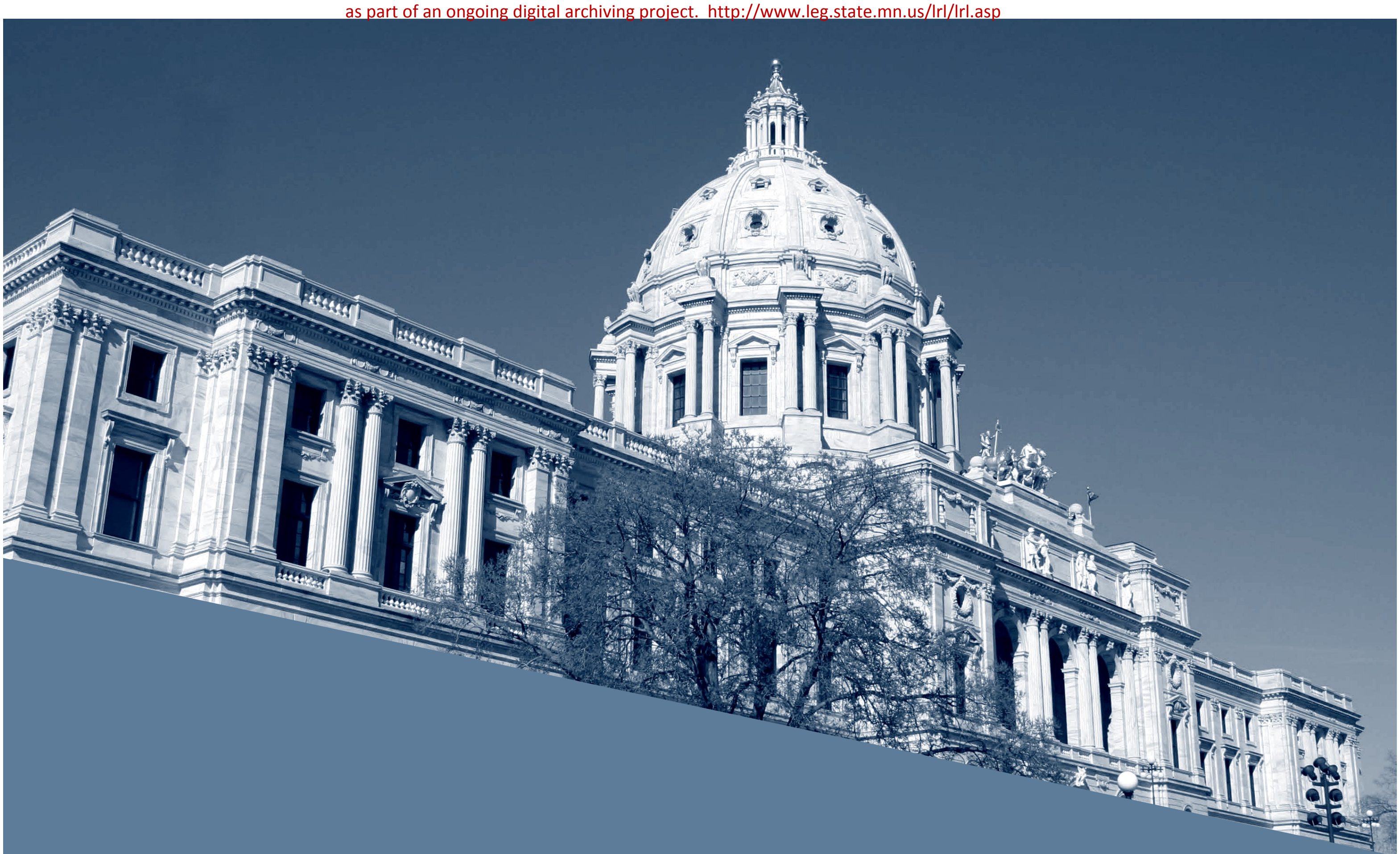

Department of Employment and Economic Development

Federal Compliance Audit

Year Ended June 30, 2016

March 24, 2017
REPORT 17-10

Financial Audit Division

OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

Office of the Legislative Auditor
Financial Audit Division

The Financial Audit Division at the Office of the Legislative Auditor (OLA) performs three types of audits of entities within the state's executive and judicial branches:

- **Financial Statement** audits determine whether an entity has prepared its Comprehensive Annual Financial Report in accordance with governmental accounting principles. The division provides audit opinions on the financial reports for the State of Minnesota, the state's three large public pension plans, and the Minnesota Sports Facilities Authority.

- **Federal Grant Compliance** audits determine whether the state has complied with federal requirements for many of its largest federal programs. Often called the *Single Audit*, the federal government requires these audits as a condition of receiving federal grants.

- **Internal Controls and Legal Compliance** audits determine whether an entity has internal controls to effectively manage the risks of its financial operations and whether it has complied with legal compliance requirements chosen for testing.

The Financial Audit Division has a staff of about 35 auditors, many of whom are licensed CPAs and hold other certifications. The division conducts its audits in accordance with *Government Auditing Standards* established by the Comptroller General of the United States.

One requirement of the audit standards is a periodic review of the division's system of quality control by audit peers from across the country. The division's most recent peer review report is available at: www.auditor.leg.state.mn.us/fad/pdf/fadpeer.pdf

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OLA also has a **Program Evaluation Division** that evaluates topics periodically selected by members of the Legislative Audit Commission.

In addition, OLA may conduct a **Special Review** in response to allegations and other concerns brought to the attention of the Legislative Auditor. The Legislative Auditor conducts a preliminary assessment in response to each request for a special review to determine what additional action, if any, OLA should take.

OLA

OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

March 24, 2017

Senator Mary Kiffmeyer, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Shawntera Hardy, Commissioner
Department of Employment and Economic Development

This report presents the results of our audit of the Unemployment Insurance program and the Rehabilitation Services – Vocational Rehabilitation Grants to States program, which were major federal programs for the State of Minnesota for fiscal year 2016. We conducted this audit as part of our audit of the state's compliance with federal program requirements. This was not a comprehensive audit of the Department of Employment and Economic Development.

This audit was conducted by Scott Tjomsland, CPA, CISA (Audit Director); Pat Ryan (Auditor-in-Charge); Scott Dunning, CPA (Senior Auditor); April Lee (Senior Auditor); and Todd Pisarski (Senior Auditor).

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

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

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THE GREAT SEAL OF THE STATE OF MINNESOTA

L'ETOILE DU NORD

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Report Summary

We audited the Department of Employment and Economic Development's use of money it received in fiscal year 2016 through two large federal grant programs, including Unemployment Insurance, and Rehabilitation Services – Vocational Rehabilitation Grants.

Our primary objectives were: (1) to determine whether the department used federal grant money and administered the programs in compliance with federal regulations; and (2) to determine whether the department had adequate internal controls to ensure it complied with federal requirements.

For each federal program, we interviewed officials and staff of the Department of Employment and Economic Development to understand how the department administered the federal programs and ensured compliance. We analyzed the financial transactions of each program and, as necessary, tested a sample of those transactions to determine whether the department's internal controls were effective and to ensure the transactions complied with federal requirements.

Conclusion

We concluded that the Department of Employment and Economic Development generally complied with most federal grant requirements for its large federal programs for fiscal year 2016. The department also generally had adequate internal controls to ensure compliance with those requirements. However, the department had two instances of noncompliance and internal control weaknesses, including one finding repeated from our prior federal compliance report,[1] as noted in the findings in this report.

Audit Findings

- The Department of Employment and Economic Development did not always develop individualized plans for employment for participants in the Rehabilitation Services – Vocational Rehabilitation Grants program within the required timeframe. This is a repeat finding. (Finding 1, page 7)

[1] Office of the Legislative Auditor, Financial Audit Division Report 16-11, *Department of Employment and Economic Development Federal Compliance Audit*, (Finding 1), issued March 24, 2016.

- The Department of Employment and Economic Development did not have adequate internal controls to ensure it spent the required percentage of its federal Rehabilitation Services – Vocational Rehabilitation Grants on specified activities. (Finding 2, page 9)

Department of Employment and Economic Development

Federal Program Overview

The Department of Employment and Economic Development administered two federal programs that we included as part of our annual organization-wide audit of the State of Minnesota's compliance with federal requirements under the federal Single Audit Act.[2] The objective of the Single Audit is to provide the federal government with assurance about the state's management and use of federal grant money. The audit encompasses both financial and compliance components.

Each year, the federal Office of Management and Budget issues a *Compliance Supplement* to provide specific audit requirements for its largest federal programs, including the ones we audited at the Department of Employment and Economic Development. The *Compliance Supplement* identifies important compliance requirements that the federal government expects to be considered as part of our audit. The supplement provides detailed explanations, discussions, and guidance about standard requirements that recipients must comply with when receiving and using such federal grant money.

The Department of Employment and Economic Development administered two large federal programs (Unemployment Insurance, CFDA 17.225;[3] and Rehabilitation Services – Vocational Rehabilitation Grants, CFDA 84.126) that we considered major federal programs for the State of Minnesota.[4] Table 1 shows the fiscal year 2016 expenditures for these programs.[5]

[2] 2 *CFR,* Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, subpart F – Audit Requirements.

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

[4] We defined a major federal program for the State of Minnesota in accordance with a formula prescribed by the federal Office of Management and Budget as a program or cluster of programs whose expenditures for fiscal year 2016 exceeded $30 million.

[5] Federal grant award numbers for Unemployment Insurance: UI-27984-16-55-A-27 and UI-26542-15-55-A-27; Federal grant award numbers for Vocational Rehabilitation Grants: H126A160032-16C, H126A160033-16C, H126A150032-15D, and H126A150033-15D.

Table 1
Department of Employment and Economic Development
Major Federal Programs
Fiscal Year 2016
(in thousands)

CFDA[a]	Program Name	Federal Expenditures
17.225	Unemployment Insurance	$836,374
84.126	Rehabilitation Services – Vocational Rehabilitation Grants	$ 54,618

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

Source: 2016 Schedule of Expenditures of Federal Awards, prepared by the Department of Management and Budget.

The Unemployment Insurance program provides benefits to unemployed workers for periods of involuntary unemployment and to help stabilize the economy by maintaining the spending power of workers while they are between jobs. The program's expenditures included $1,885,000 originally awarded under the American Recovery and Reinvestment Act of 2009 (ARRA).

The Rehabilitation Services – Vocational Rehabilitation Grants program provides the department with federal money to assist in the assessment, planning, development and delivery of vocational rehabilitation services for individuals with disabilities so they may prepare for employment.

Objective, Scope, and Methodology

The objective of our audit was to determine whether the Department of Employment and Economic Development complied with federal program requirements in its administration of these federal programs for fiscal year 2016. This audit is part of our broader federal single audit objective to obtain reasonable assurance about whether the State of Minnesota complied with the types of compliance requirements that are applicable to each of its federal programs.

As part of our audit, we identified and tested the department's internal controls designed to ensure compliance with federal requirements. We analyzed expenditure data and tested samples of expenditure transactions, including administrative costs and benefits and services provided to program participants, to determine if allowed by federal requirements. We analyzed the timing of the department's requests for federal grant money to determine compliance with federal cash management requirements. We tested samples of program participants that received benefits or services to determine if the individuals met federal eligibility requirements. We analyzed expenditure data to determine if the department spent the required amount of state resources on federal program activities, spent the required percentage of federal grant money on specific activities, and spent federal grant money within required timeframes. We compared various financial and performance reports the department submitted to the federal government to support documentation to determine the accuracy of the reports. Finally, we tested compliance with certain federal requirements unique to each federal program as instructed by the federal government, referred to as "Special Tests and Provisions" in the *Compliance Supplement*.

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

Conclusion

We concluded that the Department of Employment and Economic Development generally complied with most federal grant requirements for its large federal programs for fiscal year 2016. The department also generally had adequate internal controls to ensure compliance with those requirements. However, the department had two instances of noncompliance and internal control weaknesses, including one finding repeated from our prior federal compliance report,[6] as noted in the findings in this report.

The *Findings and Recommendations* section provides more information about the department's noncompliance and internal control weaknesses.

Status of Prior Audit Finding

The department did not resolve the finding we reported in our prior federal compliance report. That finding is repeated as Finding 1 in the *Findings and Recommendations* section.[6]

Other Reporting

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

[6] Office of the Legislative Auditor, Financial Audit Division Report 16-11, *Department of Employment and Economic Development Federal Compliance Audit*, (Finding 1), issued March 24, 2016.


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Findings and Recommendations

Finding 1

The Department of Employment and Economic Development did not always develop individualized plans for employment for participants in the Rehabilitation Services – Vocational Rehabilitation Grants program within the required timeframe. This is a repeat finding.[7]

The department did not always develop individualized plans for employment[8] 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). For those cases, the department did not always document extensions to specific dates, agreed to by the participants, for developing the plans.

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…."*[9]

The department has two units administering the program. The State Services for the Blind unit provides rehabilitation services to blind and visually impaired participants. The Vocational Rehabilitation Services unit provides services to all other participants.

Table 2 shows the length of time for the development of individualized plans for employment after the determination of participant eligibility for participants determined eligible during fiscal year 2016.

[7] Office of the Legislative Auditor, Financial Audit Division Report 16-11, *Department of Employment and Economic Development Federal Compliance Audit*, (Finding 1), issued March 24, 2016.

[8] 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.

[9] 29 *U.S. Code*, sec. 722(b) (3) (F).

Table 2
Department of Employment and Economic Development
Development of Individualized Plans for Employment
Fiscal Year 2016

	Vocational Rehabilitation Services Unit		State Services for the Blind Unit	
	Participants	Percent	Participants	Percent
Plans Developed Within 90 Days	4,626	85.1%	166	81.0%
Plans Developed After 90 Days	808	14.9%	39	19.0%

Source: The Department of Employment and Economic Development's vocational rehabilitation case file system.

We reviewed case information for a sample of 24 of the program participants that had individualized plans for employment completed more than 90 days after the department determined they were eligible. Only 5 of the participants we tested had documentation showing that the department and participant had agreed to extend the deadline to a specific date and developed the plans by those extended deadlines. Not developing individualized plans for employment within required timeframes delays the delivery of services to individuals in need.

The department told us that it provided additional training to counselors to emphasize the federal requirements. The department also told us that it implemented procedures to monitor the timing of the development of the plans. The department periodically generates reports to identify cases without plans developed that are near or beyond the 90 day deadline, and provides those reports to individual counselors. The Vocational Rehabilitation Services unit generates monthly reports, and the State Services for the Blind unit generates biweekly reports. However, the department did not implement these training and monitoring procedures in time to resolve the finding for fiscal year 2016.

Recommendations

- *The Department of Employment and Economic Development should continue strengthening its procedures to monitor the timing of the development of individualized plans for employment to ensure it develops the plans within 90 days after determining eligibility, or by an extended deadline to a specific date agreed to by the participant.*

- *The Department of Employment and Economic Development should clearly document deadline extensions to specific dates, and the participants' agreements to those extensions, for the development of individualized plans for employment.*

The Department of Employment and Economic Development did not have adequate internal controls to ensure it spent the required percentage of its federal Rehabilitation Services – Vocational Rehabilitation Grants on specified activities.

Finding 2

The department did not spend at least 15 percent of its federal Rehabilitation Services – Vocational Rehabilitation Grant (CFDA 84.126) for the federal fiscal year ending September 30, 2015, on pre-employment transition services to students with disabilities.[10] Some federal grants have requirements about how the grant recipients can use certain amounts or percentages of the grant. Generally referred to as "earmarking," these requirements allocate grant money for a specific purpose. The Rehabilitation Services – Vocational Rehabilitation Grant included an earmarking requirement that stated, *"…the State shall reserve not less than 15 percent of the allocated funds for the provision of pre-employment transition services."*[11]

The department spent only $5,031,683 of the $52,396,934 federal grant on pre-employment transition services to students with disabilities. It spent the rest of the grant, including the remaining $2,827,857 earmarked for pre-employment transition services, on other vocational rehabilitation services. The department did not sufficiently monitor its expenditures from the federal grant to ensure it spent at least the required amount on the earmarked services.

Recommendation

- *The Department of Employment and Economic Development should design and implement internal controls to ensure it spends at least 15 percent of its federal Rehabilitation Services – Vocational Rehabilitation Grants on pre-employment transition services to students with disabilities.*

[10] 29 *U.S. Code*, sec. 733, lists the activities that may be considered pre-employment transition services. Activities include counseling for job exploration or for enrollment in transition or postsecondary educational programs; work-based learning experiences; workplace readiness training; and instruction in self-advocacy.

[11] 29 *U.S. Code*, sec. 730(d).


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EMPLOYMENT AND ECONOMIC DEVELOPMENT

March 21, 2017

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

Dear Mr. Nobles,

Thank you for the opportunity to respond to the findings and recommendations related to the Single Audit on selected major federal programs awarded to the Department of Employment and Economic Development (DEED) for the fiscal year ending June 30, 2016. These federal programs include Unemployment Insurance (CFDA 17.225) and Rehabilitation Services grant programs - Vocational Rehabilitation Services and State Services for the Blind (CFDA 84.126), which had expenditures for fiscal year 2016 exceeding $30 million.

We are pleased that you have found that the Department of Employment and Economic Development generally complied with and had controls in place to ensure compliance with provisions of laws, regulations, contracts, and grants applicable to the major federal programs audited. There were two areas of weaknesses identified.

Audit Finding 1: Prior Finding Not Resolved – Repeat Finding (Finding 1, Page 7): The Department of Employment and Economic Development did not always develop 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 employment 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). For those cases, the department did not always document extensions to specific dates, agreed to by the participants, for developing the plans.

OMB A-133 Compliance Requirement **–** *When an IPE is required for the provision of VR services under Section 103(a) of the Act, it must be done as soon as possible, but not later than 90 days after the date of the determination of eligibility by the State VR agency, unless the* ***State VR agency and the eligible individual agree*** *to an extension of that deadline to a specific date by which the IPE must be completed (Section 102(b)(3)(F) of the Act (29 USC 722(b)(3)(F)))*.

Recommendations

- *The Department of Employment and Economic Development should continue strengthening its procedures to monitor the timing of the development of individualized plans for employment to ensure it develops the plans within 90 days after determining eligibility, or by an extended deadline to a specific date agreed to by the participant.*

Minnesota Department of Employment and Economic Development
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mn.gov/deed

- *The Department of Employment and Economic Development should clearly document deadline extensions to specific dates, and the participants' agreements to those extensions, for the development of individualized plans for employment.*

Response:
The Department of Employment and Economic Development (DEED) agrees with the finding that individualized plans for employment (IPE) must be developed in a timely manner within 90 days of an eligibility determination or may be extended to a specific date mutually agreed by the Vocational Rehabilitation (VR) counselor and the eligible individual and documented in the case file.

Until the signing of the Workforce Innovation and Opportunity Act (WIOA) on July 22, 2014, policy provided counselors with 150 days to complete an Individual Plan for Employment (IPE). Immediately upon its signing, WIOA altered the timeframe, allowing counselors only 90 days to complete an IPE. This change occurred three weeks into State Fiscal Year (SFY) 2015. DEED updated its policy in late December, 2014 (after having it reviewed by the State Rehabilitation Council, as required by WIOA regulations) and began training shortly thereafter. Unfortunately, the initial OLA audit (completed in March 2016) covered the entire SFY 2015, which led to the Department's audit finding.

As was noted in the finding, VRS and SSB have both implemented training and monitoring procedures, but this was not completed in time to fully remedy the problem for FFY 2016. Additionally, as noted in last year's audit response, our revised case management system will be rolled out in June 2017 and will include functionality to notify staff of impending IPE due dates. This functionality will include a staff prompt at 75 days to complete the plan within 90 days or secure the necessary extension.

For FFY 2017, VRS' compliance rate for the timely completion of the IPE stands at 97.3%. This is significantly above the 85.1% cited in the FFY 2016 audit and demonstrates the positive impact of the training and monitoring procedures put into place in response to last year's audit.

SSB intends to move eligible individuals into planned services expediently, though there are times plans have an agreed upon extension so that both parties can fully explore the avenues necessary to determine a vocational goal. That has been part of our practice for extending IPE development. To ensure further compliance with regulations, SSB plans to: modify its orientation and intake process to have more notable emphasis on IPE development and the importance of the individual's engagement and participation and add stronger language in its notification of eligibility letters to emphasize IPE timelines and individual responsibility in the comprehensive assessment process. SSB will also update policies and procedures to provide structure around use of extensions, including a requirement for a written and delay of IPE development; and will increase oversight by manually creating 45 and 60 day reports to notify staff of impending IPE deadlines.

VRS and SSB work with customers with multiple barriers to employment and significant life challenges. We always strive to strike a balance between person-centered and responsive services with the compliance mandates issued from our federal funder. While we have demonstrated significant progress on this measure over the last 2 years, because of the realities of our customers and the profound challenges they face each and every day, we acknowledge that we may never achieve 100% compliance on this measure. We are continuing to seek guidance from our federal funder. With both our programs operating on order of selection, this regulation has serious implications for service delivery.

Kim Peck, Director of Vocational Rehabilitation Services and Carol Pankow, Director of State Services for the Blind, will continue to oversee procedural changes, enabling DEED to avoid further repeat occurrences of this finding.

Audit Finding 2: New Finding (Finding 2, Page 9): The Department of Employment and Economic Development did not have adequate internal controls to ensure it spent the required percentage of its federal Rehabilitation Services – Vocational Rehabilitation on specified activities.

The department did not spend at least 15 percent of its federal Rehabilitation Services – Vocational Rehabilitation Grant (CFDA 84-126) for the federal fiscal year ending September 30, 2015, on pre-employment transition services to students with disabilities. Activities that may be considered pre-employment transition services or pre-employment transition coordination activities include job exploration or for enrollment in transition or postsecondary educational programs; work-based learning experiences; workplace readiness training; and instruction in self-advocacy.

Recommendations

- *The Department of Employment and Economic Development should design and implement internal controls to ensure it spends at least 15 percent of its federal Rehabilitation Services – Vocational Rehabilitation Grants on pre-employment transition services to students with disabilities.*

Response:
The Department of Employment and Economic Development does not agree with the finding that DEED did not have adequate internal controls in place to ensure it spent the required percentage of its federal grant on the provision of pre-employment transition services. Rigorous reporting and tracking controls are in place that monitor the expenditure of federal grant funds on pre-employment transition services. The Department does, however, acknowledge that DEED fell short of meeting the 15 percent set-aside requirement in FFY 2015 and FFY 2016.

The 15 percent set-aside requirement went into effect immediately upon the enactment of The Workforce Innovation and Opportunity Act (WIOA) on July 22, 2014. The implementing federal regulations for these new requirements were not published until August 19, 2016. Consequently, there was significant uncertainty about the population that would be eligible for these services and the specific types of services that could be included in the set-aside.

On July 15, 2016, Kim Peck, Director of Vocational Rehabilitation Services and Carol Pankow, Director of State Services for the Blind, jointly reached out to Commissioner Janet LaBreck of the U.S. Department of Education, Rehabilitation Services Administration (RSA), and formally requested an on-site technical assistance and monitoring visit to the State of Minnesota for assistance in implementation of new federal regulations related to the pre-employment transition services to ensure Minnesota is on the right track. Although the RSA Commissioner indicated that they would get back to us within one week of our request, we have not heard back from them yet so the request remains unfulfilled. The VRS and SSB Directors also reached out to David Steele, RSA's Fiscal Unit Chief and Lawrence Vrooman, State Liaison, U.S.

Department of Education in Washington, D.C. for additional clarity about the federal regulations and implementation of pre-employment transition services.

In recognition of this uncertainty, the Rehabilitation Services Administration (RSA) informed its grantees that they would be exercising their transition authority under section 503(e) that allows for the orderly transition of requirements under the Rehabilitation Act, as amended by WIA, to those requirements in the Rehabilitation Act, as amended by WIOA. As explicitly stated by RSA in the written materials used at the Regional Technical Assistance Conference in Chicago on Wednesday, September 7, 2016, *"Given the significant change to the VR program that the requirements of sections 110(d) and 113 of the Rehabilitation Act represent, the Department has exercised its transition authority to develop an approach for ensuring compliance."*

The approach being used by RSA to ensure compliance to the new set-aside requirement is outlined on slides 10-15 of the power point presentation that was used at the September 2016 technical assistance conference. These slides are entitled "Ensuring State Compliance with the Reservation of Funds Requirement". Reference the power point presentation using this link: https://www2.ed.gov/about/offices/list/osers/rsa/wioa/fiscal-overview-pre-employment-transition-services.pdf. RSA is initially focusing their efforts on providing the technical assistance necessary to ensure States understand:

- The legal requirements set forth in sections 110(d) and 113;
- How to apply those legal requirements to the services States provide, or may consider providing, that meet the reservation requirement;
- What activities may be paid with the reserved funds;
- How to report pre-employment transition expenditures accurately; and
- What revisions might be necessary on the SF-425s to ensure accuracy.

RSA's primary strategy is to analyze the final SF-425s for FFY 2015 and the 4th quarter SF-425s for FFY 2016 to determine which States did not satisfy the reservation of funds requirement for the provision of pre-employment transition services with respect to the FFY 2015 VR grant and which States may be still struggling with respect to the FFY 2016 VR grant. Some factors RSA will be considering in its analysis are:

- percentage of funds reserved and used for the provision of pre-employment transition services;
- improvement with respect to satisfying the requirements;
- whether the improvement continued with respect to the FFY 2016 VR allotment; and
- whether the State has shown no improvement with respect to complying with the requirements.

The Rehabilitation Services Administration (RSA) began their primary strategy and review of Minnesota's grantees (VRS and SSB) on February 28, 2017 as evidenced by an email communication received from Ms. Julya Doyle, Financial Management Specialist. She has asked us to verify that the amounts reported on the SF-425 reports accurately reflect the total expenditures provided for the provision of pre-employment transition services for both Federal fiscal years. If the data is accurate, she has asked us to provide a breakdown as to what was included in the pre-employment transition service expenditures reported on the each SF-425 report (4th and final reports for FFY 2015 and 4th quarter for FFY 2016). If the data is inaccurate, she has asked us to correct the data so that RSA can reassess and determine the appropriate next steps for our state.

DEED is confident that RSA will recognize that Minnesota is making adequate progress in the implementation of the new 15 percent set-aside requirement. Furthermore, FFY 2017 spending obligations for pre-employment transition services demonstrate that VRS and SSB will meet or exceed the set-aside requirement.

Kim Peck, Director of Vocational Rehabilitation Services and Carol Pankow, Director of State Services for the Blind, will continue to oversee the implementation of pre-employment transition services and expect this finding to be resolved by June 30, 2017 (FFY 2017).

If you have any questions or need additional information, please contract Julie Freeman, CFO, at Julie.freeman@state.mn.us or 651-259-7085.

Regards,

Shawntera Hardy
Commissioner


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