

The background is a stylized illustration of a Minnesota landscape. It features a dark blue body of water in the foreground, a shoreline with green grass and two tents (one green, one red) in the middle ground, and a dense forest of evergreen trees in the background. The sky is light blue with white clouds and a small bird in flight. Pine branches hang down from the top right corner. The entire cover has a decorative, wavy, scalloped border.

MINNESOTA

FINANCIAL AND COMPLIANCE REPORT ON FEDERALLY ASSISTED PROGRAMS

For the year ended June 30, 2021





State of Minnesota

Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2021

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



State of Minnesota

2021 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 Annual Comprehensive Financial Report is available at the following website:

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

2021 Financial and Compliance Report on Federally Assisted Programs**Table of Contents**

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Date: April 29, 2022

To: The Honorable Tim Walz, Governor

From: Commissioner Jim Schowalter 

Cc: Chief of Staff Chris Schmitter

RE: 2021 Financial and Compliance Report on Federally Assisted Programs Transmittal
Letter from the Commissioner of Minnesota Management and Budget

Dear Governor Walz:

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2021. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996 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 primary government receives one annual financial audit and one audit of the major federal programs. This is an efficient approach for Minnesota because state agencies all utilize the same centralized control systems (accounting, personnel/payroll, and procurement).

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, 2021.

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 2021, the state of Minnesota received approximately \$ 25.9 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 Annual Comprehensive 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 Office of the State Auditor has audited the state's major federal programs identified in this single audit report in accordance with the Uniform Guidance contained in 2 CFR Part 200, as applicable. 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 issued a report on internal control over financial reporting in conjunction with the audit of the state's Annual Comprehensive Financial Report for the year ended June 30, 2021.

All subrecipients receiving federal assistance from Minnesota state agencies have been required to have audits in accordance with the Uniform Guidance contained in 2 CFR Part 200, as applicable. Results of these audits are summarized in the Report of the State Auditor on Federally Assisted Programs of Subrecipients of the State of Minnesota.

Report

This single audit report supplements the state's Annual Comprehensive Financial Report for the year ended June 30, 2021 and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

The Office of the State Auditor is responsible for preparing the auditor's report on compliance with requirements applicable to each major federal program and on internal controls over compliance, the summary of auditor's results, and the Schedule of Findings and Questioned Costs. Minnesota Management and Budget is responsible for preparing the schedule of expenditures for federal awards 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.





REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

The Honorable Tim Walz, Governor
Members of the Minnesota Legislature
Mr. James Schowalter, Commissioner of
Minnesota Management and Budget
State of Minnesota
Saint Paul, Minnesota

We have audited the accompanying Schedule of Expenditures of Federal Awards (SEFA) and related notes of the State of Minnesota for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the SEFA in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a SEFA that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the SEFA based on our audit. We conducted our audit 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the SEFA is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the SEFA. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the SEFA, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State's preparation and fair presentation of the SEFA in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we express no such opinion. An audit

also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the SEFA.

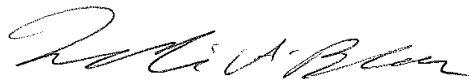
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the SEFA presents fairly, in all material respects, the expenditures of federal awards of the State of Minnesota for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, on our consideration of the State of Minnesota's internal control over financial reporting of the SEFA and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting of the SEFA and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Minnesota's internal control over financial reporting of the SEFA or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Minnesota's internal control over financial reporting and compliance.



JULIE BLAHA
STATE AUDITOR



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

April 29, 2022



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

The Honorable Tim Walz, Governor
Members of the Minnesota Legislature
Mr. James Schowalter, Commissioner of
Minnesota Management and Budget
State of Minnesota
Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schedule of Expenditures of Federal Awards (SEFA) and related notes of the State of Minnesota as of and for the year ended June 30, 2021.

Internal Control Over Financial Reporting of the Schedule of Expenditures of Federal Awards

In planning and performing our audit of the SEFA, we considered the State of Minnesota's internal control over financial reporting of the SEFA as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the SEFA, but not for the purpose of expressing an opinion on the effectiveness of the State of Minnesota's internal control over financial reporting of the SEFA. Accordingly, we do not express an opinion on the effectiveness of the State of Minnesota's internal control over financial reporting of the SEFA.

Our consideration of internal control over financial reporting of the SEFA was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting of the SEFA that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify a deficiency in internal control over financial reporting of the SEFA that we consider to be a material weakness.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the State of Minnesota's SEFA will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 to be a material weakness.

Compliance and Other Matters

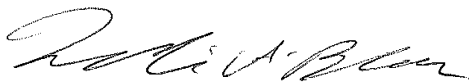
As part of obtaining reasonable assurance about whether the State of Minnesota's SEFA is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The State of Minnesota's Response to Findings

The State of Minnesota's response to the internal control finding identified in our audit is described in the Corrective Action Plan. The State of Minnesota's response was not subjected to the auditing procedures applied in the audit of the SEFA and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting of the SEFA and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Minnesota's internal control over financial reporting of the SEFA or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Minnesota's internal control over financial reporting of the SEFA and compliance. Accordingly, this communication is not suitable for any other purpose.



JULIE BLAHA
STATE AUDITOR



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

April 29, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

The Honorable Tim Walz, Governor
Members of the Minnesota Legislature
Mr. James Schowalter, Commissioner of
Minnesota Management and Budget
State of Minnesota
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the State of Minnesota's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* 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, 2021, except for the major programs listed below:

Program/Cluster Title	Percent of Program	Assistance Listing Number	Administered by
COVID-19 – Education Stabilization Fund	44	84.425C, 84.425E, 84.425F, 84.425K, 84.425L, 84.425M, 84.425N	Minnesota State Colleges and Universities
Student Financial Assistance Cluster	100	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364	Minnesota State Colleges and Universities

Those major federal programs were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, is based solely on the reports of the other auditors. The State of Minnesota's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

The State of Minnesota's basic financial statements include the operations of the Housing Finance Agency, the University of Minnesota, the Office of Higher Education, and the Public Facilities Authority component units for the year ended June 30, 2021, and the Metropolitan Council and Minnesota Comprehensive Health Association component units for the year ended December 31, 2020, which expended \$385,101,819; \$1,111,211,361; \$4,346,288; \$32,423,091; \$485,561,038; and \$84,757,861, respectively, in federal awards, which are not included in the State of Minnesota's Schedule of Expenditures of Federal Awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of these component units because they each had a separate single audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Minnesota's major federal programs based on our audit, and the audit of other auditors, of the types of 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 the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit, and the audit of other auditors, 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 COVID-19 – Education Stabilization Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding COVID-19 – Education Stabilization Fund as described in finding number 2021-004 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

Qualified Opinion on COVID-19 – Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on COVID-19 – Education Stabilization Fund for the year ended June 30, 2021.

Basis for Qualified Opinion on CCDF Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding CCDF Cluster as described in finding number 2021-009 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

Qualified Opinion on CCDF Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CCDF Cluster for the year ended June 30, 2021.

Basis for Qualified Opinion on Temporary Assistance for Needy Families

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding Temporary Assistance for Needy Families as described in finding number 2021-011 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

Qualified Opinion on Temporary Assistance for Needy Families

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families for the year ended June 30, 2021.

Basis for Qualified Opinion on Medicaid Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding Medicaid Cluster as described in finding number 2021-013 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

Qualified Opinion on Medicaid Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Medicaid Cluster for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the audit of other auditors, the State of Minnesota complied, in all material respects, with the types of 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, 2021.

Other Matters

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

Finding Numbers:

2021-002	2021-003	2021-005	2021-006	2021-007
2021-008	2021-010	2021-012	2021-014	2021-015
2021-016	2021-017	2021-018	2021-019	2021-020
2021-021	2021-023	2021-024	2021-025	2021-026
2021-027	2021-028	2021-029		

The State of Minnesota's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The State of Minnesota's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State of Minnesota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Minnesota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Minnesota's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items identified below to be material weaknesses.

Material Weakness Finding Numbers:

2021-004	2021-009	2021-011	2021-013	2021-029
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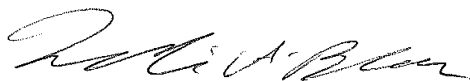
A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items identified below to be significant deficiencies.

Significant Deficiency Finding Numbers:

2021-002	2021-003	2021-005	2021-006	2021-007
2021-008	2021-010	2021-012	2021-014	2021-015
2021-016	2021-017	2021-018	2021-019	2021-020
2021-021	2021-022	2021-023	2021-024	2021-025
2021-026	2021-027	2021-028		

The State of Minnesota's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The State of Minnesota's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



JULIE BLAHA
STATE AUDITOR



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

April 29, 2022



State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Agriculture				
Supplemental Nutrition Assistance Program (SNAP) Cluster				
10.551	Supplemental Nutrition Assistance Program	Human Services	\$ 963,756,296	\$ -
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Human Services	\$ 81,605,453	\$ 68,244,138
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	MnSCU	\$ 1,027	\$ -
10.561	COVID-19-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Human Services	\$ 489,141	\$ -
Program 10.561 Total:			\$ 82,095,621	\$ 68,244,138
Supplemental Nutrition Assistance Program (SNAP) Cluster Total:			\$ 1,045,851,917	\$ 68,244,138
Forest Service Schools and Roads Cluster				
10.665	Schools and Roads - Grants to States	MN Management & Budget	\$ 7,494,829	\$ 7,494,829
Forest Service Schools and Roads Cluster Total:			\$ 7,494,829	\$ 7,494,829
Food Distribution Cluster				
10.565	Commodity Supplemental Food Program	Health	\$ 1,074,852	\$ 1,023,215
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	\$ 2,143,928	\$ 1,871,216
10.568	COVID-19-Emergency Food Assistance Program (Administrative Costs)	Human Services	\$ 1,256,679	\$ 1,256,679
Program 10.568 Total:			\$ 3,400,607	\$ 3,127,895
Food Distribution Cluster Total:			\$ 4,475,459	\$ 4,151,110
Child Nutrition Cluster				
10.553	School Breakfast Program	Education	\$ 6,734,849	\$ 6,676,609
10.555	National School Lunch Program	Education	\$ 22,700,802	\$ 21,934,735
10.556	Special Milk Program for Children	Education	\$ 362,546	\$ 362,546
10.559	Summer Food Service Program for Children	Education	\$ 506,739,838	\$ 506,240,442
10.559	COVID-19-Summer Food Service Program for Children	Education	\$ 56,706,429	\$ 56,367,802
Program 10.559 Total:			\$ 563,446,267	\$ 562,608,244
10.579	Child Nutrition Discretionary Grants Limited Availability	Education	\$ 257,296	\$ 224,835
Child Nutrition Cluster Total:			\$ 593,501,760	\$ 591,806,969
10.001	Agricultural Research Basic and Applied Research	MnSCU	\$ 9,029	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture	\$ 893,844	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Animal Health Board	\$ 673,040	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Natural Resources	\$ 137,924	\$ -
10.025	Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)	Agriculture	\$ 50,416	\$ -
Program 10.025 Total:			\$ 1,755,224	\$ -
10.093	Voluntary Public Access and Habitat Incentive Program	Natural Resources	\$ 369,654	\$ -
10.156	Federal-State Marketing Improvement Program	Agriculture	\$ 20,811	\$ -
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture	\$ 1,230,079	\$ 961,876
10.171	Organic Certification Cost Share Programs	Agriculture	\$ 260,506	\$ -
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	Human Services	\$ 347,807	\$ 340,633
10.215	Sustainable Agriculture Research and Education	MnSCU	\$ 4,821	\$ -
10.215	Pass-Through from the University of Minnesota (Unknown)	Agriculture	\$ 12,789	\$ -
Program 10.215 Total:			\$ 17,610	\$ -
10.221	Tribal Colleges Education Equity Grants	MnSCU	\$ 63,691	\$ -
10.222	Tribal Colleges Endowment Program	MnSCU	\$ 47,085	\$ -
10.227	1994 Institutions Research Program	MnSCU	\$ 86,496	\$ -
10.307	Organic Agriculture Research and Extension Initiative			
10.307	Pass-Through from the University of Minnesota (H007907601)	MnSCU	\$ 20,565	\$ -
10.310	Agriculture and Food Research Initiative (AFRI)	MnSCU	\$ 8,039	\$ -
10.319	Farm Business Management and Benchmarking Competitive Grants Program	MnSCU	\$ 66,417	\$ -
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture	\$ 1,978,721	\$ -
10.475	COVID-19-Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture	\$ 10,088	\$ -
Program 10.475 Total:			\$ 1,988,809	\$ -
10.479	Food Safety Cooperative Agreements	Agriculture	\$ 241,616	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
10.500	Cooperative Extension Service	MnSCU	\$ 480,809	\$ -
10.541	Child Nutrition-Technology Innovation Grant	Education	\$ 586,283	\$ -
10.542	Pandemic EBT Food Benefits	Human Services	\$ 251,430,980	\$ -
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children (4)	Health	\$ 75,434,735	\$ 20,810,593
10.557	COVID-19-WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Health	\$ 2,643,211	\$ 2,643,211
	Program 10.557 Total:		\$ 78,077,946	\$ 23,453,804
10.558	Child and Adult Care Food Program	Education	\$ 195,101,096	\$ 193,591,188
10.558	Child and Adult Care Food Program	MnSCU	\$ 5,279	\$ -
	Program 10.558 Total:		\$ 195,106,375	\$ 193,591,188
10.560	State Administrative Expenses for Child Nutrition	Education	\$ 4,872,532	\$ -
10.572	WIC Farmers' Market Nutrition Program (FMNP)	Agriculture	\$ 294,259	\$ -
10.574	Team Nutrition Grants	Education	\$ 89,819	\$ -
10.575	Farm to School Grant Program	Agriculture	\$ 69,176	\$ -
10.575	Farm to School Grant Program	Education	\$ 44,567	\$ -
	Program 10.575 Total:		\$ 113,743	\$ -
10.576	Senior Farmers Market Nutrition Program	Agriculture	\$ 137,104	\$ -
10.578	WIC Grants to States (WGS)	Health	\$ 201,239	\$ 191,326
10.582	Fresh Fruit and Vegetable Program	Education	\$ 1,999,273	\$ 1,854,569
10.649	COVID-19-Pandemic EBT Administrative Costs	Human Services	\$ 4,946,242	\$ -
10.664	Cooperative Forestry Assistance	Natural Resources	\$ 1,099,668	\$ 592,312
10.664	Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)	Agriculture	\$ 280,455	\$ -
	Program 10.664 Total:		\$ 1,380,123	\$ 592,312
10.675	Urban and Community Forestry Program	Natural Resources	\$ 436,760	\$ 291,333
10.676	Forest Legacy Program	Natural Resources	\$ 21,310	\$ -
10.678	Forest Stewardship Program	Natural Resources	\$ 416,129	\$ 42,910
10.680	Forest Health Protection	Agriculture	\$ 16,479	\$ -
10.680	Forest Health Protection	MnSCU	\$ 14,926	\$ -
10.680	Forest Health Protection	Natural Resources	\$ 171,554	\$ -
10.680	Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)	Agriculture	\$ 247,771	\$ -
	Program 10.680 Total:		\$ 450,730	\$ -
10.707	Research Joint Venture and Cost Reimbursable Agreements	MnSCU	\$ 683	\$ -
10.890	Rural Development Cooperative Agreement Program	MnSCU	\$ 7,003	\$ -
10.902	Soil and Water Conservation	Water & Soil Resources	\$ 327,129	\$ -
10.912	Environmental Quality Incentives Program	MnSCU	\$ 5,163	\$ -
10.912	Environmental Quality Incentives Program	Water & Soil Resources	\$ 31,069	\$ -
	Program 10.912 Total:		\$ 36,232	\$ -
10.924	Conservation Stewardship Program	MnSCU	\$ 62,835	\$ -
10.924	Conservation Stewardship Program	Water & Soil Resources	\$ 19,846	\$ -
	Program 10.924 Total:		\$ 82,681	\$ -
10.931	Agricultural Conservation Easement Program	MnSCU	\$ 19,173	\$ -
10.933	Wetland Mitigation Banking Program	Water & Soil Resources	\$ 173,687	\$ -
	U.S. Department of Agriculture Total:		\$ 2,199,545,647	\$ 893,016,997
U.S. Department of Commerce				
Economic Development Cluster				
11.300	Investments for Public Works and Economic Development Facilities	MnSCU	\$ 391,572	\$ -
	Economic Development Cluster Total:		\$ 391,572	\$ -
11.008	NOAA Mission-Related Education Awards	MnSCU	\$ 105,180	\$ -
11.419	Coastal Zone Management Administration Awards	Natural Resources	\$ 1,093,966	\$ 573,323
11.467	Meteorologic and Hydrologic Modernization Development	MnSCU	\$ 177	\$ -
11.549	State and Local Implementation Grant Program	Public Safety	\$ 184,269	\$ -
	U.S. Department of Commerce Total:		\$ 1,775,164	\$ 573,323
U.S. Department of Defense				
12.002	Procurement Technical Assistance for Business Firms	Administration	\$ 580,602	\$ -
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Pollution Control Agency	\$ 134,688	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
12.400	Military Construction, National Guard	Military Affairs	\$ 4,024,439	\$ -
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Affairs	\$ 67,343,306	\$ -
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Water & Soil Resources	\$ 405,294	\$ -
	Program 12.401 Total:		\$ 67,748,600	\$ -
12.404	National Guard Challenge Program	Military Affairs	\$ 2,051,627	\$ 2,051,627
12.630	Basic, Applied, and Advanced Research in Science and Engineering	MnSCU	\$ 40,587	\$ -
12.902	Information Security Grants	MnSCU	\$ 116,902	\$ -
12.903	GenCyber Grants Program	MnSCU	\$ 69,203	\$ -
12.905	CyberSecurity Core Curriculum	MnSCU	\$ 469,624	\$ -
	U.S. Department of Defense Total:		\$ 75,236,272	\$ 2,051,627
U.S. Department of Housing and Urban Development				
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DEED	\$ 16,456,471	\$ 16,123,110
14.231	Emergency Solutions Grant Program	Human Services	\$ 2,130,656	\$ 2,070,981
14.231	COVID-19-Emergency Solutions Grant Program	Human Services	\$ 4,744,439	\$ 4,254,455
	Program 14.231 Total:		\$ 6,875,095	\$ 6,325,436
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	Health	\$ 160,111	\$ 4,575
	U.S. Department of Housing and Urban Development Total:		\$ 23,491,677	\$ 22,453,121
U.S. Department of the Interior				
Fish and Wildlife Cluster				
15.605	Sport Fish Restoration	Natural Resources	\$ 14,299,269	\$ -
15.611	Wildlife Restoration and Basic Hunter Education	Natural Resources	\$ 18,593,151	\$ -
15.626	Enhanced Hunter Education and Safety	Natural Resources	\$ 201,867	\$ -
	Fish and Wildlife Cluster Total:		\$ 33,094,287	\$ -
15.027	Assistance to Tribally Controlled Community Colleges and Universities	MnSCU	\$ 46,684	\$ -
15.028	Tribally Controlled Community College Endowments	MnSCU	\$ 113	\$ -
15.605	R&D-Sport Fish Restoration	Natural Resources	\$ 205,000	\$ -
15.608	Fish and Wildlife Management Assistance	Natural Resources	\$ 385,294	\$ 16,192
15.611	R&D-Wildlife Restoration and Basic Hunter Education	Natural Resources	\$ 1,019,022	\$ -
15.615	Cooperative Endangered Species Conservation Fund	Natural Resources	\$ 57,601	\$ -
15.634	State Wildlife Grants	Natural Resources	\$ 965,318	\$ 39,865
15.657	Endangered Species Recovery Implementation	MN Zoological Board	\$ 51,046	\$ -
15.657	Endangered Species Recovery Implementation	Natural Resources	\$ 23,393	\$ -
	Program 15.657 Total:		\$ 74,439	\$ -
15.658	Natural Resource Damage Assessment and Restoration	Natural Resources	\$ 33,732	\$ -
15.658	Natural Resource Damage Assessment and Restoration	Pollution Control Agency	\$ 221,576	\$ -
	Program 15.658 Total:		\$ 255,308	\$ -
15.662	Great Lakes Restoration	MnSCU	\$ 93,824	\$ -
15.662	Great Lakes Restoration	Natural Resources	\$ 836,027	\$ 37,651
	Program 15.662 Total:		\$ 929,851	\$ 37,651
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention	Agriculture	\$ 116,647	\$ -
15.684	White-nose Syndrome National Response Implementation	Natural Resources	\$ 1,341	\$ -
15.808	U.S. Geological Survey Research and Data Collection	Natural Resources	\$ 2,847	\$ -
15.904	Historic Preservation Fund Grants-In-Aid	Administration	\$ 973,864	\$ 82,813
15.916	Outdoor Recreation Acquisition, Development and Planning	Natural Resources	\$ 1,326,853	\$ 1,326,853
15.923	National Center for Preservation Technology and Training	MnSCU	\$ 19,457	\$ -
15.978	Upper Mississippi River Restoration Long Term Resource Monitoring	Natural Resources	\$ 688,551	\$ -
15.980	National Ground-Water Monitoring Network	Pollution Control Agency	\$ 3,070	\$ -
	U.S. Department of the Interior Total:		\$ 40,165,547	\$ 1,503,374
U.S. Department of Justice				
16.017	Sexual Assault Services Formula Program	Public Safety	\$ 485,023	\$ 480,340
16.021	Justice Systems Response to Families	Trial Courts	\$ 142,234	\$ -
16.029	Office on Violence Against Women Special Projects	Trial Courts	\$ 8,013	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
16.034	COVID-19-Coronavirus Emergency Supplemental Funding Program	Public Safety	\$ 106,128	\$ 81,268
16.320	Services for Trafficking Victims	Health	\$ 229,668	\$ 83,427
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	MnSCU	\$ 69,456	\$ -
16.540	Juvenile Justice and Delinquency Prevention	Public Safety	\$ 636,319	\$ 542,786
16.543	Missing Children's Assistance	Public Safety	\$ 265,563	\$ -
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	\$ 1,597,160	\$ -
16.575	Crime Victim Assistance	Public Safety	\$ 33,826,151	\$ 32,912,352
16.576	Crime Victim Compensation	Public Safety	\$ 35,588	\$ -
16.585	Drug Court Discretionary Grant Program	Trial Courts	\$ 679,882	\$ 100,032
16.588	Violence Against Women Formula Grants	Public Safety	\$ 1,953,970	\$ 1,761,643
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Corrections	\$ 184,266	\$ -
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Trial Courts	\$ 156,179	\$ -
	Program 16.590 Total:		\$ 340,445	\$ -
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	\$ 131,882	\$ -
16.609	Project Safe Neighborhoods	Public Safety	\$ 141,019	\$ 133,334
16.710	Public Safety Partnership and Community Policing Grants	Public Safety	\$ 524,005	\$ -
16.734	Special Data Collections and Statistical Studies	Public Safety	\$ 140,991	\$ -
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Public Safety	\$ 2,826,355	\$ 2,570,431
16.741	DNA Backlog Reduction Program	Public Safety	\$ 260,438	\$ -
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Public Safety	\$ 301,888	\$ 42,895
16.750	Support for Adam Walsh Act Implementation Grant Program	Public Safety	\$ 97,359	\$ -
16.754	Harold Rogers Prescription Drug Monitoring Program	Pharmacy Board	\$ 456,800	\$ -
16.812	Second Chance Act Reentry Initiative	Corrections	\$ 152,054	\$ -
16.831	Children of Incarcerated Parents	Health	\$ 21,703	\$ 2,157
16.833	National Sexual Assault Kit Initiative	Public Safety	\$ 1,127,807	\$ 407,855
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program	Public Safety	\$ 346,499	\$ -
16.838	<i>Pass-Through from the Institute for Intergovernmental Research (2019-ODMAP-0028)</i>	Health	\$ 231,691	\$ 149,704
	Program 16.838 Total:		\$ 578,190	\$ 149,704
16.839	STOP School Violence	Public Safety	\$ 2,400	\$ -
	U.S. Department of Justice Total:		\$ 47,138,491	\$ 39,268,224
U.S. Department of Labor				
WIOA Cluster				
17.258	WIOA Adult Program	DEED	\$ 7,722,983	\$ 6,913,231
17.259	WIOA Youth Activities	DEED	\$ 7,922,225	\$ 7,085,349
17.278	WIOA Dislocated Worker Formula Grants	DEED	\$ 8,739,993	\$ 6,132,958
	WIOA Cluster Total:		\$ 24,385,201	\$ 20,131,538
Employment Service Cluster				
17.207	Employment Service/Wagner-Peyser Funded Activities	DEED	\$ 17,362,917	\$ -
17.801	Jobs for Veterans State Grants	DEED	\$ 2,952,618	\$ -
	Employment Service Cluster Total:		\$ 20,315,535	\$ -
17.002	Labor Force Statistics	DEED	\$ 1,305,310	\$ -
17.005	Compensation and Working Conditions	Labor and Industry	\$ 130,184	\$ -
17.225	Unemployment Insurance (5)	DEED	\$ 2,205,650,939	\$ -
17.225	ARRA-Unemployment Insurance (5)	DEED	\$ 238,855	\$ -
17.225	COVID-19-Unemployment Insurance (5)	DEED	\$ 5,732,942,008	\$ -
	Program 17.225 Total:		\$ 7,938,831,802	\$ -
17.235	Senior Community Service Employment Program	DEED	\$ 1,986,748	\$ 1,832,862
17.245	Trade Adjustment Assistance	DEED	\$ 5,991,323	\$ -
17.268	H-1B Job Training Grants	DEED	\$ 721,599	\$ 640,224
17.271	Work Opportunity Tax Credit Program (WOTC)	DEED	\$ 387,150	\$ -
17.273	Temporary Labor Certification for Foreign Workers	DEED	\$ 173,235	\$ -
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	DEED	\$ 37,052	\$ 26,659

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
17.277	COVID-19-WIOA National Dislocated Worker Grants / WIA National Emergency Grants	DEED	\$ 74,624	\$ 41,327
	Program 17.277 Total:		\$ 111,676	\$ 67,986
17.281	WIOA Dislocated Worker National Reserve Technical Assistance and Training	DEED	\$ 1,804,465	\$ -
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	MnSCU	\$ 5,939	\$ -
17.285	Apprenticeship USA Grants	Labor and Industry	\$ 878,851	\$ 356,074
17.503	Occupational Safety and Health State Program	Labor and Industry	\$ 4,244,033	\$ -
17.504	Consultation Agreements	Labor and Industry	\$ 1,014,331	\$ -
17.600	Mine Health and Safety Grants	MnSCU	\$ 375,004	\$ -
17.720	Disability Employment Policy Development	DEED	\$ 1,549,366	\$ 1,338,613
17.720	Disability Employment Policy Development	MnSCU	\$ 43,247	\$ -
	Program 17.720 Total:		\$ 1,592,613	\$ 1,338,613
	U.S. Department of Labor Total:		\$ 8,004,254,999	\$ 24,367,297
U.S. Department of Transportation				
Transit Services Programs Cluster				
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation	\$ 3,124,319	\$ 2,751,651
	Transit Services Programs Cluster Total:		\$ 3,124,319	\$ 2,751,651
Highway Safety Cluster				
20.600	State and Community Highway Safety	Public Safety	\$ 5,721,711	\$ 1,665,493
20.616	National Priority Safety Programs	Public Safety	\$ 5,955,559	\$ 1,800,794
	Highway Safety Cluster Total:		\$ 11,677,270	\$ 3,466,287
Highway Planning and Construction Cluster				
20.205	Highway Planning and Construction	Transportation	\$ 726,709,003	\$ 152,823,599
20.219	Recreational Trails Program	Natural Resources	\$ 1,372,700	\$ 922,965
20.224	Federal Lands Access Program	Transportation	\$ 1,127,192	\$ 1,127,192
	Highway Planning and Construction Cluster Total:		\$ 729,208,895	\$ 154,873,756
Federal Transit Cluster				
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Transportation	\$ 520	\$ 520
	Federal Transit Cluster Total:		\$ 520	\$ 520
Federal Motor Carrier Safety Assistance Cluster				
20.218	Motor Carrier Safety Assistance	Public Safety	\$ 5,571,705	\$ -
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	Public Safety	\$ 371,861	\$ -
	Federal Motor Carrier Safety Assistance Cluster Total:		\$ 5,943,566	\$ -
20.106	Airport Improvement Program and COVID-19 Airports Programs (7)	Transportation	\$ 300,066	\$ -
20.200	R&D-Highway Research and Development Program	Transportation	\$ 5,416,430	\$ -
20.205	R&D-Highway Planning and Construction	Transportation	\$ 4,925,477	\$ 531,913
20.215	Highway Training and Education	Transportation	\$ 642,080	\$ 167,988
20.215	R&D-Highway Training and Education	Transportation	\$ 150,042	\$ -
20.232	Commercial Driver's License Program Implementation Grant	Public Safety	\$ 32,301	\$ -
20.301	Railroad Safety	Transportation	\$ 4,768	\$ -
20.314	Railroad Development	Transportation	\$ 174,958	\$ 40,932
20.505	Metropolitan Transportation Planning and State and Non- Metropolitan Planning and Research	Transportation	\$ 253,550	\$ 147,981
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Transportation	\$ 3,517,054	\$ 3,061,866
20.509	COVID-19-Formula Grants for Rural Areas and Tribal Transit Program	Transportation	\$ 37,124,106	\$ 34,503,560
	Program 20.509 Total:		\$ 40,641,160	\$ 37,565,426
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	Public Safety	\$ 228,723	\$ -
20.530	Public Transportation Innovation	Transportation	\$ 6,400	\$ -
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Public Safety	\$ 6,522,587	\$ 3,256,858
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	Public Safety	\$ 91,088	\$ -
20.615	E-911 Grant Program	Public Safety	\$ 710,807	\$ 620,807

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
20.700	Pipeline Safety Program State Base Grant	Public Safety	\$ 1,422,996	\$ -
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Public Safety	\$ 271,428	\$ 46,450
20.720	State Damage Prevention Program Grants	Public Safety	\$ 53,076	\$ -
20.721	PHMSA Pipeline Safety Program One Call Grant	Public Safety	\$ 37,870	\$ -
20.725	PHMSA Pipeline Safety Underground Natural Gas Storage Grant	Public Safety	\$ 4,941	\$ -
20.933	National Infrastructure Investments	Transportation	\$ 8,990,145	\$ 5,309,561
U.S. Department of Transportation Total:			\$ 820,835,463	\$ 208,780,130
U.S. Department of the Treasury				
21.019	COVID-19-Coronavirus Relief Fund (9)	MN Management & Budget	\$ 1,662,084,021	\$ 1,196,053,997
21.019	COVID-19-Coronavirus Relief Fund (9)	MnSCU	\$ 580,219	\$ -
Program 21.019 Total:			\$ 1,662,664,240	\$ 1,196,053,997
21.027	COVID-19-Coronavirus State and Local Fiscal Recovery Funds	MN Management & Budget	\$ 13,083,063	\$ 12,569,625
U.S. Department of the Treasury Total:			\$ 1,675,747,303	\$ 1,208,623,622
Federal Financial Institutions Examination Council				
38.006	State Appraiser Agency Support Grants	Commerce	\$ 933	\$ -
Federal Financial Institutions Examination Council Total:			\$ 933	\$ -
U.S. General Services Administration				
39.003	Donation of Federal Surplus Personal Property	Administration	\$ 285,861	\$ -
U.S. General Services Administration Total:			\$ 285,861	\$ -
U.S. National Aeronautics and Space Administration				
43.001	Science	MnSCU	\$ 36,198	\$ -
43.008	Office of Stem Engagement (OSTEM)	MnSCU	\$ 51,858	\$ -
U.S. National Aeronautics and Space Administration Total:			\$ 88,056	\$ -
U.S. National Foundation Arts and Humanities				
45.025	Promotion of the Arts Partnership Agreements	Arts Board	\$ 1,288,447	\$ 525,387
45.310	Grants to States	Education	\$ 2,796,855	\$ 1,797,340
45.310	Grants to States	MnSCU	\$ 19,604	\$ -
45.310	COVID-19-Grants to States	Education	\$ 236,381	\$ 232,950
Program 45.310 Total:			\$ 3,052,840	\$ 2,030,290
U.S. National Foundation Arts and Humanities Total:			\$ 4,341,287	\$ 2,555,677
U.S. National Science Foundation				
47.041	R&D-Engineering	MnSCU	\$ 98,969	\$ -
47.049	R&D-Mathematical and Physical Sciences	MnSCU	\$ 60,953	\$ -
47.050	R&D-Geosciences	MnSCU	\$ 11,438	\$ -
47.070	R&D-Computer and Information Science and Engineering	MnSCU	\$ 15,690	\$ -
47.074	R&D-Biological Sciences	MnSCU	\$ 178,531	\$ -
47.075	R&D-Social, Behavioral, and Economic Sciences	MnSCU	\$ 4,042	\$ -
47.076	R&D-Education and Human Resources	MnSCU	\$ 3,911,414	\$ 15,598
47.076	Pass-Through from the University of Minnesota (1712619)	MnSCU	\$ 123,619	\$ -
Program 47.076 Total:			\$ 4,035,033	\$ 15,598
U.S. National Science Foundation Total:			\$ 4,404,656	\$ 15,598
U.S. Small Business Administration				
59.037	Small Business Development Centers	DEED	\$ 2,147,075	\$ 2,147,075
59.037	Small Business Development Centers	MnSCU	\$ 561,507	\$ -
59.037	COVID-19-Small Business Development Centers	DEED	\$ 962,656	\$ 886,772
Program 59.037 Total:			\$ 3,671,238	\$ 3,033,847
U.S. Small Business Administration Total:			\$ 3,671,238	\$ 3,033,847
U.S. Department of Veterans Affairs				
64.027	Post-9/11 Veterans Educational Assistance	MnSCU	\$ 282,284	\$ -
64.028	Post-9/11 Veterans Educational Assistance	MnSCU	\$ 41,687	\$ -
U.S. Department of Veterans Affairs Total:			\$ 323,971	\$ -
U.S. Environmental Protection Agency				
Drinking Water State Revolving Fund Cluster				
66.468	Capitalization Grants for Drinking Water State Revolving Funds			
66.468	Pass-Through from the Public Facilities Authority (2018-03)	Health	\$ 1,343	\$ -
66.468	Pass-Through from the Public Facilities Authority (2019)	Health	\$ 605,055	\$ 90,220
Program 66.468 Total:			\$ 606,398	\$ 90,220
Drinking Water State Revolving Fund Cluster Total:			\$ 606,398	\$ 90,220
66.032	State Indoor Radon Grants	Health	\$ 276,715	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Pollution Control Agency	\$ 381,677	\$ -
66.040	Diesel Emissions Reduction Act (DERA) State Grants	Pollution Control Agency	\$ 790,975	\$ 699,215
66.204	Multipurpose Grants to States and Tribes	Agriculture	\$ 17,060	\$ -
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Health	\$ 51,808	\$ -
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Pollution Control Agency	\$ 164,090	\$ -
	Program 66.419 Total:		\$ 215,898	\$ -
66.432	State Public Water System Supervision	Health	\$ 3,048,617	\$ -
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	MnSCU	\$ 276	\$ -
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	Health	\$ 276,177	\$ -
66.454	Water Quality Management Planning	Pollution Control Agency	\$ 289,499	\$ -
66.460	Nonpoint Source Implementation Grants	Pollution Control Agency	\$ 1,856,550	\$ 1,800,587
66.461	Regional Wetland Program Development Grants	MnSCU	\$ 6,517	\$ -
66.461	Regional Wetland Program Development Grants	Natural Resources	\$ 76,555	\$ -
66.461	Regional Wetland Program Development Grants	Water & Soil Resources	\$ 173,158	\$ -
	Program 66.461 Total:		\$ 256,230	\$ -
66.469	Great Lakes Program	Health	\$ 168,862	\$ 102,468
66.469	Great Lakes Program	Natural Resources	\$ 5,112,723	\$ 765,127
66.469	Great Lakes Program	Pollution Control Agency	\$ 1,017,114	\$ 16,899
	Program 66.469 Total:		\$ 6,298,699	\$ 884,494
66.472	Beach Monitoring and Notification Program Implementation Grants	Health	\$ 154,367	\$ 1,582
66.605	Performance Partnership Grants	Agriculture	\$ 654,322	\$ -
66.605	Performance Partnership Grants	Health	\$ 347,738	\$ -
66.605	Performance Partnership Grants	Pollution Control Agency	\$ 11,836,793	\$ 40,930
	Program 66.605 Total:		\$ 12,838,853	\$ 40,930
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Pollution Control Agency	\$ 376,176	\$ -
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	Pollution Control Agency	\$ 489,154	\$ -
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Pollution Control Agency	\$ 785,011	\$ -
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Pollution Control Agency	\$ 81,056	\$ -
66.817	State and Tribal Response Program Grants	Pollution Control Agency	\$ 760,311	\$ -
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	DEED	\$ 568,613	\$ 208,000
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	Pollution Control Agency	\$ 40,067	\$ -
	Program 66.818 Total:		\$ 608,680	\$ 208,000
	U.S. Environmental Protection Agency Total:		\$ 30,408,379	\$ 3,725,028
U.S. Department of Energy				
81.041	State Energy Program	Commerce	\$ 645,568	\$ 12,562
81.042	Weatherization Assistance for Low-Income Persons	Commerce	\$ 9,671,166	\$ 8,103,690
81.119	State Energy Program Special Projects	Commerce	\$ 164,971	\$ 145,729
	U.S. Department of Energy Total:		\$ 10,481,705	\$ 8,261,981
U.S. Department of Education				
TRIO Cluster				
84.042	TRIO Student Support Services	MnSCU	\$ 9,229,224	\$ -
84.044	TRIO Talent Search	MnSCU	\$ 1,082,003	\$ -
84.047	TRIO Upward Bound	MnSCU	\$ 7,743,570	\$ -
84.066	TRIO Educational Opportunity Centers	MnSCU	\$ 952,239	\$ -
84.217	TRIO McNair Post-Baccalaureate Achievement	MnSCU	\$ 225,256	\$ -
	TRIO Cluster Total:		\$ 19,232,292	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
Student Financial Assistance Cluster				
84.007	Federal Supplemental Educational Opportunity Grants	MnSCU	\$ 8,901,276	\$ -
84.033	Federal Work-Study Program	MnSCU	\$ 4,967,305	\$ -
84.038	Federal Perkins Loan Program Federal Capital Contributions (2)	MnSCU	\$ 20,230,240	\$ -
84.063	Federal Pell Grant Program	MnSCU	\$ 185,585,388	\$ -
84.268	Federal Direct Student Loans (3)	MnSCU	\$ 355,702,684	\$ -
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	MnSCU	\$ 389,033	\$ -
84.408	Postsecondary Education Scholarships for Veteran's Dependents	MnSCU	\$ 11,205	\$ -
93.364	Nursing Student Loans (2)	MnSCU	\$ 15,893	\$ -
	Student Financial Assistance Cluster Total:		\$ 575,803,024	\$ -
Special Education (IDEA) Cluster				
84.027	Special Education Grants to States	Education	\$ 192,381,760	\$ 174,645,718
84.027	Special Education Grants to States	MnSCU	\$ 3,046	\$ -
	Program 84.027 Total:		\$ 192,384,806	\$ 174,645,718
84.173	Special Education Preschool Grants	Education	\$ 7,700,205	\$ 6,243,707
	Special Education (IDEA) Cluster Total:		\$ 200,085,011	\$ 180,889,425
84.002	Adult Education - Basic Grants to States	Education	\$ 6,468,085	\$ 5,233,410
84.010	Title I Grants to Local Educational Agencies	Education	\$ 166,531,651	\$ 164,848,814
84.011	Migrant Education State Grant Program	Education	\$ 1,728,416	\$ 1,361,070
84.012	Educationally Deprived Children State Administration	MnSCU	\$ 263,224	\$ -
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	Education	\$ 489,646	\$ -
84.016	Undergraduate International Studies and Foreign Language Programs	MnSCU	\$ 28,862	\$ -
84.031	Higher Education Institutional Aid	MnSCU	\$ 4,084,833	\$ -
84.048	Career and Technical Education -- Basic Grants to States	MnSCU	\$ 17,981,820	\$ 7,484,601
84.116	Fund for the Improvement of Postsecondary Education	MnSCU	\$ 5,236	\$ -
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	DEED	\$ 52,420,091	\$ -
84.129	Rehabilitation Long-Term Training	MnSCU	\$ 421,471	\$ -
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	DEED	\$ 1,347,266	\$ -
84.181	Special Education-Grants for Infants and Families	Education	\$ 8,150,186	\$ 6,212,150
84.184	School Safety National Activities	Education	\$ 580,579	\$ 43,000
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	DEED	\$ 12,986	\$ -
84.196	Education for Homeless Children and Youth	Education	\$ 832,956	\$ 584,998
84.206	Javits Gifted and Talented Students Education	Education	\$ 549,176	\$ 410,164
84.243	Tech-Prep Education	MnSCU	\$ 20,555	\$ -
84.282	Charter Schools	Education	\$ 4,507,542	\$ 4,062,254
84.287	Twenty-First Century Community Learning Centers	Education	\$ 11,785,105	\$ 11,180,247
84.305	Education Research, Development and Dissemination	MnSCU	\$ 40,599	\$ -
84.305	Pass-Through from the University of Minnesota (R305A190182)	MnSCU	\$ 59,491	\$ -
	Program 84.305 Total:		\$ 100,090	\$ -
84.316	Native Hawaiian Higher Education Program	MnSCU	\$ 250,984	\$ -
84.323	Special Education - State Personnel Development	Education	\$ 960,833	\$ 719,831
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	MnSCU	\$ 198,602	\$ -
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education	\$ 167,935	\$ 167,935
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	MnSCU	\$ 62,481	\$ -
84.335	Child Care Access Means Parents In School	MnSCU	\$ 247,095	\$ -
84.350	Transition to Teaching	MnSCU	\$ 102,652	\$ -
84.358	Rural Education	Education	\$ 135,748	\$ 131,969
84.365	English Language Acquisition State Grants	Education	\$ 9,352,397	\$ 8,645,450
84.367	Supporting Effective Instruction State Grants	Education	\$ 25,731,270	\$ 24,350,707
84.368	Competitive Grants for State Assessments	Education	\$ 719,204	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
84.369	Grants for State Assessments and Related Activities	Education	\$ 3,931,047	\$ -
84.371	Comprehensive Literacy Development	Education	\$ 10,142,010	\$ 9,749,070
84.372	Statewide Longitudinal Data Systems	Education	\$ 338,171	\$ -
84.372	Statewide Longitudinal Data Systems	MnSCU	\$ 12,235	\$ -
84.372	Pass-Through from the Minnesota Office of Higher Education (R372A150004)	MnSCU	\$ 38,143	\$ -
	Program 84.372 Total:		\$ 388,549	\$ -
84.377	School Improvement Grants	Education	\$ 607,517	\$ 607,517
84.424	Student Support and Academic Enrichment Program	Education	\$ 14,635,597	\$ 14,222,496
COVID-19-Education Stabilization Fund				
84.425C	COVID-19-Governor's Emergency Education Relief (GEER) Fund	Education	\$ 29,678,692	\$ 28,395,604
84.425C	COVID-19-Governor's Emergency Education Relief (GEER) Fund	MnSCU	\$ 663,367	\$ -
84.425C	Pass-Through from the Minnesota Office of Higher Education (S425C200015)	MnSCU	\$ 187,496	\$ -
84.425C	Pass-Through from the Minnesota Office of Higher Education (SWIFT Contract: 182876)	MnSCU	\$ 13,152	\$ -
84.425D	COVID-19-Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	\$ 169,637,301	\$ 169,183,398
84.425E	COVID-19-Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	MnSCU	\$ 48,948,930	\$ -
84.425F	COVID-19-HEERF Institutional Portion	MnSCU	\$ 107,782,132	\$ -
84.425K	COVID-19-HEERF Tribally Controlled Colleges and Universities (TCCUs)	MnSCU	\$ 849,238	\$ -
84.425L	COVID-19-HEERF Minority Serving Institutions (MSIs)	MnSCU	\$ 52,207	\$ -
84.425M	COVID-19-HEERF Strengthening Institutions Program (SIP)	MnSCU	\$ 2,909,189	\$ -
84.425N	COVID-19-HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant	MnSCU	\$ 709,174	\$ -
84.425R	COVID-19-Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance for Non- Public Schools (CRRSA EANS) program	Education	\$ 2,227,871	\$ -
84.425U	COVID-19-American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	Education	\$ 4,368,124	\$ 4,368,124
84.425W	COVID-19-American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	Education	\$ 22,254	\$ 22,254
	Program 84.425 Total:		\$ 368,049,127	\$ 201,969,380
84.426	COVID-19-Randolph-Sheppard – Financial Relief and Restoration Payments	DEED	\$ 317,280	\$ -
	U.S. Department of Education Total:		\$ 1,509,430,431	\$ 642,874,488
U.S. Election Assistance Commission				
90.404	2018 HAVA Election Security Grants	Secretary of State	\$ 897,329	\$ -
90.404	COVID-19-2018 HAVA Election Security Grants	Secretary of State	\$ 5,789,510	\$ 4,252,775
	Program 90.404 Total:		\$ 6,686,839	\$ 4,252,775
	U.S. Election Assistance Commission Total:		\$ 6,686,839	\$ 4,252,775
U.S. Department of Health and Human Services				
Medicaid Cluster				
93.775	State Medicaid Fraud Control Units	Attorney General	\$ 2,476,670	\$ -
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health	\$ 11,098,746	\$ -
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Human Services	\$ 5,604,975	\$ -
	Program 93.777 Total:		\$ 16,703,721	\$ -
93.778	Medical Assistance Program (4)	Human Services	\$ 8,702,769,886	\$ 224,112,949
93.778	COVID-19-Medical Assistance Program	Human Services	\$ 746,292,992	\$ -
	Program 93.778 Total:		\$ 9,449,062,878	\$ 224,112,949
	Medicaid Cluster Total:		\$ 9,468,243,269	\$ 224,112,949
Child Care and Development Fund (CCDF) Cluster				
93.575	Child Care and Development Block Grant	Human Services	\$ 66,422,017	\$ 17,018,726
93.575	Child Care and Development Block Grant	MnSCU	\$ 40,000	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.575	COVID-19-Child Care and Development Block Grant	Human Services	\$ 136,903,412	\$ 1,621,527
	Program 93.575 Total:		\$ 203,365,429	\$ 18,640,253
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	\$ 57,377,023	\$ 9,669,298
	Child Care and Development Fund (CCDF) Cluster Total:		\$ 260,742,452	\$ 28,309,551
Aging Cluster				
93.044	COVID-19-Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Human Services	\$ 1,974,966	\$ 1,824,488
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Human Services	\$ 7,513,561	\$ 6,292,318
	Program 93.044 Total:		\$ 9,488,527	\$ 8,116,806
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Human Services	\$ 10,885,465	\$ 10,382,429
93.045	COVID-19-Special Programs for the Aging, Title III, Part C, Nutrition Services	Human Services	\$ 5,745,507	\$ 5,462,972
	Program 93.045 Total:		\$ 16,630,972	\$ 15,845,401
93.053	Nutrition Services Incentive Program	Human Services	\$ 1,644,632	\$ 1,644,632
	Aging Cluster Total:		\$ 27,764,131	\$ 25,606,839
93.008	Medical Reserve Corps Small Grant Program			
93.008	<i>Pass-Through from the National Assoc of County and City Health Officials (MRC20-2187)</i>	Health	\$ 82	\$ -
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	\$ 1,432	\$ -
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	Human Services	\$ 275,537	\$ -
93.042	COVID-19-Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	Human Services	\$ 94,036	\$ -
	Program 93.042 Total:		\$ 369,573	\$ -
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	Human Services	\$ 409,097	\$ 409,097
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	Human Services	\$ 277,963	\$ 144,149
93.048	COVID-19-Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	Human Services	\$ 248,513	\$ 216,543
	Program 93.048 Total:		\$ 526,476	\$ 360,692
93.052	National Family Caregiver Support, Title III, Part E	Human Services	\$ 3,311,199	\$ 3,271,697
93.052	COVID-19-National Family Caregiver Support, Title III, Part E	Human Services	\$ 1,016,713	\$ 895,164
	Program 93.052 Total:		\$ 4,327,912	\$ 4,166,861
93.059	Training in General, Pediatric, and Public Health Dentistry	MnSCU	\$ 106,492	\$ -
93.068	Chronic Diseases: Research, Control, and Prevention	Health	\$ 107,406	\$ -
93.069	Public Health Emergency Preparedness	Health	\$ 5,325,113	\$ 2,025,069
93.070	Environmental Public Health and Emergency Response	Health	\$ 2,457,883	\$ 1,800
93.071	Medicare Enrollment Assistance Program	Human Services	\$ 490,109	\$ 490,109
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	Health	\$ 147,246	\$ -
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Health	\$ 2,646,015	\$ 2,302,122
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Health	\$ 29,495	\$ -
93.080	Blood Disorder Program: Prevention, Surveillance, and Research	Health	\$ 68,819	\$ -
93.084	Prevention of Disease, Disability, and Death by Infectious Diseases			
93.084	<i>Pass-Through from the University of Wisconsin - Madison (731K301)</i>	Health	\$ 7,112	\$ -
93.084	<i>Pass-Through from The General Hospital Corporation (229507)</i>	Health	\$ 402	\$ -
	Program 93.084 Total:		\$ 7,514	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.088	Advancing System Improvements for Key Issues in Women's Health	Health	\$ 2,505	\$ -
93.090	Guardianship Assistance	Human Services	\$ 11,151,475	\$ 135,352
93.090	COVID-19-Guardianship Assistance	Human Services	\$ 1,365,495	\$ -
	Program 93.090 Total:		\$ 12,516,970	\$ 135,352
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health	\$ 747,908	\$ 632,362
93.103	Food and Drug Administration Research	Agriculture	\$ 2,763,567	\$ 69,681
93.103	Food and Drug Administration Research	Health	\$ 179,458	\$ -
93.103	Pass-Through from the Association of Food and Drug Officials (AFDO) (Unknown)	Agriculture	\$ 18,955	\$ -
93.103	Pass-Through from the Association of Food and Drug Officials (AFDO) (G-T-1910-07861)	Health	\$ 4,070	\$ -
	Program 93.103 Total:		\$ 2,966,050	\$ 69,681
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Human Services	\$ 3,763,524	\$ 2,924,966
93.110	Maternal and Child Health Federal Consolidated Programs	Health	\$ 98,778	\$ -
93.110	Pass-Through from the Association of Public Health Labs (56300-600-158-20-08)	Health	\$ 36,733	\$ -
	Program 93.110 Total:		\$ 135,511	\$ -
93.113	Environmental Health			
93.113	Pass-Through from the University of Minnesota (P008233201)	Health	\$ 298,977	\$ -
93.113	Pass-Through from the University of Minnesota (P008233101)	Health	\$ 128,235	\$ -
	Program 93.113 Total:		\$ 427,212	\$ -
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	\$ 1,537,580	\$ 91,251
93.127	Emergency Medical Services for Children	Emergency Med. Services	\$ 121,625	\$ 121,625
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health	\$ 192,749	\$ -
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	\$ 4,780,276	\$ 1,143,137
93.136	COVID-19-Injury Prevention and Control Research and State and Community Based Programs	Health	\$ 123,704	\$ 53,557
	Program 93.136 Total:		\$ 4,903,980	\$ 1,196,694
93.143	NIEHS Superfund Hazardous Substances Basic Research and Education	MnSCU	\$ 6,725	\$ -
93.145	HIV-Related Training and Technical Assistance	MnSCU	\$ 7,520	\$ -
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Human Services	\$ 779,388	\$ 749,650
93.165	Grants to States for Loan Repayment	Health	\$ 94,495	\$ -
93.178	Nursing Workforce Diversity	MnSCU	\$ 454,631	\$ -
93.184	Disabilities Prevention	Health	\$ 355,772	\$ 30,156
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	Health	\$ 588,532	\$ 15,000
93.234	Traumatic Brain Injury State Demonstration Grant Program	Human Services	\$ 85,155	\$ 19,372
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health	\$ 626,174	\$ 509,509
93.240	State Capacity Building	Health	\$ 76,714	\$ -
93.241	State Rural Hospital Flexibility Program	Health	\$ 884,841	\$ 588,050
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Education	\$ 555,654	\$ 361,092
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Health	\$ 685,946	\$ 29,512
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Human Services	\$ 2,039,440	\$ 1,685,049
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	MnSCU	\$ 350,811	\$ -

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Trial Courts	\$ 251,969	\$ -
	Program 93.243 Total:		\$ 3,883,820	\$ 2,075,653
93.251	Early Hearing Detection and Intervention	Health	\$ 238,916	\$ 78,505
93.262	Occupational Safety and Health Program	Health	\$ 172,322	\$ -
93.262	<i>Pass-Through from the University of Minnesota (P006101701)</i>	Health	\$ 805	\$ -
93.262	<i>Pass-Through from the University of Iowa (S01216-01)</i>	Health	\$ 23,045	\$ -
	Program 93.262 Total:		\$ 196,172	\$ -
93.268	Immunization Cooperative Agreements	Health	\$ 55,169,622	\$ 684,677
93.268	COVID-19-Immunization Cooperative Agreements	Health	\$ 7,292,031	\$ 3,035,639
	Program 93.268 Total:		\$ 62,461,653	\$ 3,720,316
93.270	Viral Hepatitis Prevention and Control	Health	\$ 201,919	\$ -
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	Health	\$ 297,600	\$ -
93.283	<i>Pass-Through from the University of Minnesota (N005338002)</i>	Health	\$ 8,551	\$ -
93.283	<i>Pass-Through from the University of Minnesota (P008774105)</i>	Health	\$ 27,834	\$ -
	Program 93.283 Total:		\$ 333,985	\$ -
93.296	State Partnership Grant Program to Improve Minority Health	Health	\$ 15,929	\$ 950
93.301	Small Rural Hospital Improvement Grant Program	Health	\$ 776,519	\$ 649,262
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	Health	\$ 47,031	\$ -
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health	\$ 209,654	\$ 17,311
93.317	Emerging Infections Programs	Health	\$ 4,693,076	\$ -
93.317	COVID-19-Emerging Infections Programs	Health	\$ 749,669	\$ -
	Program 93.317 Total:		\$ 5,442,745	\$ -
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	\$ 6,608,671	\$ 3,505
93.323	COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	\$ 42,725,302	\$ -
	Program 93.323 Total:		\$ 49,333,973	\$ 3,505
93.324	State Health Insurance Assistance Program	Human Services	\$ 910,440	\$ 498,985
93.334	The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	Health	\$ 66,069	\$ -
93.336	Behavioral Risk Factor Surveillance System	Health	\$ 345,922	\$ -
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health	\$ 4,970,937	\$ -
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health	\$ 348,958	\$ 35,737
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	Agriculture	\$ 784,678	\$ -
93.369	ACL Independent Living State Grants	DEED	\$ 585,124	\$ 359,405
93.387	National and State Tobacco Control Program	Health	\$ 1,273,945	\$ 34,359
93.397	Cancer Centers Support Grants	MnSCU	\$ 6,300	\$ -
93.413	The State Flexibility to Stabilize the Market Grant Program	Commerce	\$ 83,889	\$ -
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health			
93.421	<i>Pass-Through from the National Assoc of Chronic Disease Directors (2772021)</i>	Health	\$ 13,791	\$ 9,413
93.421	<i>Pass-Through from the National Assoc of Chronic Disease Directors (2952020)</i>	Health	\$ 19,024	\$ -
93.421	<i>Pass-Through from the National Assoc of Chronic Disease Directors (0932021)</i>	Health	\$ 32,088	\$ -
93.421	<i>Pass-Through from the Council of State and Territorial Epidemiologists (7463)</i>	Health	\$ 35,207	\$ -

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State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.421	Pass-Through from the Association of State and Public Health Nutritionists (NA)	Health	\$ 6,884	\$ -
	Program 93.421 Total:		\$ 106,994	\$ 9,413
93.423	1332 State Innovation Waivers	Commerce	\$ 86,063,821	\$ 86,063,821
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health	\$ 1,845,237	\$ 5,000
93.432	ACL Centers for Independent Living	DEED	\$ 1,165,068	\$ 1,165,068
93.432	COVID-19-ACL Centers for Independent Living	DEED	\$ 676,421	\$ 676,421
	Program 93.432 Total:		\$ 1,841,489	\$ 1,841,489
93.434	Every Student Succeeds Act/Preschool Development Grants	Education	\$ 3,605,084	\$ -
93.434	Every Student Succeeds Act/Preschool Development Grants	MnSCU	\$ 5,000	\$ -
	Program 93.434 Total:		\$ 3,610,084	\$ -
93.435	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke	Health	\$ 1,997,413	\$ 462,656
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	Health	\$ 614,367	\$ 26,325
93.439	State Physical Activity and Nutrition (SPAN)	Health	\$ 779,475	\$ 164,951
93.448	Food Safety and Security Monitoring Project	Agriculture	\$ 94,646	\$ -
93.464	ACL Assistive Technology	Administration	\$ 380,602	\$ -
93.498	COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (9)	Veterans Affairs	\$ 1,650,481	\$ -
93.500	Pregnancy Assistance Fund Program	Health	\$ 274,129	\$ 182,930
93.556	MaryLee Allen Promoting Safe and Stable Families Program	Human Services	\$ 3,806,552	\$ 2,845,806
93.558	Temporary Assistance for Needy Families	Human Services	\$ 139,301,554	\$ 88,312,612
93.563	Child Support Enforcement	Human Services	\$ 128,152,716	\$ 97,592,248
93.564	Child Support Enforcement Research	Human Services	\$ 52,296	\$ 13,024
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Human Services	\$ 4,817,919	\$ 2,637,465
93.568	Low-Income Home Energy Assistance	Commerce	\$ 108,360,591	\$ 104,363,645
93.568	COVID-19-Low-Income Home Energy Assistance	Commerce	\$ 9,115,879	\$ 9,115,879
	Program 93.568 Total:		\$ 117,476,470	\$ 113,479,524
93.569	Community Services Block Grant	Human Services	\$ 8,305,595	\$ 7,970,950
93.569	COVID-19-Community Services Block Grant	Human Services	\$ 3,976,494	\$ 3,811,516
	Program 93.569 Total:		\$ 12,282,089	\$ 11,782,466
93.576	Refugee and Entrant Assistance Discretionary Grants	Health	\$ 10,995	\$ -
93.586	State Court Improvement Program	Supreme Court	\$ 491,765	\$ -
93.590	Community-Based Child Abuse Prevention Grants	Human Services	\$ 1,909,664	\$ 1,451,178
93.597	Grants to States for Access and Visitation Programs	Human Services	\$ 125,786	\$ 125,786
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	\$ 957,067	\$ 841,109
93.599	COVID-19-Chafee Education and Training Vouchers Program (ETV)	Human Services	\$ 748,408	\$ 748,408
	Program 93.599 Total:		\$ 1,705,475	\$ 1,589,517
93.600	Head Start	Education	\$ 115,312	\$ -
93.600	Head Start	MnSCU	\$ 147,377	\$ -
	Program 93.600 Total:		\$ 262,689	\$ -
93.603	Adoption and Legal Guardianship Incentive Payments	Human Services	\$ 2,073,202	\$ 2,026,702
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Administration	\$ 1,308,773	\$ 724,367
93.640	Basic Health Program (Affordable Care Act)	Human Services	\$ 486,549,618	\$ -
93.643	Children's Justice Grants to States	Human Services	\$ 184,370	\$ 128,775
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Human Services	\$ 4,192,886	\$ 731,050
93.645	COVID-19-Stephanie Tubbs Jones Child Welfare Services Program	Human Services	\$ 720,287	\$ 720,287
	Program 93.645 Total:		\$ 4,913,173	\$ 1,451,337
93.658	Foster Care Title IV-E	Human Services	\$ 56,226,127	\$ 45,812,105
93.658	Foster Care Title IV-E	MnSCU	\$ 711,913	\$ -
93.658	COVID-19-Foster Care Title IV-E	Human Services	\$ 3,212,635	\$ 3,212,635
93.658	Pass-Through from the University of Minnesota (GRK 129722)	MnSCU	\$ 128,758	\$ -
	Program 93.658 Total:		\$ 60,279,433	\$ 49,024,740
93.659	Adoption Assistance	Human Services	\$ 58,290,090	\$ 1,069,994

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.659	COVID-19-Adoption Assistance	Human Services	\$ 4,800,155	\$ -
	Program 93.659 Total:		\$ 63,090,245	\$ 1,069,994
93.667	Social Services Block Grant	Human Services	\$ 31,449,186	\$ 30,142,762
93.669	Child Abuse and Neglect State Grants	Human Services	\$ 1,431,433	\$ 641,429
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Public Safety	\$ 2,008,746	\$ 1,964,955
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Human Services	\$ 2,916,661	\$ 2,320,793
93.674	COVID-19-John H. Chafee Foster Care Program for Successful Transition to Adulthood	Human Services	\$ 57,208	\$ 57,208
	Program 93.674 Total:		\$ 2,973,869	\$ 2,378,001
93.732	Mental and Behavioral Health Education and Training Grants	MnSCU	\$ 121,310	\$ -
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	Health	\$ 1,895	\$ -
93.747	Elder Abuse Prevention Interventions Program	Human Services	\$ 520,358	\$ -
93.747	COVID-19-Elder Abuse Prevention Interventions Program	Human Services	\$ 95	\$ -
	Program 93.747 Total:		\$ 520,453	\$ -
93.755	Surveillance for Diseases Among Immigrants and Refugees financed in part by Prevention and Public Health Funds (PPHF)	Health	\$ 103,640	\$ -
93.767	Children's Health Insurance Program	Human Services	\$ 67,816,066	\$ 86,229
93.767	COVID-19-Children's Health Insurance Program	Human Services	\$ 12,502,030	\$ -
	Program 93.767 Total:		\$ 80,318,096	\$ 86,229
93.788	Opioid STR	Health	\$ 186,288	\$ 183,471
93.788	Opioid STR	Human Services	\$ 8,489,918	\$ 7,687,703
93.788	Opioid STR	MnSCU	\$ 53,907	\$ -
	Program 93.788 Total:		\$ 8,730,113	\$ 7,871,174
93.791	Money Follows the Person Rebalancing Demonstration	Human Services	\$ 9,562,805	\$ 1,032,961
93.800	Organized Approaches to Increase Colorectal Cancer Screening	Health	\$ 255,111	\$ 29,255
93.810	Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	Health	\$ 727,050	\$ -
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health	\$ 2,232,734	\$ 1,570,071
93.837	Cardiovascular Diseases Research			
93.837	<i>Pass-Through from the Health Partners Research Fund (X1415400MDH)</i>	Health	\$ 44,939	\$ -
93.859	Biomedical Research and Research Training	MnSCU	\$ 119,181	\$ -
93.859	<i>Pass-Through from the University of Minnesota (5K12GM119955-04)</i>	MnSCU	\$ 34,489	\$ -
93.859	<i>Pass-Through from the University of Minnesota (T34GM137862)</i>	MnSCU	\$ 48,795	\$ -
	Program 93.859 Total:		\$ 202,465	\$ -
93.870	Maternal, Infant and Early Childhood Home Visiting Grant	Health	\$ 7,690,481	\$ 6,338,707
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	Agriculture	\$ 99,588	\$ -
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	Health	\$ 36,672	\$ -
	Program 93.876 Total:		\$ 136,260	\$ -
93.889	National Bioterrorism Hospital Preparedness Program	Health	\$ 2,904,306	\$ 2,611,041
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health	\$ 4,669,757	\$ 155,963
93.913	Grants to States for Operation of State Offices of Rural Health	Health	\$ 234,659	\$ -
93.917	HIV Care Formula Grants	Human Services	\$ 10,424,926	\$ 1,753,113
93.917	COVID-19-HIV Care Formula Grants	Human Services	\$ 196,419	\$ 196,419
	Program 93.917 Total:		\$ 10,621,345	\$ 1,949,532
93.940	HIV Prevention Activities Health Department Based	Health	\$ 2,909,267	\$ 668,782
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health	\$ 287,560	\$ 26,161
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health	\$ 604,058	\$ 88,554
93.958	Block Grants for Community Mental Health Services	Human Services	\$ 10,074,437	\$ 7,864,200
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	\$ 24,481,402	\$ 11,742,949

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

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health	\$ 1,177,696	\$ 44,622
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education	\$ 374,649	\$ 57,633
93.981	COVID-19-Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education	\$ 253,703	\$ -
	Program 93.981 Total:		\$ 628,352	\$ 57,633
93.982	Mental Health Disaster Assistance and Emergency Mental Health	Human Services	\$ 1,750,330	\$ 1,750,330
93.982	COVID-19-Mental Health Disaster Assistance and Emergency Mental Health	Human Services	\$ 1,375,489	\$ 1,261,362
	Program 93.982 Total:		\$ 3,125,819	\$ 3,011,692
93.991	Preventive Health and Health Services Block Grant	Health	\$ 3,385,436	\$ 134,592
93.994	Maternal and Child Health Services Block Grant to the States	Health	\$ 7,472,030	\$ 3,319,597
	U.S. Department of Health and Human Services Total:		\$ 11,286,704,887	\$ 849,085,733
	U.S. Corporation for National and Community Service			
94.006	AmeriCorps			
94.006	Pass-Through from the ServeMinnesota (18ACHMN0010002-20)	Pollution Control Agency	\$ 335,051	\$ -
94.006	Pass-Through from the ServeMinnesota (18ACHMN0010002-19)	Pollution Control Agency	\$ 125,753	\$ -
	Program 94.006 Total:		\$ 460,804	\$ -
	U.S. Corporation for National and Community Service Total:		\$ 460,804	\$ -
	U.S. Social Security Administration			
	Disability Insurance/SSI Cluster			
96.001	Social Security Disability Insurance	DEED	\$ 26,676,179	\$ -
	Disability Insurance/SSI Cluster Total:		\$ 26,676,179	\$ -
	U.S. Social Security Administration Total:		\$ 26,676,179	\$ -
	U.S. Department of Homeland Security			
97.008	Non-Profit Security Program	Public Safety	\$ 526,571	\$ 526,571
97.012	Boating Safety Financial Assistance	Natural Resources	\$ 2,635,399	\$ 728,393
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Natural Resources	\$ 227,868	\$ 100
97.032	Crisis Counseling	Public Safety	\$ 550,482	\$ -
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (9)	Public Safety	\$ 43,555,933	\$ 42,276,042
97.036	COVID-19-Disaster Grants - Public Assistance (Presidentially Declared Disasters) (9)	Public Safety	\$ 88,063,114	\$ 17,791,835
	Program 97.036 Total:		\$ 131,619,047	\$ 60,067,877
97.039	Hazard Mitigation Grant	Public Safety	\$ 306,952	\$ 92,162
97.041	National Dam Safety Program	Natural Resources	\$ 98,112	\$ -
97.042	Emergency Management Performance Grants	Public Safety	\$ 3,247,298	\$ 866,255
97.043	State Fire Training Systems Grants	Public Safety	\$ 20,000	\$ -
97.045	Cooperating Technical Partners	Natural Resources	\$ 886,985	\$ 282,520
97.047	BRIC: Building Resilient Infrastructure and Communities	Public Safety	\$ 302,869	\$ 12,508
97.050	COVID-19-Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	DEED	\$ 69,558	\$ -
97.067	Homeland Security Grant Program	Public Safety	\$ 9,480,603	\$ 6,608,762
97.091	Homeland Security Biowatch Program	Health	\$ 527,413	\$ -
	U.S. Department of Homeland Security Total:		\$ 150,499,157	\$ 69,185,148
	Federal Programs Total:		\$ 25,922,654,946	\$ 3,983,627,990

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, 2021

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 2021 conform to 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, 2021.

The auditor uses a risk-based approach as defined in the Uniform Guidance to determine which federal programs are audited. Programs expending \$38 million or more in federal awards are Type A programs. Type B programs are programs expending less than \$38 million in federal awards. If the auditor assesses Type A programs as high-risk, the program is audited. If the auditor assesses Type A programs as low risk, the auditor may replace Type A programs with high risk Type B programs. Type A programs must be audited at least once every three years.

For purposes of financial reporting, the Assistance Listing Numbers (ALN) are obtained from the sam.gov website. The schedule is presented in numeric ALN order within each federal agency, except for clusters of programs.

Federal guidelines define clusters as a grouping of closely related programs that share common compliance requirements. The types of clusters are research and development (R&D), student financial assistance (SFA), and others as defined by the compliance supplement. Since the state receives R&D awards from several federal agencies, those awards are not grouped together in the Schedule of Expenditures of Federal Awards. Instead, the awards included in the R&D cluster are identified by the prefix "R&D" within the name of the federal program. For the year ended June 30, 2021, the total R&D cluster expenditures were \$16,120,627.

Federal guidelines require separate identification of expenditures of federal awards under the American Recovery and Reinvestment Act (ARRA) and for COVID-19 related awards on the Schedule of Expenditures of Federal Awards. ARRA has ended, but the residual funds continue to be used. The prefix "ARRA" was included in the name of the federal program to provide identification for ARRA. The prefix "COVID-19" was included in the name of the federal program to provide identification for COVID-19 related awards.

The state typically does not elect to use the 10% de minimis cost rate covered in 2 CFR 200.414.

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 & Technical 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 & 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	Vermilion Community College
Minnesota State Community & Technical College	Winona State University
Minnesota State University, Mankato	

Basis of Accounting

The state's Annual Comprehensive Financial Report and this supplemental schedule 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 the sub-grant from the primary state agency, except for portions of Temporary Aid for Needy Families (TANF) (ALN 93.558). TANF sub-grants, which are transferred into the Social Services Block Grant (ALN 93.667) and the Child Care Development Block Grant (ALN 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 (ALN 84.038) and Nursing Student Loans (NSL) (ALN 93.364) programs during fiscal year 2021. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins Loans	Nursing Student Loans
Loans Receivable	\$ 20,230,240	\$ 15,893
Loan Repayments	(3,690,864)	(1,920)
Loan Cancellations	(3,295,161)	-
Loans Receivables, Ending	\$ 13,244,215	\$ 13,973
Allowance for Doubtful Accounts	(359,927)	-
Total Loans Receivable	<u>\$ 12,884,288</u>	<u>\$ 13,973</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 (ALN 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 2021.

Federal Direct Student Loans Issued:	
Direct Federal Subsidized Stafford	\$ 121,273,688
Direct Federal Unsubsidized Stafford	221,173,003
Direct Federal Parent Loans for Undergraduate Students	11,377,496
Direct Federal Graduate PLUS	1,878,497
Total Federal Direct Student Loans	<u>\$ 355,702,684</u>

Note 4 – Rebates

The Supplemental Food Program for Women, Infants, and Children (WIC) Program (ALN 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 2021, the state of Minnesota recognized total rebates of approximately \$24,615,000 on sales of formula to participants in the WIC program.

The Medical Assistance Program (ALN 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 2021, the state of Minnesota reduced expenditures by \$476,774,000 for the federal share of the rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2021, expenditures for the Unemployment Insurance Program (ALN 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 continue to be funded by American Recovery and Reinvestment Act (ARRA) funds:

	Non-ARRA Funds	ARRA Funds	COVID-19 Related Funds	Total
State UI Expenditures	\$ 2,099,648,424	\$ -	\$ -	\$ 2,099,648,424
Federal UI Expenditures	51,502,548	-	5,732,040,426	5,783,542,974
Federal Admin Expenditures	54,499,967	238,855	901,582	55,640,404
Total Expenditures	<u>\$ 2,205,650,939</u>	<u>\$ 238,855</u>	<u>\$ 5,732,942,008</u>	<u>\$ 7,938,831,802</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 the Uniform Guidance, the U.S. Department of Labor requires that both federal and state unemployment insurance funds be considered federal awards for determining federal programs subject to audit and for reporting expenditures of federal awards.

Note 6 – Water Quality Capitalization Grants

Water quality capitalization grants (ALN 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 2021 is shown below. All loan issues are made from receipts from loan repayments and no new federal funding has been provided. Therefore, no expenditures are shown on the face of the Schedule of Expenditures of Federal Awards.

	TLP	AG BMP	CWP
Loans Receivable, Beginning	\$ 104,341	\$ 49,212,923	\$ 15,676,858
Loan Repayments	(31,102)	(11,309,720)	(2,379,477)
New Loans Issued	-	9,366,054	7,138,399
Interest Capitalized	-	-	44,783
Loans Receivable, Ending	<u>\$ 73,239</u>	<u>\$ 47,269,257</u>	<u>\$ 20,480,563</u>

Note 7 – Airport Improvement Program

As defined by the Federal Aviation Administration (FAA) Order 5100.38, Minnesota is a channeling act state for the Airport Improvement Program (ALN 20.106). As a channeling act state and in accordance with Minnesota Statutes 360.0161, Minnesota Department of Transportation (MnDOT) acts as an agent for airports/airport sponsors (i.e., cities, counties, and airport authorities). The majority of the grant agreements are established between FAA and the airports/airport sponsors, and the airport sponsor is the recipient of the grant. MnDOT's main responsibilities are to pay requests for reimbursement, approved by the FAA, to the respective airport/airport sponsor and request reimbursement from the federal government. The total reimbursements processed in fiscal year 2021 for channeling grants is \$194,513,405. These monies are not reflected in the Schedule of Expenditures of Federal Awards. The amount of \$300,066 reported on the Schedule of Expenditures of Federal Awards under ALN 20.106 was received through grant agreements between the FAA and the MnDOT, where the state is the grant recipient and the funding was utilized to fund state airport projects.

Note 8 – Assistance Listing Numbers (ALN)

For certain programs, the correct ALN could not be determined. At times, state agencies receive federal grant funds from a federal agency with a program number instead of an ALN. When possible, an ALN was obtained for the program. Certain ALNs 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 ALN for the grant program.

Note 9 – Additional Disclosures

Disaster Grants

In fiscal year 2021, the Federal Emergency Management Agency (FEMA) approved approximately \$12,000,000 of eligible expenditures in Disaster Grants (ALN 97.036) related to prior year disaster expenditures but are included in the fiscal year 2021 Schedule of Expenditures of Federal Awards.

Coronavirus Relief Fund

The state had flexibility on determining which expenditures to allocate to the federal awards received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A lag was created between the time the expenditures were incurred and the decision to apply the eligible expenditure to the federal award. As a result, \$52,646,000 in eligible federal expenditures from fiscal year 2020 have been reallocated from state funding to the Coronavirus Relief Fund (ALN 21.019). These expenditures were not identified in time to be included in the fiscal year 2020 Schedule of Expenditures of Federal Awards. As these expenditures were incurred in fiscal year 2020, they are not included in the fiscal year 2021 Schedule of Expenditures of Federal Awards.

Provider Relief Fund

The reporting amounts in the fiscal year 2021 Schedule of Expenditures of Federal Awards for the Provider Relief Fund (PRF) (ALN 93.498), including both expenditures and lost revenues, are reported for fiscal year 2020; PRF expenditures for fiscal year 2021 have been excluded.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued by the State of Minnesota Office of the Legislative Auditor on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting issued by the State of Minnesota Office of the Legislative Auditor on the basic financial statements:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Noncompliance material to the financial statements noted? **No**

Type of auditor's report issued by the Minnesota Office of the State Auditor on whether the schedule of expenditures of federal awards audited was prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting issued by the Minnesota Office of the State Auditor on the schedule of expenditures of federal awards:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Noncompliance material to the schedule of expenditures of federal awards noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor's report issued on compliance for major federal programs: **Unmodified, except for COVID-19 – Education Stabilization Fund, CCDF Cluster, Temporary Assistance for Needy Families, and the Medicaid Cluster, which are qualified.**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

The threshold for distinguishing between Types A and B programs was \$38,350,428.

State of Minnesota qualified as a low-risk auditee? **No**

The major federal programs are:

Assistance Listing Number	Name of Federal Program or Cluster
10.542	Pandemic EBT Food Benefits
17.225	Unemployment Insurance
17.225	ARRA – Unemployment Insurance
17.225	COVID-19 – Unemployment Insurance
20.205	
20.219	Highway Planning and Construction Cluster
20.224	
20.509	Formula Grants for Rural Areas and Tribal Transit Program
20.509	COVID-19 – Formula Grants for Rural Areas and Tribal Transit Program
21.019	COVID-19 – Coronavirus Relief Fund
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
84.027	
84.173	Special Education (IDEA) Cluster
84.010	Title 1 Grants to Local Educational Agencies

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Assistance Listing Number	Name of Federal Program or Cluster
84.425C	COVID-19 – Education Stabilization Fund
84.425D	
84.425E	
84.425F	
84.425K	
84.425L	
84.425M	
84.425N	
84.425R	
84.425U	
84.425W	
84.007	Student Financial Assistance Cluster
84.033	
84.038	
84.063	
84.268	
84.379	
84.408	
93.364	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.575	CCDF Cluster
93.596	

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Assistance Listing Number	Name of Federal Program or Cluster
93.775 93.777 93.778	Medicaid Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.036	COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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2021-002	Employment and Economic Development
2021-003	Education and Minnesota Management and Budget
2021-004	Education
2021-005	Education and Minnesota Management and Budget
2021-006	Education and Minnesota Management and Budget
2021-007	Education
2021-008	Education
2021-009	Human Services
2021-010	Human Services
2021-011	Human Services
2021-012	Human Services
2021-013	Human Services
2021-014	Human Services
2021-015	Human Services
2021-016	Human Services
2021-017	Human Services and Public Safety
2021-018	Human Services
2021-019	Human Services and Minnesota Management and Budget
2021-020	Human Services and Minnesota Management and Budget
2021-021	Public Safety
2021-022	Public Safety
2021-023	Public Safety

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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*Acronym CLA references audit findings written by private audit firm, CliftonLarsenAllen LLP, during the audit of major programs occurring at the Minnesota State Colleges and Universities.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal control over financial reporting deficiencies reported by the State of Minnesota Office of the Legislative Auditor on the State of Minnesota's basic financial statements can be found at <https://www.auditor.leg.state.mn.us/fad/2021/ICCFRFY21.pdf>.

2021-001 Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Prior Year Finding Numbers: 2020-001, 2020-010, 2020-035, 2020-063

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.510(b) states that the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with § 200.502, basis for determining federal awards expended.

Title 2 U.S. *Code of Federal Regulations* § 200.502(a) states that the determination of when a federal award is expended must be based on when the activity related to the federal award occurs. Generally, the activity pertains to events that require the non-federal entity to comply with Federal statutes, regulations, and terms and conditions of federal awards, such as the disbursement of funds to subrecipients.

In addition, the Statewide Operating Procedure Manual Number 0402-02.1 states that state agencies must track financial activity in the state's accounting system for each federal financial assistance program. State agencies are required to periodically run and review the SEFA report to ensure they properly set up federal grants in the accounting system and that the expenditures of federal funds received are being included and properly reported. Procedures also require state agencies provide adjusting entries to ensure accurate reporting of expenditures on the SEFA report.

Condition: The State of Minnesota did not properly identify the amount expended and reported, and the amount reported as provided to subrecipients, for a number of programs.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Context: Each state agency prepared a preliminary, certified SEFA, including amounts provided to subrecipients, for the year ended June 30, 2021. Minnesota Management and Budget compiles the information as provided by each agency for presentation. The inability to properly identify and track federal expenditures, including amounts provided to subrecipients, or to detect misstatements in the SEFA increases the likelihood that federal expenditures would not be fairly reported, and that noncompliance with direct and material compliance requirements may occur.

Effect: The following audit adjustments were reviewed and approved by the respective state agencies and are reflected in the SEFA:

Minnesota Department of Education

- Increased expenditures by \$11,295,527 and amounts provided to subrecipients in the amount of \$11,293,670 to reflect adjusted estimated accruals for Title I Grants to Local Educational Agencies (ALN 84.010);
- Decreased expenditures by \$16,911,118 and amounts provided to subrecipients in the amount of \$16,808,104 to reflect adjusted estimated accruals for Special Education Grants to States (ALN 84.027);
- Decreased expenditures by \$319,850 and amounts provided to subrecipients in the amount of \$315,510 to reflect adjusted estimated accruals for Special Education Preschool Grants (ALN 84.173);
- Decreased expenditures and amounts provided to subrecipients in the amount of \$806,078 to reflect adjusted estimated accruals for English Language Acquisition State Grants (ALN 84.365);
- Increased expenditures by \$509,604 and amounts provided to subrecipients in the amount of \$511,893 to reflect adjusted estimated accruals for Supporting Effective Instruction State Grants (ALN 84.367);
- Increased expenditures and amounts provided to subrecipients in the amount of \$1,017,113 to reflect adjusted estimated accruals for Comprehensive Literacy Development (ALN 84.371);
- Decreased expenditures and amounts provided to subrecipients in the amount of \$208,103 to reflect adjusted estimated accruals for School Improvement Grants (ALN 84.377);

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- Decreased expenditures by \$1,451,712 and amounts provided to subrecipients in the amount of \$1,450,665 to reflect adjusted estimated accruals for Student Support and Academic Enrichment Program (ALN 84.424);
- Increased expenditures and amounts provided to subrecipients in the amount of \$2,275,797 to reflect adjusted estimated accruals for COVID-19 ESF Governor's Emergency Education Relief (GEER) Fund (ALN 84.425C);
- Increased expenditures and amounts provided to subrecipients in the amount of \$50,482,025 to reflect adjusted estimated accruals for COVID-19 ESF Elementary and Secondary School Emergency Relief (ESSER) Fund (ALN 84.425D);
- Increased expenditures and amounts provided to subrecipients in the amount of \$4,359,124 to reflect adjusted estimated accruals for COVID-19 ESF American Rescue Plan – Elementary and Secondary Schools – Emergency Relief Fund (ARP-ESSER) (ALN 84.425U); and
- Increased expenditures and amounts provided to subrecipients in the amount of \$2,161 to reflect adjusted estimated accruals for COVID-19 ESF American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth (ALN 84.425W).

Minnesota Department of Health

- Decreased expenditures by \$2,968,757 to remove duplicate expenditures for COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases ELC (ALN 93.323); and
- Decreased expenditures by \$8,908,252 and amounts provided to subrecipients in the amount of \$8,494,294 to remove expenditures already included in the Department of Human Services' SEFA for Temporary Assistance for Needy Families (TANF) (ALN 93.558).

Minnesota Department of Human Services

- Increased expenditures by \$60,839,562 and amounts provided to subrecipients in the amount of \$10,659,168 to correct a transfer from TANF recorded twice, to remove fiscal year 2020 expenditures, and to increase amounts provided to subrecipients related to the Minnesota Department of Health expenditures for TANF;

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- Reclassified expenditures and amounts provided to subrecipients by \$9,543,026 and \$3,597,880, respectively, to decrease Child Care and Development Block Grant (ALN 93.575) and increase Child Care Mandatory and Matching Funds of the Child Care and Development Fund (ALN 93.596) to correct negative expenditures;
- Increased amounts provided to subrecipients by \$635,701 to correct negative expenditures in the Child Care and Development Block Grant (ALN 93.575);
- Decreased amounts provided to subrecipients by \$98,798,900 to correct stabilization payments that were beneficiary payments rather than amounts provided to subrecipients for COVID-19 – Child Care and Development Block Grant (ALN 93.575); and
- Decreased expenditures by \$6,833,169 to correct expenditures coded to the incorrect fiscal year for COVID-19 – Medical Assistance Program (ALN 93.778).

Minnesota Department of Public Safety

- Decreased amounts provided to subrecipients by \$252,781 to correct expenditures coded to the incorrect account number for State and Community Highway Safety (ALN 20.600);
- Increased expenditures by \$675,544 to correct a reversing journal entry for Minimum Penalties for Repeat Offenders for Driving While Intoxicated (ALN 20.608);
- Decreased expenditures by \$616,553 to correct a reversing journal entry for National Priority Safety Programs (ALN 20.616);
- Reclassified expenditures and amounts provided to subrecipients by \$6,235,909 and \$556,000, respectively, to decrease Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036) and increase COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036) to report expenditures and accruals in the correct grant; and
- Decreased expenditures by \$4,252,448 and increased amounts provided to subrecipients in the amount of \$9,070,862 for COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036) to adjust for a journal entry that was not correctly made to the SEFA, and to report amounts provided to subrecipients paid by the Minnesota Department Human Services.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Minnesota Management and Budget

- Decreased amounts provided to subrecipients by \$66,695,000 that were beneficiary payments rather than amounts provided to subrecipients for COVID-19 – Coronavirus Relief Fund (ALN 21.019);
- Decreased amounts provided to subrecipients by \$502,553 to remove workers' compensation expenditures not considered amounts provided to subrecipients for COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027);
- Decreased amounts provided to subrecipients by \$12,822,000 that were beneficiary payments rather than amounts provided to subrecipients expended by the Department of Employment and Economic Development for COVID-19 – Coronavirus Relief Fund (ALN 21.019);
- Decreased expenditures by \$35,964,000 and amounts provided to subrecipients in the amount of \$215,050,488 to remove fiscal year 2020 expenditures and beneficiary payments expended by the Minnesota Department of Human Services for COVID-19 – Coronavirus Relief Fund (ALN 21.019); and
- Increased expenditures and amounts provided to subrecipients by \$2,396,028 to record fiscal year 2021 accruals on the SEFA expended by the Minnesota Department of Education for COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027).

Cause: The Minnesota Department of Education did not adjust estimated accruals to more accurately reflect actual accruals in the amount expended and the amount provided to subrecipients. In addition, MMB staff responsible for preparing the SEFA indicated that the guidelines for determining beneficiaries versus subrecipients was continuously changing, which resulted in incorrect amounts being reported as provided to subrecipients.

Recommendation: We recommend Minnesota Management and Budget review internal controls currently in place and design and implement procedures to improve internal controls over identifying expenditures and amounts provided to subrecipients for SEFA reporting.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

2021-002 Reporting – Employment and Training Administration (ETA) Reports

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Labor

Program: 17.225 Unemployment Insurance and COVID-19 – Unemployment Insurance

Award Number and Year: UI-31384-18-55-A-27, 2018; UI-32607-19-55-A-27, 2019; UI-34066-20-55-A-27, 2020; UI-34504-20-60-A-27, 2020; UI-34723-20-55-A-27, 2020

State Agency: Minnesota Department of Employment and Economic Development

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.334 states, “...supporting documents...and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report...”

Condition: A total of three out of 12 ETA 9052 monthly reports were selected for testing. The Minnesota Department of Employment and Economic Development did not provide supporting documentation for the ETA 9052 reports. Further, there was no documented evidence of a secondary review completed of the reports.

Questioned Costs: None.

Context: The reports are prepared from multiple queries within the Unemployment Insurance system.

The sample was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The auditor was unable to substantiate amounts reported on the ETA 9052 reports and, therefore, could not determine if the reports were in compliance with reporting requirements.

Cause: The Minnesota Department of Employment and Economic Development staff who assisted with the audit process were not able to provide previously run queries or recreate supporting queries to support the ETA 9052 reports.

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Recommendation: We recommend the Minnesota Department of Employment and Economic Development retain supporting documentation for reports. We further recommend a secondary review of reports be documented.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-003 Subrecipient Monitoring – Review of Subrecipient Audit and Issuance of Management Decision

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury and U.S. Department of Education

Program: 21.019 COVID-19 – Coronavirus Relief Fund,
21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds,
84.010 Title I Grants to Local Educational Agencies,
84.027 Special Education Grants to States,
84.173 Special Education Preschool Grants,
84.425C COVID-19 – Governor's Emergency Education Relief (GEER) Fund, and
84.425D COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund

Award Number and Year:

<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Year</u>
21.019	SLT0016	2020
21.027	SLT0790	2021
84.010	S010A180023	2018
84.010	S010A190023	2019
84.010	S010A200023	2020
84.027 & 84.173	H027A180087 & H173A200086	2018
84.027 & 84.173	H027A190087 & H173A190086	2019
84.027 & 84.173	H027A200087 & H173A180086	2020
84.425C	S425C200015	2020
84.425C	S425C210015	2021
84.425D	S425D200045	2020
84.425D	S425D210045	2021

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

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.332 (d) (3) states that pass-through entity monitoring of the subrecipient must include: “Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.”

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Title 2 U.S. *Code of Federal Regulations* § 200.521(a) states, “The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given.”

Title 2 U.S. *Code of Federal Regulations* § 200.521(d) states, “The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC [Federal Audit Clearinghouse].”

Title 2 U.S. *Code of Federal Regulations* § 200.332(d)(2) states that pass-through monitoring of the subrecipient must include: “Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.”

Condition: Of the 63 subrecipients that were selected for testing from the various Minnesota Department of Education administered federal programs, the following items were noted:

- Five of the selected audit reports had no documentation of review by the Minnesota Department of Education.
- Fourteen of the selected audit reports with federal findings related to funding received from the Minnesota Department of Education did not have management decisions issued by the Minnesota Department of Education that contained the required information.

Questioned Costs: None.

Context: The Coronavirus Relief Fund and Coronavirus State and Local Fiscal Recovery Funds were awarded to Minnesota Management and Budget, which allocated the funds to the Minnesota Department of Education to be expended.

The Minnesota Department of Education (MDE) posted on its website, in bulletins, and provided to audit firms and local educational agencies (LEA) the following statement: “As part of the OMB Omni Circular, MDE is required to provide a management decision for audit findings that relate to Federal Awards. If the auditor and/or LEA does not receive a follow-up communication from MDE within six months of the submission of the audit report or by June 30 of the subsequent year, the management decision is complete.”

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Both the Minnesota Department of Education and overall State of Minnesota policies and procedures over subrecipient monitoring require issuing a management decision letter to subrecipients with federal findings.

The sample size for each federal program was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Not reviewing subrecipient audit reports and not issuing management decisions on audit findings increases the risk that subrecipients may not administer subawards in compliance with the terms and conditions of the subawards.

Cause: The Minnesota Department of Education believed they met the federal requirements for issuance of a management decision by notifying local educational agencies that if no communication was received within six months of the submission of their audit report, the Minnesota Department of Education accepted their corrective action plan.

Recommendation: We recommend the Minnesota Department of Education implement a process to issue management decisions for all subrecipients with federal award findings on funding provided by the Minnesota Department of Education, and that management decisions include the required information such as clearly stating whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-004 Subrecipient Monitoring – Risk Assessment and Monitoring

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

Federal Agency: U.S. Department of Education

Program: 84.425C COVID-19 – Governor’s Emergency Education Relief (GEER) Fund and
84.425D COVID-19 – Elementary and Secondary School Emergency Relief (ESSER)
Fund

Award Number and Year:

<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Year</u>
84.425C	S425C200015	2020
84.425C	S425C210015	2021
84.425D	S425D200045	2020
84.425D	S425D210045	2021

State Agency: Minnesota Department of Education

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the auditee must comply with Title 2 U.S. *Code of Federal Regulations* § 200.332, which includes the requirement to evaluate the subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award.

Condition: For each program, the Governor’s Emergency Education Relief Fund and the Elementary and Secondary School Emergency Relief Fund, 40 subrecipients were selected for testing. Risk assessments were not completed for 38 and 40, respectively, subrecipients tested. Additionally, the Minnesota Department of Education did not perform monitoring activities over subrecipients as required.

Questioned Costs: None.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Context: The Minnesota Department of Education provided funds to local educational agencies who have been operating for many years and with whom the Minnesota Department of Education has familiar relationships. Risk assessments were performed for the competitive programs, but were not completed for Expand Summer Programming grants or non-competitive grants. The total number of subrecipients for the Governor's Emergency Education Relief fund was 512 and for the Elementary and Secondary School Emergency Relief Fund was 546.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: By not risk assessing subrecipients or performing monitoring procedures, the Minnesota Department of Education cannot be assured subrecipients are administering subawards in compliance with the terms and conditions of the programs.

Cause: The Minnesota Department of Education informed us that due to staffing shortages, risk assessments and monitoring procedures were not performed for these new federal programs.

Recommendation: We recommend the Minnesota Department of Education establish policies and procedures for completing risk assessments and monitoring procedures over federal programs provided to subrecipients, as well as creating and maintaining proper documentation to meet the requirements of federal programs. This would include documenting the monitoring procedures performed (such as on-site visits and review of the subrecipients' audit findings) and any related follow-up on findings, and performing and documenting a risk assessment of subrecipients.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-005 Subrecipient Monitoring – Risk Assessment and Monitoring

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Program: 21.019 COVID-19 – Coronavirus Relief Fund and

21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year:

<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Year</u>
21.019	SLT0016	2020
21.027	SLT0790	2021

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

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the auditee must comply with Title 2 U.S. *Code of Federal Regulations* § 200.332, which includes the requirement to evaluate the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award.

Condition: The Minnesota Department of Education did not document risk assessment procedures performed over subrecipients of non-competitive awards. Additionally, the Minnesota Department of Education did not perform monitoring activities over subrecipients as required for the Coronavirus Relief Fund. The Coronavirus State and Local Fiscal Recovery Funds amounts provided to subrecipients were disbursed on June 28, 2021, or after.

Questioned Costs: None.

Context: The funds were awarded to Minnesota Management and Budget, which allocated the funds to the Minnesota Department of Education to be expended. The Minnesota Department of Education provided funds to local educational agencies who have been operating for many years and with whom the Minnesota Department of Education has familiar relationships.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: By not risk assessing subrecipients or performing monitoring procedures, the Minnesota Department of Education cannot be assured subrecipients are administering subawards in compliance with the terms and conditions of the programs.

Cause: The Minnesota Department of Education informed us that due to staffing shortages, risk assessments and monitoring procedures were not performed for these new federal programs.

Recommendation: We recommend the Minnesota Department of Education establish policies and procedures for completing risk assessments and monitoring procedures over federal programs provided to subrecipients, as well as creating and maintaining proper documentation to meet the requirements of federal programs. This would include documenting the monitoring procedures performed (such as on-site visits and review of the subrecipients' audit findings) and any related follow-up on findings, and performing and documenting a risk assessment of subrecipients.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-006 Procurement, Suspension, and Debarment – Suspension and Debarment of Subrecipients

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: SLT0790, 2021

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

Criteria: Uniform Guidance states that all non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in Title 2 U.S. *Code of Federal Regulations* § 180.215. Non-federal entities must follow federal guidance over verifying debarment, suspension, and exclusions as provided in Title 2 U.S. *Code of Federal Regulations* §§ 180.300, 200.213, and 200.318(h) when entering into covered transactions.

Condition: For all 40 covered transactions tested for compliance with federal regulations, procedures were not performed to determine whether the subrecipient was debarred, suspended, or otherwise excluded from participation in federal assistance programs or activities.

Questioned Costs: None.

Context: The Coronavirus State and Local Fiscal Recovery Funds were awarded to Minnesota Management and Budget, which allocated the funds to the Minnesota Department of Education to be expended. The Minnesota Department of Education provided funds to schools, charter schools, and nonprofits that the Minnesota Department of Education is familiar with and who have been operating for many years. There were 305 covered transactions included in the population.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Not verifying that subrecipients have not been debarred, suspended, or otherwise excluded increases the risk that money will be provided to and inappropriately spent by subrecipients.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Cause: The Minnesota Department of Education does not have procedures in place for verifying that subrecipients have not been debarred, suspended, or otherwise excluded.

Recommendation: For covered transactions, including subawards, we recommend the Minnesota Department of Education develop a process to document verification that subrecipients are not debarred, suspended, or that other exclusions apply prior to entering into a contract.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-007 Earmarking and Special Tests and Provisions – Hold-Harmless Calculations for Charter Schools

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Education

Program: 84.010 Title I Grants to Local Educational Agencies

Award Number and Year: S010A200023, 2020

State Agency: Minnesota Department of Education

Criteria: Title 34 U.S. *Code of Federal Regulations* § 200.73 states that a state education agency may not reduce the allocation of an eligible local educational agency below the hold-harmless levels. The hold-harmless protection limits the maximum reduction of a local educational agency's allocation compared to the allocation for the preceding year. A state education agency must calculate a hold-harmless base for the prior year for a newly opened or significantly expanded charter school local educational agency that, as applicable, reflects the new or significantly expanded enrollment of the charter school local educational agency.

Condition: Except for concentration grant awards, the Minnesota Department of Education did not perform calculations to verify that any charter school's allocation of Title I funding was not reduced below the hold-harmless level. Additionally, in relation to special test and provision requirements, for all four of the new or significantly expanded charter schools selected for testing, the Minnesota Department of Education did not perform calculations to determine a hold-harmless base.

Questioned Costs: None.

Context: Except for concentration grant awards for existing charter schools, the Minnesota Department of Education did not include a step in the allocation process to verify hold-harmless levels for existing and new and expanded charter schools. This hold-harmless base calculation step is necessary to ensure that a newly opened charter school or a charter school that experienced a significant increase in enrollment is not disadvantaged by the fact that it had no Title I funding allocation in the prior year or the allocation is not comparable. There were 12 charter schools which met this criteria.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

The sample size in relation to special test and provision requirements was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Charter schools may receive less funding than entitled had the hold-harmless requirements been applied.

Cause: The Minnesota Department of Education was not aware that this was not already a part of its calculation.

Recommendation: We recommend the Minnesota Department of Education implement procedures to calculate hold-harmless levels for charter schools, including new and expanded charter schools.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-008 Level of Effort – Supplement Not Supplant

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Education

Program: 84.010 Title I Grants to Local Educational Agencies

Award Number and Year: S010A200023, 2020; S010A190023, 2019; S010A180023, 2018

State Agency: Minnesota Department of Education

Criteria: The United States Code, Title 20, § 6321, states that a local educational agency shall use Title I, Part A funds only to supplement the funds that would, in the absence of such federal funds, be made available from state and local sources for the education of students participating in programs assisted under Part A, and not to supplant such funds. A local educational agency shall demonstrate that the methodology used to allocate state and local funds to each school receiving assistance under Part A ensures that such school receives all of the state and local funds it would otherwise receive if it were not receiving assistance under Part A. As the state education agency, the Minnesota Department of Education is required to review local educational agency compliance with the Title I, Part A supplement not supplant provision through subrecipient monitoring.

Condition: The Minnesota Department of Education did not perform subrecipient monitoring over local educational agency compliance with the supplement not supplant provision.

Questioned Costs: None.

Context: The U.S. Department of Education provided a “Non-Regulatory Informational Document” titled: “Supplement not Supplant under Title I, Part A of the ESEA (June 2019)” to provide additional guidance.

Effect: Subrecipients may receive an incorrect amount of federal funding.

Cause: The Minnesota Department of Education previously prepared to incorporate this requirement into existing subrecipient monitoring for supplement not supplant, with planned stakeholder input in the spring of 2020, but paused adding new monitoring to local educational agencies because of the pandemic.

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Recommendation: We recommend the Minnesota Department of Education implement procedures to monitor subrecipients for compliance with the supplement not supplant requirements.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-009 Eligibility

Prior Year Finding Number: 2020-011

Repeat Finding Since: 2018

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.575 Child Care and Development Block Grant and
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development
Fund

Award Number and Year: G1901MNCCDF, 2019; 2001MNCCDF, 2020

State Agency: Minnesota Department of Human Services

Criteria: Title 45 U.S. *Code of Federal Regulations* § 98.11 states that the lead agency shall ensure that all state and local or non-governmental agencies through which the State administers the program, including agencies and contractors that determine individual eligibility, operate according to the rules established for the program. In addition, Title 45 U.S. *Code of Federal Regulations* § 98.16 states that a CCDF [Child Care and Development Fund] Plan shall contain a description and demonstration of eligibility determination and redetermination processes to promote continuity of care for children and stability for families receiving CCDF services.

Condition: The Minnesota Department of Human Services maintains the computer system, MEC2, which is used by local counties to support the eligibility determination process. The following exceptions were noted in a sample of 40 case files tested:

- Four case files had applications that were either not signed or dated, or both;
- One case file had income that was not documented, therefore, it could not be determined if the income did not exceed 85 percent of State median income (required for eligibility per Title 45 U.S. *Code of Federal Regulations* § 98.16);
- Three case files lacked documentation in the case files to substantiate the parent's job or education status;
- Eight case files had incorrect copay amounts;
- Eight case files had incorrect calculations of authorized hours; and

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- One case file had an incomplete provider form for health and safety requirements.

Questioned Costs: Questioned costs identified were less than \$25,000.

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 276 cases for CCDF participant eligibility. The Minnesota Department of Human Services informed us that corrective action plans were sent to counties in all instances where errors were noted. For this process to be effective, the Minnesota Department of Human Services Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Noncompliance with Title 45 U.S. *Code of Federal Regulations* §§ 98.11 and 98.16. In addition, errors in eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible or are paid at the incorrect benefit amount.

Cause: The Minnesota Department of Human Services informed us that errors occurred due to staff turnover at the county level, county staff confusing requirements between the multiple programs they work on, and the large amount of data input into MEC2 to determine eligibility.

Recommendation: We recommend the Minnesota Department of Human Services review MEC2 and implement more notification prompts for such things as outdated or expired information, and implement automated verifications as much as possible. In addition, we recommend the Minnesota Department of Human Services work with counties to improve controls at the county level.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-010 Allowable Activities

Prior Year Finding Number: 2020-017

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 1701MNTANF, 2017; 1801MNTANF, 2018; 1901MNTANF, 2019; 2001MNTANF, 2020; 2101MNTANF, 2021

State Agency: Minnesota Department of Human Services

Criteria: Per Part 4 of the OMB Compliance Supplement and the U.S. Department of Health and Human Services' TANF [Temporary Assistance for Needy Families] Final Rule Executive Summary, a state may transfer up to ten percent of its total of current fiscal year funds to carry out programs under the Social Services Block Grant. The TANF Final Rule Executive Summary further states that transfers must occur during the year of the grant.

Condition: In fiscal year 2021, the Minnesota Department of Human Services transferred \$4,790,000 to the Social Services Block Grant out of 2020 fiscal year funds rather than 2021 fiscal year funds.

Questioned Costs: None.

Context: The U.S. Department of Health and Human Services fiscal year begins October 1 and ends September 30. Therefore, fiscal year 2020 funds must be transferred by September 30, 2020. The Minnesota Department of Human Services transferred fiscal year 2020 funds in February 2021.

Effect: The transfer did not occur from current fiscal year funds as required per Part 4 of the OMB Compliance Supplement and the TANF Final Rule Executive Summary.

Cause: The Minnesota Department of Human Services informed us that both 2020 and 2021 fiscal years were included in the documentation provided to accounts payable staff to process the transfer.

Recommendation: We recommend staff preparing documentation for transfer requests ensure the correct fiscal year is included.

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-011 Eligibility

Prior Year Finding Number: 2020-018

Repeat Finding Since: 2014

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 1701MNTANF, 2017; 1801MNTANF, 2018; 1901MNTANF, 2019; 2001MNTANF, 2020; 2101MNTANF, 2021

State Agency: Minnesota Department of Human Services

Criteria: The United States Code, Title 42, § 602(a)(1)(B)(iii), requires each state to create a written document that shall set forth the objective criteria for the delivery of benefits and the determination of eligibility. The Minnesota Department of Human Services' State Plan for Temporary Assistance for Needy Families (TANF) and Minn. Stat. § 256J.10 establish the general eligibility requirements for TANF benefits.

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local counties to support the eligibility determination process. The following exceptions were noted in a sample of 40 case files tested:

- Twelve case files had instances where benefits did not end when the eligibility period expired or the participant was determined ineligible for benefits;
- Eleven case files had asset information that was not verified or entered properly into MAXIS;
- Three case files had income information that was not verified or entered properly into MAXIS;
- One case file had expired SAVE system documentation on file;
- Two case files had social security numbers that were not verified or entered into MAXIS;
- One case file had a participant fail to notify an eligible child being absent from the home;
- One case file did not have verification on whether the participant was receiving TANF benefits from another state;

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- Three case files had relationships between the participant and other members of the household that were not verified; and
- Four case files had eligibility redeterminations not performed in the time frame allotted.

Questioned Costs: Questioned costs identified were less than \$25,000.

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 107 cases for TANF participant eligibility. The Minnesota Department of Human Services informed us that corrective action plans were sent to counties in all instances where errors were noted. For this process to be effective, the Minnesota Department of Human Services Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Noncompliance with the Minnesota Department of Human Services' State Plan for TANF and Minn. Stat. § 256J.10. In addition, errors in eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible or are paid at the incorrect benefit amount.

Cause: The Minnesota Department of Human Services informed us that errors occurred due to staff turnover at the county level, county staff confusing requirements between the multiple programs they work on, and the large amount of data input into MAXIS to determine eligibility.

Recommendation: We recommend the Minnesota Department of Human Services review MAXIS and implement more notification prompts for such things as outdated or expired information, and implement automated verifications as much as possible. In addition, we recommend the Minnesota Department of Human Services work with counties to improve controls at the county level.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-012 Special Tests and Provisions – Benefits Not Always Reduced

Prior Year Finding Number: 2020-021, 2020-022

Repeat Finding Since: 2015

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 1701MNTANF, 2017; 1801MNTANF, 2018; 1901MNTANF, 2019; 2001MNTANF, 2020; 2101MNTANF, 2021

State Agency: Minnesota Department of Human Services

Criteria: The U.S. Department of Health and Human Services' Questions and Answers about TANF and the Coronavirus Disease 2019 (COVID-19) Pandemic (TANF-ACF-PI-2020-01), dated March 24, 2020, states, "A state has 30 days to submit a plan amendment and, therefore, a state does not need to request approval or submit a plan amendment before making program changes, but it should seek guidance from ACF [Office of the Administration for Children and Families] on whether a particular action is allowable under program requirements if the state has any questions."

Condition: In response to the COVID-19 pandemic, the Minnesota Department of Human Services implemented waivers to eligibility requirements, allowing certain benefits to be provided without reductions. However, the Minnesota Department of Human Service's State Temporary Assistance for Needy Families Plan did not include language to allow waivers of certain eligibility requirements in its June 1, 2020, version, and the agency did not provide documentation supporting that it submitted an amendment to its State TANF Plan, or approval from ACF, for these waivers.

Questioned Costs: Could not be determined. Participants receiving waivers were not separately tracked by the Minnesota Department of Human Services.

Context: Minnesota Emergency Executive Order 20-12 allowed temporary waiver or modifications of statutory program requirements including reporting and verification requirements; work or community engagement activity requirements for eligibility; and application for eligibility and eligibility renewal time frames, processes, and verification, except that the commissioner shall establish processes to verify a client's eligibility as soon as practicable.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: There is a possibility that an amended State TANF Plan, including COVID-19 related waivers, would not have been approved by the U.S. Department of Health and Human Services. As a result, there is a potential that TANF benefit payments were paid to participants who may not have been eligible from July 1, 2020, to June 30, 2021.

Cause: The Minnesota Department of Human Services informed us that it did not submit a plan amendment because the State TANF Plan allowed for flexibilities to implement waivers as a result of the COVID-19 pandemic. Auditors were not provided documentation to support this.

Recommendation: We recommend the Minnesota Department of Human Services submit a plan amendment for the State TANF Plan to the Office of the Administration for Children and Families to reflect COVID-19 waivers in place, and submit plan amendments within the 30-day requirement when any future modifications to the State TANF Plan are made.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-013 Eligibility

Prior Year Finding Number: 2020-025, 2020-026

Repeat Finding Since: 2019

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.778 Medical Assistance Program and

93.778 COVID-19 – Medical Assistance Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
93.778	2005MN5ADM, 2005MN5MAP, 2005MNIMPL, & 2005MNINCT	2020
93.778	2005MN5MAP	2020
93.778 COVID-19	2105MN5ADM, 2105MN5MAP, 2105MNIMPL, 2105MNINCT, 2205MN5ADM, 2205MN5MAP, & 2205MNINCT	2021
93.778 COVID-19	2105MN5MAP	2021

State Agency: Minnesota Department of Human Services

Criteria: Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945, require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. In addition, Title 42 U.S. *Code of Federal Regulations*, §§ 435.948(b), 435.949(b), 435.952, and 435.956, require the state Medicaid agency to obtain financial and non-financial information relating to eligibility, including information related to wages and household size, to the extent that the information is available through an electronic service or request for documentation.

Condition: The Minnesota Department of Human Services maintains the computer systems, MAXIS and METS, which are used by local counties to support the eligibility determination process. The following exceptions were noted in a sample of 80 case files tested:

- One case file had a social security number that was not verified;
- Two case files did not have documentation to support how citizenship was verified;
- Twelve case files had income information that was not verified or entered properly into MAXIS or METS; and

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- Eight case files had incorrect or unsupported asset information;

Questioned Costs: Questioned costs identified were less than \$25,000.

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 273 cases for Medical Assistance participant eligibility. The Minnesota Department of Human Services informed us that corrective action plans were sent to counties in all instances where errors were noted. For this process to be effective, the Minnesota Department of Human Services Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Noncompliance with Title 42 U.S. *Code of Federal Regulations* § 435. In addition, errors in eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible or are paid at the incorrect benefit amount.

Cause: The Minnesota Department of Human Services informed us that errors occurred due to staff turnover at the county level, county staff confusing requirements between the multiple programs they work on, and the large amount of data input into MAXIS and METS to determine eligibility.

Recommendation: We recommend the Minnesota Department of Human Services review MAXIS and METS and implement more notification prompts for such things as outdated or expired information, and implement automated verifications as much as possible. In addition, we recommend the Minnesota Department of Human Services work with counties to improve controls at the county level.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-014 Subrecipient Monitoring

Prior Year Finding Number: 2020-036, 2020-037

Repeat Finding Since: 2018

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.558 Temporary Assistance for Needy Families,
93.563 Child Support Enforcement,
93.575 Child Care and Development Block Grant, and
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Award Number and Year:

<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Year</u>
93.558	1701MNTANF	2017
93.558	1801MNTANF	2018
93.558	1901MNTANF	2019
93.558	2001MNTANF	2020
93.558	2101MNTANF	2021
93.563	2001MNCSES	2020
93.563	2101MNCSES	2021
93.575 & 93.596	G1901MNCCDF	2019
93.575 & 93.596	2001MNCCDF	2020

State Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.521(d) states, “The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC [Federal Audit Clearinghouse].” In addition, Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the State must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient; evaluating the subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; monitoring the activities of the subrecipient; and verifying the subrecipient is audited, if required.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Condition: The following exceptions were noted in the testing over subrecipient monitoring:

- In the sample of 18 subrecipients, the Minnesota Department of Human Services did not issue management decisions within six months of acceptance of the audit report by the FAC for eight of the subrecipients tested;
- The Minnesota Department of Human Services provided outdated award information to all its subrecipients for fiscal year 2020;
- The Minnesota Department of Human Services did not perform risk assessments on its county subrecipients; and
- The Minnesota Department of Human Services does not perform adequate monitoring procedures on its county subrecipients for the Child Support Enforcement program.

Questioned Costs: None.

Context: There are 87 counties in Minnesota. The Minnesota Department of Human Services reviewed all audit reports for counties, as well as 82 audit reports for other entities that expended over \$750,000 in federal expenditures. The Minnesota Department of Human Services partially communicates award information through CountyLink, a website developed by the Minnesota Department of Human Services for counties and tribal agencies for reference materials. The Minnesota Department of Human Services communicates award information to subrecipients by other means as well, such as through grant agreements and invoices. In addition, the Child Support Division performs some site visits on a three-year rotation as part of its PRISM system audit as well as for another federal grant.

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The Minnesota Department of Human Services is not meeting federal regulations pertaining to subrecipient monitoring. Also, the Minnesota Department of Human Services cannot be assured that its subrecipients are administering federal awards in compliance with all applicable federal requirements.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Cause: The Minnesota Department of Human Services was calculating six months using the month of the audit report, rather than six months from acceptance of the audit report by the FAC. In addition, outdated award information was posted to CountyLink in error. Lastly, the Minnesota Department of Human Services informed us that risk assessments and limited monitoring procedures are performed over counties because they are local governments.

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure management decisions are issued to subrecipients within the correct six-month period. We recommend the Minnesota Department of Human Services implement procedures to ensure current award information is provided to its subrecipients. Lastly, we recommend the Minnesota Department of Human Services implement and document risk assessments and further monitoring procedures over county subrecipients, such as documentation of check-ins with counties or on-site visits.

View of Responsible Official: Acknowledge

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-015 Allowable Costs / Cost Principles

Prior Year Finding Number: 2020-038

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.558 Temporary Assistance for Needy Families,
93.563 Child Support Enforcement,
93.575 Child Care and Development Block Grant, and
93.778 Medical Assistance Program

Award Number and Year:

<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Year</u>
93.558	2001MNTANF	2020
93.563	2001MNCSES	2020
93.563	2101MNCSES	2021
93.575	2001MNCCDF	2020
93.778	2105MN5ADM & 2105MNIMPL	2021

State Agency: Minnesota Department of Human Services

Criteria: Title 45 U.S. *Code of Federal Regulations* § 95.509, states:

- “(a) The State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA [Division of Cost Allocation] if any of the following events occur:
- (1) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in Federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures.
 - (2) A material defect is discovered in the cost allocation plan by the Director, DCA or the State.
 - (3) The State plan for public assistance programs is amended so as to affect the allocation of costs.
 - (4) Other changes occur which make the allocation basis or procedures in the approval cost allocation plan invalid.
- (b) If a State has not submitted a plan or plan amendment during a given State fiscal year, an annual statement shall be submitted to the Director, DCA certifying that its approved cost allocation plan is not outdated. This statement shall be submitted within 60 days after the end of that fiscal year.”

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Condition: The Minnesota Department of Human Services did not promptly amend its cost allocation plan to address newly implemented cost centers and submit the amendment to the U.S. Department of Health and Human Services, Division of Cost Allocation. Additionally, the Minnesota Department of Human Services incorrectly stated how it would allocate costs for two cost centers in its last amendment submitted to Division of Cost Allocation.

Questioned Costs: None.

Context: The Minnesota Department of Human Services informed us that, historically, it submitted quarterly amendments for changes implemented to its cost allocation plan. The Minnesota Department of Human Services last submitted an amendment to its cost allocation plan in September 2019. Between September 2019 and the end of state fiscal year 2021, the Minnesota Department of Human Services has implemented 316 new cost centers.

Effect: The Minnesota Department of Human Services allocated expenditures to cost centers for which it has not sought approval.

Cause: The Minnesota Department of Human Services informed us that they made a decision not to submit quarterly amendments in order to focus on higher priority projects. Staffing shortages and reassignments resulting from the COVID-19 pandemic delayed the Minnesota Department of Human Services' ability to submit quarterly amendments.

Recommendation: We recommend the Minnesota Department of Human Services promptly amend its cost allocation plan and submit the amendment to the Division of Cost Allocation Director.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-016 Special Tests and Provisions – Quarterly Medicaid NCCI Edit Files

Prior Year Finding Number: 2020-041

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.778 Medical Assistance Program and
93.778 COVID-19 – Medical Assistance Program

Award Number and Year:

<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Year</u>
93.778	2005MN5ADM, 2005MN5MAP, 2005MNIMPL, & 2005MNINCT	2020
93.778	2105MN5ADM, 2105MN5MAP, 2105MNIMPL, 2105MNINCT, 2205MN5ADM, 2205MN5MAP, & 2205MNINCT	2021
93.778 COVID-19	2005MN5MAP	2020
93.778 COVID-19	2105MN5MAP	2021

State Agency: Minnesota Department of Human Services

Criteria: State Medicaid agencies are required under Section 6507 of the Affordable Care Act to completely and correctly implement the six Medicaid National Correct Coding Initiative (NCCI) methodologies in their Medicaid Enterprise Systems (formerly referred to as Medicaid Management Information Systems) to ensure that only proper payments of procedures are reimbursed.

Condition: The Minnesota Department of Human Services and Minnesota IT Services have not implemented standardized change management controls to ensure that the quarterly Medicaid NCCI edit files are approved and consistently implemented, providing traceability and accountability for parties involved in and affected by the implementation event.

Questioned Costs: None.

Context: The Minnesota Department of Human Services completed documentation of the standardized change management controls over the quarterly Medicaid NCCI edit file in July 2021.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: The quarterly Medicaid NCCI edit files contain edit rules necessary for properly adjudicating Medicaid claims. A lapse or untimely quarterly implementation of the Medicaid NCCI edit files may result in improperly adjudicated claims and improper payments based on expired claim coding rules.

Cause: The Minnesota Department of Human Services informed us that it has relied on a largely manual and informal process for the update of quarterly Medicaid NCCI edit files. In addition, this process has been performed by a few key staff, one of whom is no longer with the Minnesota Department of Human Services.

Recommendation: We recommend the Minnesota Department of Human Services, with its partnering state agency, Minnesota IT Services, develop and implement standardized change management controls over the quarterly Medicaid NCCI edit file implementation. In addition, we recommend the Minnesota Department of Human Services formally document the process of updating quarterly Medicaid NCCI edit files and cross-train staff for more ease when staff transitions occur.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-017 Subrecipient Monitoring

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Homeland Security

Program: 97.036 COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award Number and Year: 4531DRMNP000000001, 2020

State Agency: Minnesota Department of Human Services and Minnesota Department of Public Safety

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the State must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient; evaluating the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; monitoring the activities of the subrecipient; and verifying the subrecipient is audited, if required.

Condition: The Minnesota Department of Human Services' subrecipients were not made aware that award information was modified when the Federal award funding source was changed from ALN 21.019 Coronavirus Relief Fund to ALN 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) grant program in April 2021.

Questioned Costs: None.

Context: The funds were awarded to the Minnesota Department of Public Safety, which allocated the funds to the Minnesota Department of Human Services to be expended.

Required information to be provided to the subrecipients at the time of subaward, and if any of the data elements change, or if there are changes in subsequent award modification, include:

- (a) Subrecipient name (which must match the name associated with its unique entity identifier);
- (b) Subrecipient's unique entity identifier;

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- (c) Federal Award Identification Number (FAIN);
- (d) Federal Award Date (see the definition of federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;
- (e) Subaward period of performance start and end date;
- (f) Subaward budget period start and end date;
- (g) Amount of federal funds obligated by this action by the pass-through entity to the subrecipient;
- (h) Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation;
- (i) Total amount of the federal award committed to the subrecipient by the pass-through entity;
- (j) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- (k) Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;
- (l) Assistance listings number and title; the pass-through entity must identify the dollar amount made available under each federal award and the assistance listings number at time of disbursement;
- (m) Identification of whether the award is research and development; and
- (n) Indirect cost rate for the federal award (including if the de minimis rate is charged) per § 200.414.

Effect: Omitting required federal award information could prevent subrecipients from clearly identifying the federal award from which the subawards originated, which increases the risk that subrecipients are not aware of and compliant with federal requirements.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Cause: The Minnesota Department of Human Services was working under emergency circumstances, and it was not decided until after subrecipient grant agreements were executed that expenses would ultimately be awarded through the Disaster Grants (Presidentially Declared Disasters) program. No amendment was made to inform the subrecipients the funding source was changed from the original agreement.

Recommendation: We recommend the Minnesota Department of Human Services continue to include all applicable award information in its communications to subrecipients regarding the program. Any modifications or amendments to the communications with the subrecipients should be communicated and completed in a timely manner.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-018 Reporting – FFATA

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.558 Temporary Assistance for Needy Families,
93.575 Child Care and Development Block Grant,
93.575 COVID-19 – Child Care and Development Block Grant,
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund, and
93.778 Medical Assistance Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
93.558	1701MNTANF	2017
93.558	1801MNTANF	2018
93.558	1901MNTANF	2019
93.558	2001MNTANF	2020
93.558	2101MNTANF	2021
93.575, 93.575 COVID-19, & 93.596	G1901MNCCDF	2019
93.575, 93.575 COVID-19, & 93.596	2001MNCCDF	2020
93.778	2005MN5ADM, 2005MN5MAP, 2005MNIMPL, & 2005MNINCT	2020
93.778	2105MN5ADM, 2105MN5MAP, 2105MNIMPL, 2105MNINCT, 2205MN5ADM, 2205MN5MAP, & 2205MNINCT	2021

State Agency: Minnesota Department of Human Services

Criteria: Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred to as the “Transparency Act”, that are codified in Title 2 U.S. *Code of Federal Regulations*, part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Condition: The Minnesota Department of Human Services has not submitted required reports under the Transparency Act since April 2020.

Questioned Costs: None.

Context: This issue was discovered during the audit of Temporary Assistance for Needy Families, Child Care and Development Fund Cluster and Medicaid Cluster, however, it impacts federal programs agency-wide.

Effect: Noncompliance with reporting requirements under the Transparency Act.

Cause: The Minnesota Department of Human Services informed us that due to staffing constraints, they did not have sufficient time available to meet the Transparency Act reporting requirements in addition to meeting all of the other federal compliance requirements. Additionally, the Minnesota Department of Human Services is working to resolve errors it received in response to attempts to submit the reports in the FSRS.

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to complete reports as required by the Transparency Act. In addition, we recommend the Minnesota Department of Human Services work with the federal government on how best to proceed to catch up on reporting requirements.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-019 Determining Subrecipients

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Program: 21.019 COVID-19 – Coronavirus Relief Fund

Award Number and Year: SLT0016, 2020

State Agency: Minnesota Department of Human Services and Minnesota Management and Budget

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Also, Title 2 U.S. *Code of Federal Regulations* § 200.331 requires entities passing through federal funds to make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

Condition: The Minnesota Department of Human Services did not properly identify the amount expended and reported for amounts provided to subrecipients for the Coronavirus Relief Fund on the SEFA. The direct and material compliance requirements are different for amounts provided to subrecipients versus those that are not.

Questioned Costs: None.

Context: The Coronavirus Relief Funds were awarded to Minnesota Management and Budget, which allocated the funds to the Minnesota Department of Human Services to be expended.

The preliminary certified SEFA reported amounts provided to subrecipients of \$219,942,015 for the Coronavirus Relief Fund. After an audit adjustment of \$215,050,488, the resulting amount reported on the SEFA as amounts provided to subrecipients was \$4,891,527. Since these expenditures were identified incorrectly, the direct and material compliance requirements tested needed to be adjusted.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: Due to the significant adjustment in the amounts provided to subrecipients, audit procedures needed to be reassessed, which resulted in additional procedures being required.

Cause: Minnesota Management and Budget staff responsible for preparing the SEFA indicated that the guidelines for defining a beneficiary versus a subrecipient were continuously changing, which resulted in the incorrect identification. In addition, determinations of subrecipients were not documented by the Minnesota Department of Human Services.

Recommendation: We recommend Minnesota Management and Budget, along with the State agencies subgranting funds, strengthen the procedures over subrecipient determinations and document how the determinations were made.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-020 Subrecipient Monitoring

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Program: 21.019 COVID-19 – Coronavirus Relief Fund

Award Number and Year: SLT0016, 2020

State Agency: Minnesota Department of Human Services and Minnesota Management and Budget

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.521(d) states, “The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC [Federal Audit Clearinghouse].” In addition, Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the Minnesota Department of Human Services must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient; evaluating the subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; monitoring the activities of the subrecipient; and verifying the subrecipient is audited, if required.

Condition: The Minnesota Department of Human Services did not include all of the required award information in two of the 11 subaward agreements tested. In addition, for these two subrecipients, the Minnesota Department of Human Services did not review the single audit reports or issue management decisions. One of these single audit reports did not report expenditures of COVID-19 – Coronavirus Relief Fund on its SEFA.

Questioned Costs: None.

Context: The Coronavirus Relief Funds were awarded to Minnesota Management and Budget, which allocated the funds to the Minnesota Department of Human Services to be expended. During fiscal year-end 2021, the Minnesota Department of Human Services subgranted Coronavirus Relief Funds to 101 subrecipients.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

The sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The Minnesota Department of Human Services is not meeting federal regulations pertaining to subrecipient monitoring. Also, the Minnesota Department of Human Services cannot be assured that its subrecipients are administering federal awards in compliance with all applicable federal requirements.

Cause: The Minnesota Department of Human Services informed us that it did not use current contract templates that included updated award information due to the limited amount of time available to pass-through funds in the emergent COVID-19 pandemic. In addition, not all program staff were aware of all of the subrecipient monitoring requirements related to federal funding or the procedures to follow in order to notify subrecipients of issues related to the audits performed.

Recommendation: We recommend the Minnesota Department of Human Services ensure that the most current contract templates be used when entering into agreements with subrecipients. In addition, we recommend the Minnesota Department Human Services implement a process to review audit reports and issue management decisions for all subrecipients that receive federal awards from the Minnesota Department of Human Services. Management decisions should include the required information, such as clearly stating whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given.

View of Responsible Official: Acknowledged

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-021 Reporting – Accuracy of Progress Reports

Prior Year Finding Number: 2020-060

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Homeland Security

Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) and
97.036 COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared
Disasters)

Award Number and Year: 4531DRMNP00000001, 2020; 4442DRMNP00000001 &
4414DRMNP00000001, 2019; 4390DRMNP00000001, 2018; 4290DRMNP00000001, 2016;
4182DRMNP00000001, 2014; 4069DRMNP00000001, 2012; 1941DRMNP00000001, 2010

State Agency: Minnesota Department of Public Safety

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Specifically, Title 44 U.S. *Code of Federal Regulations* § 206.204(f), requires the state to submit quarterly progress reports on the status of all open projects for disaster grant awards. The progress report directions require the reports to include the total expenditures to date, the federal funds drawn and the date of the last draw, the federal funds disbursed to subrecipients and the date of the final payment, the approved completion date of the project, and the percent of work completed.

Condition: Of the 40 projects tested, 35 projects were reported inaccurately or missing required data elements in the quarterly progress reports.

Questioned Costs: None.

Context: This is a systemic issue. Each quarterly progress report submitted during the audit period included between 113 and 147 large projects.

The sample was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: The U.S. Department of Homeland Security did not receive complete and accurate information about the progress of open projects for this program.

Cause: The data used to prepare the progress reports come from various, decentralized sources. Also, the lack of timely data provided from the subrecipients can lead to inaccurate data.

Recommendation: We recommend the Minnesota Department of Public Safety implement policies and procedures to ensure it submits complete and accurate data. Additionally, the individual reviewing the reports should evaluate the completeness and accuracy of the reports during the review process.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-022 Subrecipient Monitoring

Prior Year Finding Number: 2020-062

Repeat Finding Since: 2019

Type of Finding: Internal Control Over Compliance

Severity of Deficiency: Significant Deficiency

Federal Agency: U.S. Department of Homeland Security

Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award Number and Year: 4442DRMNP00000001 & 4414DRMNP00000001, 2019; 4390DRMNP00000001, 2018; 4290DRMNP00000001, 2016; 4182DRMNP00000001, 2014; 4069DRMNP00000001, 2012; 1941DRMNP00000001, 2010

State Agency: Minnesota Department of Public Safety

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 2 U.S. *Code of Federal Regulations* § 200.332, states, “All pass-through entities must...(f) Verify that every subrecipient is audited as required by Subpart F [Audit Requirements] of this part when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in [section] 200.501.”

Condition: For six of the 11 subrecipients tested, the Minnesota Department of Public Safety did not document review of the subrecipient’s audit. None of the subrecipients selected for testing required the Minnesota Department of Public Safety to have issued management decisions by the testing date.

Questioned Costs: None.

Context: The Minnesota Department of Public Safety provided federal funds to subrecipients and had a total of 97 audit reports to review. Of these 97 reports, the Minnesota Department of Public Safety was appointed the cognizant agency at the State level for 12 of these reports, yet was still responsible for reviewing the remaining 85 reports.

The sample was based on the audit guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: Not reviewing subrecipient audit reports increases the risk that subrecipients do not administer subawards in compliance with the terms and conditions of the subawards.

Cause: Staff in the Minnesota Department of Public Safety's Fiscal and Administrative Services (FAS) division track subrecipient audits for all of the department's federal programs, but staff in the specific division that administers the federal program are responsible for reviewing the audit reports and issuing management decisions on any audit findings related to that program. Due to lack of available staff time, the tracking of these reviews was not performed.

Recommendation: We recommend the Minnesota Department of Public Safety strengthen procedures in place to ensure that all reviews of subrecipient audits are documented, including instances when no management decision is required.

View of Responsible Official: Concur

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-023 Subrecipient Monitoring – Award Communication

Prior Year Finding Number: 2020-061

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Homeland Security

Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) and
97.036 COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared
Disasters)

Award Number and Year: 4531DRMNP00000001, 2020; 4442DRMNP00000001 &
4414DRMNP00000001, 2019; 4390DRMNP00000001, 2018; 4290DRMNP00000001, 2016;
4182DRMNP00000001, 2014; 4069DRMNP00000001, 2012; 1941DRMNP00000001, 2010

State Agency: Minnesota Department of Public Safety

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Additionally, the State must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient.

Condition: Of the 40 subrecipient grant agreements tested, 37 did not contain all the required federal award information.

Questioned Costs: None.

Context: The Minnesota Department of Public Safety updated templates for subrecipients to ensure all the required federal information is communicated; however, use was not implemented until late in the fiscal year ending June 30, 2021.

The sample was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: Omitting required federal award information could prevent subrecipients from clearly identifying the federal award from which the subawards originated, which increases the risk that subrecipients are not aware of and compliant with federal requirements.

Cause: Outdated templates were used for a majority of the current fiscal year.

Recommendation: We recommend the Minnesota Department of Public Safety continue using the new templates for subrecipients, and provide this information for all projects.

View of Responsible Official: Concur

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

**2021-024 National Student Loan Database System (NSLDS) Error Correcting
(Published in CLA Report as 2021-001)**

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Education

Program: Student Financial Assistance Cluster

84.007 Federal Supplemental Educational Opportunity Grants,
84.033 Federal Work-Study Program,
84.038 Federal Perkins Loan Program Federal Capital Contributions,
84.063 Federal Pell Grant Program,
84.268 Federal Direct Student Loans,
84.379 Teacher Education Assistance for College and Higher Education Grants
(TEACH Grants),
84.408 Postsecondary Education Scholarships for Veteran's Dependents, and
93.364 Nursing Student Loans

Award Number and Year: Grant award number not provided, July 1, 2020 to June 30, 2021

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 685.309 requires that enrollment status record that are submitted on the rosters that don't pass the edit checks be corrected and resubmitted within 10 days.

Condition: During our testing, we noted that the rosters returned for Anoka Ramsey Community College yielded error reports that were not corrected and resubmitted within the required 10 days.

Questioned Costs: None.

Context: During our review of the SCHER1 reports for Anoka Ramsey Community College, we noted error records were not being corrected and resubmitted within the required 10 days.

Effect: The NSLDS system is not updated with the student information which can cause over awarding should the student transfer to another college or university and the students may not properly enter the repayment period.

STATE OF MINNESOTA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Cause: The College did not have processes and controls in place to ensure that student status changes were properly and timely reported to NSLDS.

Recommendation: We recommend the College review its reporting procedures to ensure that students' statuses are accurately and timely reported to NSLDS and all errors are corrected with the appropriate timeframe as required by regulations.

View of Responsible Official: There is no disagreement with the audit finding.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-025 Perkins Record Keeping (Published in CLA Report as 2021-002)

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: Department of Education

Program: 84.038 Federal Perkins Loan Program Federal Capital Contributions

Award Number and Year: Grant award number not provided, July 1, 2020 to June 30, 2021

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 674.19(e) states that colleges and universities must retain original, true and exact copies of promissory and master promissory notes (MPN), repayment records, and cancellation and deferment requests for each Perkins loan made. In addition, a college or university shall keep the original paper promissory note or original paper MPN and repayment schedules in a locked, fireproof container.

Condition: During our testing, we noted for 2 out of 40 Perkins borrowers tested, the MPN was not retained or could not be found at the system office or campus level. The issues were made up of one borrower from St. Cloud State University and one borrower from Winona State University. In addition, it was found that not all the Perkins files are being kept in a fireproof container - specifically at the System Office and Central Lakes College.

Questioned Costs: None.

Context: The MPN's for the two open loans could not be located.

Effect: The universities were not in compliance with the Perkins recordkeeping regulations.

Cause: The universities current process in place was not sufficient to ensure proper maintenance of promissory notes.

Recommendation: We recommend the universities review the open loans to ensure promissory notes are maintained. In addition, we recommend the System Office and Central Lakes College maintain all Perkins files in a fireproof container moving forward.

View of Responsible Official: There is no disagreement with the audit finding.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

**2021-026 Student Refund Checks Outstanding Greater than 240 Days (Published in
CLA Report as 2021-003)**

Prior Year Finding Number: 2020-066 (CLA Report 2020-002)

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Education

Program: Student Financial Assistance Cluster

84.007 Federal Supplemental Educational Opportunity Grants,

84.033 Federal Work-Study Program,

84.038 Federal Perkins Loan Program Federal Capital Contributions,

84.063 Federal Pell Grant Program,

84.268 Federal Direct Student Loans,

84.379 Teacher Education Assistance for College and Higher Education Grants
(TEACH Grants),

84.408 Postsecondary Education Scholarships for Veteran's Dependents, and

93.364 Nursing Student Loans

Award Number and Year: Grant award number not provided, July 1, 2020 to June 30, 2021

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 668.164(h)(2) states that a college or university that attempts to disburse funds by check and the check is not cashed, the college or university must return the funds to the Secretary no later than 240 days after the date it issued that check.

Condition: During our testing, we noted several colleges and universities had outstanding checks greater than 240 days that were not returned to the Department of Education (ED). These colleges and universities included Minneapolis Community and Technical College, Riverland Community College, Hennepin Technical College, St. Cloud State University, Metropolitan State University, Itasca Community College, Anoka Ramsey Community College, and Anoka Community Technical College.

Questioned Costs: \$47,406

Context: During our testing, we noted 121 checks related to student refunds of Title IV federal financial aid was outstanding more than 240 days as of June 30, 2021.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Effect: The colleges and universities are not in compliance with ED requirements that all student refund checks that are outstanding for more than 240 days be return to ED.

Cause: Management is continuing to work on refining their policies and procedures around this area and there were checks missed during the current process.

Recommendation: We recommend the colleges and universities review their procedures and implement processes to ensure that all outstanding refund checks caused by Federal funds are returned to the ED within the required 240 days.

View of Responsible Official: There is no disagreement with the audit finding.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-027 Allowable Student Costs (Published in CLA Report as 2021-004)

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Education

Program: 84.425E COVID-19 – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion

Award Number and Year: Grant award number not provided, July 1, 2020 to June 30, 2021

State Agency: Minnesota State Colleges and Universities

Criteria: For the (a)(1) Student Aid Portion (Assistance Listing 84.425E), disbursements made under the Student Aid Portion are required to be made directly to students. ED's (Eligibility to Receive Emergency Financial Aid Grants to Students under the Higher Education Emergency Relief Programs, May 14, 2021) on student eligibility for HEERF states that all students who are or were enrolled in an institution of higher education on or after the date of the declaration of the national emergency due to the coronavirus (March 13, 2020) are eligible for emergency financial aid grants from the HEERF, regardless of whether they completed a FAFSA or are eligible for Title IV. As it relates to expenditures under the (a)(1) Student Aid Portion, auditors should determine (1) the college or university had a documented plan to distribute funds to students, (2) that the college or university did not place any restrictions on the expenditure of those funds beyond what is in the statute, above, and (3) the college or university expended the entirety of the Student Aid Portion grant on financial aid grants to students and that the college or university did not reimburse itself for any costs or expenses previously issued to students.

Condition: During our testing, we noted Anoka Technical Community College had four out of the nine disbursements made directly to the students did not follow the institutional plan. A total of \$948 were disbursed outside of the plan. Similarly, Anoka Ramsey Community College had 25 out of the 51 disbursements made directly to students did not follow the institutional plan. A total of \$3,625 were disbursed outside of the plan.

Questioned Costs: None.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Context: During our testing, we noted Anoka Technical Community College had four out of the nine disbursements made directly to the students did not follow the institutional plan. A total of \$948 were disbursed outside of the plan. Similarly, Anoka Ramsey Community College had 25 out of the 51 disbursements made directly to students did not follow the institutional plan. A total of \$3,625 were disbursed outside of the plan.

Effect: The colleges did not comply with (ED) regulations for allowable costs.

Cause: Due to the personnel restrictions, there was not proper review and approval prior to disbursement.

Recommendation: We recommend the colleges reevaluate their procedures surrounding allowable costs and costs being charged to the grant to ensure all are allowable costs.

View of Responsible Official: There is no disagreement with the audit finding.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-028 Allowable Lost Revenue Costs (Published in CLA Report as 2021-005)

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Education

Program: 84.425F COVID-19 – HEERF Institutional Portion

Award Number and Year: Grant award number not provided, July 1, 2020 to June 30, 2021

State Agency: Minnesota State Colleges and Universities

Criteria: Per CRRSAA section 314(c)(1), colleges and universities may only estimate lost revenue “associated with coronavirus”.

Condition: During our testing of the lost revenue calculation for Minneapolis Community and Technical College, we noted the lost revenue calculation included lost revenue that was not allowable for reimbursement. After this was brought to the attention of management during the audit, the school recalculated the lost revenue utilizing another allowable method and that method supported the claimed reimbursement.

Questioned Costs: None.

Context: The interpretation of what could be claimed for lost revenue did not meet the essence of the lost revenue according to ED.

Effect: The College did not comply with ED regulations to estimate lost revenues associated with coronavirus.

Cause: The College did not follow the requirement to estimate lost revenues that were associated with coronavirus.

Recommendation: We recommend the College ensure any future lost revenue calculations have a direct relationship to revenues that were lost due to coronavirus.

View of Responsible Official: There is no disagreement with the audit finding.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

2021-029 Reporting (Published in CLA Report as 2021-006)

Prior Year Finding Number: 2020-068 (CLA Report 2020-004)

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Other Matter

Federal Agency: U.S. Department of Education

Program: 84.425E COVID-19 – Higher Education Emergency Relief Fund (HEERF) Student Aid Portion and

84.425F COVID-19 – HEERF Institutional Portion

Award Number and Year: Grant award number not provided, July 1, 2020 to June 30, 2021

State Agency: Minnesota State Colleges and Universities

Criteria: Per Uniform Guidance 2 CFR 200.303, non-federal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. The initial reporting for this grant requires the report to be submitted to the college or university's website within 30 days of the signed Certification Agreement or 30 days after the electronic announcement dated May 6, whichever is later. Colleges and universities were then required to update their websites every 45 days after initial upload. This was changed to quarterly on August 31, 2020. In addition, an annual report is required.

Condition: During our testing, we noted:

- 5 of the 23 annual reports tested, the supporting documentation did not agree to what was included in the report
- 1 of the 23 annual reports tested was not timely submitted
- 4 of the 23 annual reports tested were not reviewed and approved prior to submission
- 2 of the 43 quarterly institutional reports tested, the supporting documentation did not agree to what was included in the report
- 6 of the 43 quarterly institutional reports tested were not timely published or no documentation existed to support it was timely published
- 1 of the 43 quarterly institutional reports tested was reported as of the wrong date

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

- 1 of the 43 quarterly institutional reports tested was not able to be tested as the college or university overwrote the information on its website so it only supported the most recent reporting data
- 7 of the 43 quarterly institutional reports tested were not reviewed and approved prior to posting
- 15 of the 56 quarterly student reports tested, the supporting documentation did not agree to what was included in the report
- 11 of the 56 quarterly student reports tested were not published timely or no documentation existed to support it was published timely
- 6 of the 56 quarterly student reports tested were reported as of the wrong date
- 22 of the 56 quarterly student reports tested were not able to be tested as the college or university overwrote the information on the website so it only supported the most recent reporting data or it was not completed
- 12 of the 56 quarterly student reports tested were not reviewed and approved prior to posting
- 3 of the 56 quarterly student reports tested were missing portions of the required disclosures

Questioned Costs: None.

Context: A control system to prevent and detect errors in the reporting process was not created at the time the reports were filed and the colleges and universities did not have a process to track the reporting requirements. In addition, there was a general lack of guidance from ED on reporting requirements.

Effect: The colleges and universities did not comply with ED regulations by reporting accurate information as well as retaining support for the information reported to ensure accuracy. Due to the number of reports within the system that had issues as mentioned above, a material weakness is being reported although there were no questioned costs as it relates to the reports themselves.

Cause: The colleges and universities did not have someone tracking the requirements to ensure that they posted the reporting timely and accurately. There was also supporting documentation not retained by the colleges and universities to support the information reported at the time of the report.

STATE OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Recommendation: We recommend the colleges and universities review their reporting procedures to ensure all required steps are included as well as the supporting documentation to prepare the report is retained. The reports should be reviewed by someone other than the preparer of the report and this review should be documented.

View of Responsible Official: There is no disagreement with the audit finding.



State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Agency Provided Corrective Action Plans
Fiscal Year Ended June 30, 2021

Index of Corrective Action Plans (CAP)

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**REPRESENTATION OF THE
MINNESOTA MANAGEMENT AND BUDGET**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-001

Finding Title: Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Name of Contact Person Responsible for Corrective Action:

Amy Jorgenson, Director, COVID19 Response Accountability Office

Corrective Action Planned:

Minnesota Management and Budget (MMB) took responsibility for and certified the Schedule of Expenditures of Federal Awards (SEFA) reporting for all agency spending for the Coronavirus Relief Fund (CRF) and the American Rescue Plan, State Fiscal Recovery Fund (ARP-SFRF) and relied on internal controls at those agencies for accurate reporting. MMB concurs with the adjustment amounts in finding 2021-001 and will work with agencies to ensure they correctly determine the classification of subawards and account for prior period adjustments related to these programs to ensure accurate reporting on the SEFA in future years.

Anticipated Completion Date:

July 31, 2022

**REPRESENTATION OF THE
MINNESOTA DEPARTMENT OF EMPLOYMENT
AND ECONOMIC DEVELOPMENT**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-002

Finding Title: Reporting - Employment and Training Administration (ETA) Reports

Program: Unemployment Insurance and COVID-19 – Unemployment Insurance (AL # 17.225)

Name of Contact Person Responsible for Corrective Action:

James Hegman, Unemployment Insurance Director
Minnesota Department of Employment and Economic Development
Email: jim.hegman@state.mn.us
Phone: 651-259-7227

Corrective Action Planned:

The UI Program acknowledges that insufficient documentation was provided for the ETA 9052 report during the course of audit. Failing to provide all supporting documentation to the audit team was an error on the part of the UI program.

The ETA 9052 report is, in fact, reproducible and the results are regularly validated through a process USDOL calls “Data Validation” (DV). The ETA 9052 along with the ETA 207 was last processed through the DV process in January 2020 for the quarter ending December 31, 2019. Both the ETA 207 and ETA 9052 passed DV at that time. There have been no changes to either report process since January 2020 and no reason to believe these reports would not pass DV if we were to run them through the process today.

It would not be possible to perform the DV process if the data were not reproducible. We ordinarily perform DV every quarter on all reports, but temporarily stopped during the pandemic. We will begin again during the summer of 2022.

Anticipated Completion Date:

November 30, 2022

**REPRESENTATION OF THE
MINNESOTA DEPARTMENT OF EDUCATION**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-001

Finding Title: Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Name of Contact Person Responsible for Corrective Action:

Andre Prael, Agency Finance Director
Bob Niemala, State Program Admin Coordinator

Corrective Action Planned:

The Minnesota Department of Education (MDE) has been following the accepted Office of Legislative Auditors (OLA) and Minnesota Management and Budget (MMB) practice of calculating accruals as of June 30th, which includes estimating future expenditures still due for State Educational Record View and Submission (SERVS) system and all other grants for the current state fiscal year. That estimation is necessary because school districts are not required to report audited expenditures until the end of December each year. The Office of State Auditors (OSA), shared that that practice is not allowed and that we should be reporting only actual expenditures in the Schedule of Expenditures of Federal Awards (SEFA). As a result, MDE will change the date data is pulled from hard close to October 31st. Based on discussions with the OSA, any accrual changes after this date will be considered next year's current year expenditures. Actual accruals will be reported as of October 31.

Adjustments will be made to account for changes from estimates to actual if the changes are considered to be material (materiality level is 5% of each CFDA).

Anticipated Completion Date:

July 1, 2022 (for FY2022)

Finding Number: 2021-003

Finding Title: Subrecipient Monitoring – Review of Subrecipient Audit and Issuance of Management Decision Program: Coronavirus Relief Fund, ALN 21.019; Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027; Title I Grants to Local Educational Agencies, ALN 84.010; Special Education Grants to States, ALN 84.027; Special Education Preschool Grants, ALN 84.173; Governor's Emergency Education Relief Fund, ALN 84.425C; and Elementary and Secondary School Emergency Relief Fund, ALN 84.425D

Name of Contact Person Responsible for Corrective Action:

Andre Prahl, Agency Finance Director
Mary Weigel, Financial Management Supervisor

Corrective Action Planned:

School Finance - Financial Management will implement a process to issue management decisions for all subrecipients with federal award findings on funding received from the U.S. Department of Education. Management decisions will clearly state the status of the corrective action plan and will be in compliance with Uniform Guidance. The MDE Cognizant Agency Policy has been updated to include this piece.

Anticipated Completion Date:

Management Decisions for LEAs with Federal Findings will be issued by School Finance Financial Management no later than 6 months after the receipt of the External Financial Audit, or by 6/30/2022.

Finding Number: 2021-004

Finding Title: Subrecipient Monitoring – Risk Assessment and Monitoring

Program: Governor's Emergency Education Relief Fund, ALN 84.425C and Elementary and Secondary School Emergency Relief Fund, ALN 84.425D

Name of Contact Person Responsible for Corrective Action:

Bridgette Ramaley, Fiscal Monitoring Supervisor

Andre Prah, Agency Finance Director

Corrective Action Planned:

Plans and a process for implementation are already in place to address this finding. In order for subrecipients to obtain any of these funds, there was a robust application process and the competitive grants team completed a pre-award risk assessment specific to the funding pieces in their purview. For context, it's important to note that the various funding sources in question were signed into law on 3/27/20 and 12/27/20. However, it took time for the subrecipients to figure out what they would do with the various funds, get through the application process, and to get the funds reimbursed to the subrecipients. As of the end of FY21, only 5% of the funds from the three rounds of funding had been spent. Of the amount spent in FY21, 58% of those funds were expended during the fourth quarter FY21.

For the application process subrecipients first submitted an application and a detailed spending plan, including line-item budgets and explanations about how the funds would be spent within the various object codes. Then, every single object code and expenditure justification for the program indicated above was reviewed for eligibility. If there were questions or concerns, the budget line was not approved and further dialogue took place with the subrecipient.

A pre-award risk assessment is a consistent Minnesota Department of Education (MDE) process for all funding that falls under the umbrella of competitive grants and was followed for the grant funds during the time period of this audit. This includes information from required audits, a suspension and debarment review, financial review, and performance history review. Although a few performance history questions are specific to the grant being applied for, all other areas are broad, covering risks that would be considered in any risk assessment for any funding source. While more risk assessment work is being implemented throughout the duration of the grant, this pre-award risk assessment process already covers the subrecipients.

The competitive grants in the program indicated above also go through their own fiscal monitoring process. When selecting expenditure samples to review, the dollar amount, budget category, and type of expenditure are considered. Supporting documentation is requested and reviewed, and, if there are concerns, discussions with the program area supervisor and finance team member occur to determine next steps and possible corrective actions for the subrecipient.

At the end of the fiscal year, grants are tied out between the Uniform Financial Accounting and Reporting Standards (UFARS) system and the State Educational Record View and Submission (SERVS) system. In UFARS, subrecipients report their close out amounts from their official audits. This is then tied to the MDE internal SERVS system, where the budgets and draw requests are housed. When figures in the two systems do not match, either the Local Education Agency (LEA) must go in and correct their audit and UFARS data, or MDE can pull funds back. This is one more way subrecipients are monitored and MDE is able to ensure subrecipients are not drawing down more funds than were approved in general, and for the approved activities more specifically.

In addition to the steps in place as outlined above, MDE is implementing the risk assessment and full monitoring plan for all federal COVID relief fund grants that do not move through the competitive grants team process. Currently, MDE is finalizing the hiring of three monitors to complete the required risk assessment and monitoring activities for the non-competitive grants. Staff will be in place prior to the end of SFY22. While these hires are being finalized, MDE is redeploying staff to do the risk assessment and monitoring activities work. There is also funding for a fourth monitor beginning in SFY23.

As shown above, multiple monitoring teams have robust risk assessment and monitoring practices in place. In particular, methods and practices already used by both the ESEA Title monitoring team and the competitive grants monitoring team have been modified and adopted for the purposes of these relief funds.

A risk assessment will be conducted annually for the noncompetitive grants under these programs. Some of the risk items that will be considered include but are not limited to: the amount of the award, if there were questions during the budget approval process, or if other monitoring teams have determined a subrecipient to be high risk.

Aligned with what was submitted by MDE to the federal government in our application, samples will be requested from subrecipients quarterly. Since it is not reasonable to review samples from all 538 subrecipients quarterly, the group will be divided into quarterly groups of 134 and 135 (two groups of each). That number may vary slightly depending on charter school openings and closures, and any mergers of traditional districts. If any subrecipients have been flagged as high risk during the risk assessment, they will be added to an additional quarterly monitoring process. Based on this, an estimated average of 150 subrecipients will be monitored quarterly. As funds are expended or subrecipients show consistent low risk and no issues during earlier monitoring cycles, the overall number of subrecipients monitored each quarter may go down.

To complete the monitoring, the monitors will review a number of documents. First, procurement samples will be chosen. In relation to those samples, procurement documents including, but not limited to, requisitions, purchase orders, and invoices will be requested. These documents will be used to evaluate eligibility and period of availability. Second, additional documentation will be requested and evaluated to ensure adequate consultation occurred with nonpublic schools. Finally, MDE may request additional documentation through the process should the documentation provided be insufficient or there be any questions or concerns regarding it.

Throughout the process, documented procedures will be created and maintained in our electronic filing system. This will ensure consistency in work between fiscal years, as well as between monitors. We will also maintain risk assessments, testing grids and results, and any required corrective actions along with confirmation to close out those corrections. All monitoring reports will go through a review process by the program supervisor and finance team member, to ensure regulations are being applied correctly and with consistency across monitors.

Anticipated Completion Date:

October 1, 2022

Finding Number: 2021-005

Finding Title: Subrecipient Monitoring – Risk Assessment and Monitoring

Program: Coronavirus Relief Fund, ALN 21.019 and Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027

Name of Contact Person Responsible for Corrective Action:

Bridgette Ramaley, Fiscal Monitoring Supervisor

Andre Prah, Agency Finance Director

Corrective Action Planned:

Plans and a process for implementation are already in place to address this finding. In order for subrecipients to obtain any of these funds, there was a robust application process and the competitive grants team completed a pre-award risk assessment specific to the funding pieces in their purview.

For the application process, subrecipients first submitted an application and a detailed spending plan, including line-item budgets and explanations about how the funds would be spent within the various object codes. Then, every single object code and expenditure justification for the program indicated above was reviewed for eligibility. If there were questions or concerns, the budget line was not approved and further dialogue took place with the subrecipient.

A pre-award risk assessment is a consistent Minnesota Department of Education (MDE) process for all funding that falls under the umbrella of competitive grants and was followed for the grant funds during the time-period of this audit. This includes information from required audits, a suspension and debarment review, financial review, and performance history review. Although a few performance history questions are specific to the grant being applied for, all other areas are broad, covering risks that would be considered in any risk assessment for any funding source. While more risk assessment work is being implemented throughout the duration of the grant, this pre-award risk assessment process already covers the subrecipients.

At the end of the fiscal year, grants are tied out between the Uniform Financial Accounting and Reporting Standards (UFARS) system and the State Educational Record View and Submission (SERVS) system. In UFARS, subrecipients report their close out amounts from their official audits. This is then tied to the MDE internal SERVS system, where the budgets and draw requests are housed. When figures in the two systems do not match, either the Local Education Agency (LEA) must go in and correct their audit and UFARS data, or MDE can pull funds back. This is one more way subrecipients are monitored and MDE is able to ensure subrecipients are not drawing down more funds than were approved in general, and for the approved activities more specifically.

In addition to the steps in place as outlined above, MDE is implementing the risk assessment and full monitoring plan for all federal COVID relief fund grants that do not move through the competitive grants team process. Currently, MDE is finalizing the hiring of three monitors to complete the required risk assessment and monitoring activities for the non-competitive grants. Staff will be in place prior to the end of SFY 2022. While these hires are being finalized, MDE is redeploying staff to do the risk assessment and monitoring activities work. There is also funding for a fourth monitor beginning in SFY23.

As shown above, multiple monitoring teams have robust risk assessment and monitoring practices in place. In particular, methods and practices already used by both the ESEA Title monitoring team and the competitive grants monitoring team have been modified and adopted for the purposes of these relief funds.

A risk assessment will be conducted annually for the noncompetitive grants under these programs. Some of the risk items that will be considered include but are not limited to: the amount of the award, if there were questions during the budget approval process, or if other monitoring teams have determined a subrecipient to be high risk.

Aligned with what was submitted by MDE to the federal government in our application, samples will be requested from subrecipients quarterly. Since it is not reasonable to review samples from all 538 subrecipients quarterly, the group will be divided into quarterly groups of 134 and 135 (two groups of each). That number may vary slightly depending on charter school openings and closures, and any mergers of traditional districts. If any subrecipients have been flagged as high risk during the risk assessment, they will be added to an additional quarterly monitoring process. Based on this, an estimated average of 150 subrecipients will be monitored quarterly. As funds are expended or subrecipients show consistent low risk and no issues during earlier monitoring cycles, the overall number of subrecipients monitored each quarter may go down.

To complete the monitoring, the monitors will review a number of documents. First, procurement samples will be chosen. In relation to those samples, procurement documents including, but not limited to, requisitions, purchase orders, and invoices will be requested. These documents will be used to evaluate eligibility and period of availability. Second, additional documentation will be requested and evaluated to ensure adequate consultation occurred with nonpublic schools. Finally, MDE may request additional documentation through the process should the documentation provided be insufficient or there be any questions or concerns regarding it.

Throughout the process, documented procedures will be created and maintained in our electronic filing system. This will ensure consistency in work between fiscal years, as well as between monitors. We will also maintain risk assessments, testing grids and results, and any required corrective actions along with confirmation to close out those corrections. All monitoring reports will go through a review process by the program supervisor and finance team member, to ensure regulations are being applied correctly and with consistency across monitors.

Anticipated Completion Date:

October 1, 2022

Finding Number: 2021-006

Finding Title: Procurement, Suspension, and Debarment – Suspension and Debarment of Subrecipients

Program: Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027

Name of Contact Person Responsible for Corrective Action:

Andre Prahl, Agency Finance Director

Corrective Action Planned:

The Minnesota Department of Education (MDE) will work with Minnesota IT Services (MN.IT) to load a Word document into the State Educational Record View and Submission (SERVS) system for each federal grant that the Identified Official with Authority (IOwA) for each Local Education Agency (LEA) will need to accept as part of the annual application process. This will be effective for state fiscal year 2023 and will occur when the IOwA accepts their award.

For state fiscal year 2022, MDE will individually lookup all LEAs who received federal covid-19 funding on Sam.gov to verify that they are not suspended or excluded from receiving funds. This process will be completed by April 29, 2022.

Anticipated Completion Date:

For state fiscal year 2023, SERVS applications will be completed by June 1, 2022.

For state fiscal year 2022, the review will be completed by April 29, 2022.

Finding Number: 2021-007

Finding Title: Earmarking and Special Tests and Provisions – Hold-Harmless Calculations for Charter Schools

Program: Title I Grants to Local Educational Agencies, ALN 84.010

Name of Contact Person(s) Responsible for Corrective Action:

Teresa Taylor, Director, Student Access and Opportunity

Alicia Waeffler, Supervisor, Student Access and Opportunity

James Lee, MN.IT ITS-5 Senior Web Application Developer, Applications and Projects

Corrective Action Planned:

The Title I, Part A award calculations are completed by Minnesota IT Services (MN.IT) in the spring (preliminary awards) and late fall (final award) following guidance from the U.S. Department of Education. The calculation process has not changed in recent years. New hires to the Minnesota Department of Education (MDE) and MN.IT teams continue to use the process that has been in place for at least 11 years (presumably longer, though 11 years ago is the oldest records MDE and MN.IT has for this process). The process includes adding newly opened charter schools in the fall final calculations. MDE reserves 3% of the preliminary award to ensure adequate funding is available for newly opened charter schools that are eligible for Title I, Part A funds in their initial year of operation. This finding indicates the calculation does not include a “hold harmless” calculation that is based on what they may have had available in funding if they were in operation during the prior year. The calculation does include a hold harmless calculation for concentration grants and the school improvement set-aside, but it does not encompass newly opened charter schools.

In response, the Title I, Part A award calculation process will be reviewed in advance of final Federal Fiscal Year 2022/State Fiscal Year 2023 allocation calculations to include the hold harmless provision for newly opened charter schools.

Anticipated Completion Date:

January 20, 2023

Finding Number: 2021-008

Finding Title: Level of Effort – Supplement Not Supplant

Program: Title I Grants to Local Educational Agencies, ALN 84.010

Name of Contact Person(s) Responsible for Corrective Action:

Teresa Taylor, Director, Student Access and Opportunity

Alicia Waeffler, Supervisor, Student Access and Opportunity

Wayne Kuklinski, Compliance and Monitoring Specialist, Student Access and Opportunity

Corrective Action Planned:

The Elementary and Secondary Education Act (ESEA) requires a State Education Agency (SEA) to monitor its Local Education Agencies (LEA) to ensure compliance with the requirements of the ESEA (see ESEA section 8304(a)(1), (3)(B)), which would include that an LEA has a compliant methodology for allocating state and local funds, among other requirements. The Minnesota Department of Education (MDE) requires LEAs to document their process for allocating state and local funds to school sites on file and has the authority to request a review of the process.

MDE regularly monitors the supplement not supplant provisions in Title I, Part A through annual Maintenance of Effort (MOE) calculations and required comparability monitoring. Updated guidance regarding the supplement not supplant requirements was issued in the summer of 2019. In response, MDE developed a draft monitoring process with a planned review by the ESEA-required Community of Practitioners (COP) in the spring of 2020. All meetings and monitoring activities were postponed in the spring of 2020 in response to the pandemic and to minimize non-pandemic related communication with districts.

MDE is reviewing this draft monitoring process with the COP on May 4, 2022. The draft plan (that must be reviewed by the COP before implementing), is to (a.) further revise the comparability report from lessons learned to improve the integrity of what's reported, (b.) reinstate annual comparability reports at the start of the school year and (c.) require a percentage of LEAs, to which §1118(b)(2) and §1118(c) apply, also submit their written procedures and calculations for allocating resources. The expectation with the latter is to review the procedures of all applicable LEAs over multiple years and use a risk assessment to prioritize the order in which they should be reviewed.

MDE will implement these planned updates to the monitoring procedures, with consideration to the COP input received, to ensure subrecipients are monitored for compliance with the supplement not supplant requirements.

Anticipated Completion Date:

February 10, 2023

**REPRESENTATION OF THE
MINNESOTA DEPARTMENT OF HEALTH**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-001

Finding Title: Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Name of Contact Person Responsible for Corrective Action:

Joshua Bunker, CFO

Corrective Action Planned:

MDH will document a procedure to ensure that liabilities are accurately reported in the SEFA. In addition, MDH had recognized the need to add accounting smart coding to its funding structure for one passthrough funded program to align with existing passthrough smart coding practices.

Anticipated Completion Date:

October 2022

**REPRESENTATION OF THE
MINNESOTA DEPARTMENT OF HUMAN SERVICES**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-001

Finding Title: Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Name of Contact Person Responsible for Corrective Action:

Joe Jarosz, Accounting Operations Manager, Financial Operations Division

Corrective Action Planned:

The Department of Human Services will establish steps for additional review of federal expenditures to ensure that all federal expenditures are correctly reported in the Schedule of Expenditures of Federal Awards (SEFA schedules). These steps will include:

- Tracking of adjustments needed for SEFA
 - Including when they were sent to MMB and confirming the entry was posted correctly.
- Running a query to find payments/corrections with an accounting date of 07/04 of the previous FY that posted after we certified the report. We will need to adjust these payments off any future SEFAs.
- Working with MMB to receive a list of agencies that list us as a subgrantee. Following up with agencies to confirm the numbers we are reporting are accurate.

Anticipated Completion Date:

June 30, 2022

Finding Number: 2021-009

Finding Title: Eligibility

Program: Child Care and Development Block Grant (ALN 93.575), Child Care Mandatory and Matching Funds of the Child Care and Development Fund (ALN 93.596)

Name of Contact Person Responsible for Corrective Action:

Laurie Possin, Child Care Assistance Program Manager

Corrective Action Planned:

We continue to strengthen internal controls. The Department of Human Services will continue to review and update tools available to Child Care Assistance Program (CCAP) agencies to determine eligibility factors and benefits, focusing on correct methods for assessing assets and calculating income and copayments. We will educate CCAP agencies on developing effective internal controls to ensure that workers accurately determine eligibility and benefits. We will ensure that education and training targets the asset assessment policy and calculation of income and copayment. The Department of Human Services will continue to provide technical assistance to agency workers through the Policy Quest portal, telephone contacts and case review follow-up calls, using these opportunities to reinforce correct application of policy.

Throughout 2021 and into 2022, the Department of Human Services implemented a case accuracy review process targeting primary areas of concern. The first policy under review was the asset assessment policy. Application of correct policy was reviewed in repeat cycles. All CCAP agencies will continue to be required to complete these type of reviews. The forms developed by the Department of Human Services and used for reviews will remain available after the review cycle(s) is complete, allowing agencies to continue their own reviews and use the form as a resource for current and new staff. A second round of reviews is underway, using other common errors as a basis. This includes calculations of income and copayments. CCAP staff at DHS also recently updated case review checklists, which are made available to local agencies to conduct their own reviews for common errors.

Anticipated Completion Date:

June 30, 2023

Finding Number: 2021-010

Finding Title: Allowable Activities

Program: Temporary Assistance for Needy Families (ALN 93.558)

Name of Contact Person Responsible for Corrective Action:

Chris Ricker, Financial Operations Assistant Director

Corrective Action Planned:

The Financial Operations Division will reverse the TANF transfer and apply it to the correct grant federal fiscal year. The Social Service Block Grant side of the transaction is correct. A form has also been created, for this annual transaction, which will ensure the correct grant years are used moving forward.

Anticipated Completion Date:

May 1, 2022

Finding Number: 2021-011

Finding Title: Eligibility

Program: Temporary Assistance for Needy Families (ALN 93.558)

Name of Contact Person Responsible for Corrective Action:

Pamela McCauley, TANF Program Manager

Corrective Action Planned:

The findings noted are system related errors in addition to eligibility errors by frontline staff. Complexities in the program rules and temporary changes lead to errors in eligibility determination.

DHS staff will continue to work with MNIT staff on potential updates to MAXIS, such as the need to fiat eligibility results, when MNIT resources are available.

Engaging and collaborating with frontline staff to address recurring findings and errors is the primary method of improving this finding. Ongoing weekly meetings, updates to manuals and supplemental guidance materials will continue as the Department works to improve the eligibility findings.

Over the next two years, TANF staff will focus on targeted case reviews, for example around assets and income verification, to provide technical assistance to agencies with high error rates.

Anticipated Completion Date:

December 31, 2022

Finding Number: 2021-012

Finding Title: Special Tests and Provisions - Benefits Not Always Reduced

Program: Temporary Assistance for Needy Families (ALN 93.558)

Name of Contact Person Responsible for Corrective Action:

Pamela McCauley, TANF Program Manager

Corrective Action Planned:

Program staff will begin to add amended language to the State plan to reflect any waivers that are currently in place as of April 1, 2022. The amended plan will be submitted to the Administration for Children and Families.

The TANF Program Manager contacted the Region V TANF Program Specialist at the Administration for Children, Families (ACF), and requested verification that the TANF State Plan requires an amendment to include the TANF waivers that implemented during the public health emergency. Response is pending.

Anticipated Completion Date:

May 31, 2022

Finding Number: 2021-013

Finding Title: Eligibility

Program: Medical Assistance Program (ALN 93.778), COVID-19 Medical Assistance Program (ALN 93.778)

Name of Contact Person Responsible for Corrective Action:

Karen Gibson, Health Care Eligibility & Access Manager

Corrective Action Planned:

The Department will issue a program integrity announcement reminding workers to accurately enter income information in the Minnesota Eligibility Technology System (METS) and the MAXIS system, to verify income and assets when required, and to maintain income and asset documentation in the case file.

The Department will issue program integrity announcements reminding workers about Social Security number and citizenship verification policies, and reminding them to retain citizenship documentation in the case file.

The Department will issue a bulletin to clarify MA policies regarding income and asset verification for applicants and enrollees who are age 65 or older, blind or who have a disability.

The Department will create and implement a wage verification and calculation tool, to help workers correctly and consistently calculate MA applicant and enrollee wage income from paper documentation.

Anticipated Completion Date:

December 31, 2022

Finding Number: 2021-014

Finding Title: Subrecipient Monitoring

Program: Temporary Assistance for Needy Families (ALN 93.558), Child Care and Development Block Grant (ALN 93.575), Child Care Mandatory and Matching Funds of the Child Care and Development Fund (ALN 93.596), Child Support Enforcement (ALN 93.563)

Name of Contact Person Responsible for Corrective Action:

Gary Johnson, Director, Internal Audits Office

Chris Ricker, Financial Operations Assistant Director

Song Lyfoung, Contracts & Legal Compliance Director

Corrective Action Planned:

The Department has implemented new procedures for assuring management decisions are issued to subrecipients within the required six month period. We believe the new procedures are working as intended and will fully resolve the management decision letter issue.

Updated award information was posted to CountyLink on February 28, 2022. Moving forward, we will add a two-step validation process to ensure/confirm the correct and updated information is posted correctly.

The Department's Contracts and Legal Compliance Division will coordinate federal award information between the Financial Operations Division and program areas to ensure that updated award information is communicated to subrecipients through contract terms and contract amendments.

The Department's Internal Audits Office will work with the Department's Risk Manager and the responsible program areas to document risk assessments and improve monitoring procedures over county subrecipients.

Anticipated Completion Date:

December 31, 2022

Finding Number: 2021-015

Finding Title: Allowable Costs/ Cost Principles

Program: Temporary Assistance for Needy Families (ALN 93.558), Child Care and Development Block Grant (ALN 93.575), Child Support Enforcement (ALN 93.563), Medical Assistance Program (ALN 93.778)

Name of Contact Person Responsible for Corrective Action:

Carmen Patton-Minder, Financial Operations Division Director

Corrective Action Planned:

The Department of Human Services (DHS) submitted an amended cost allocation plan to the U.S. Department of Health and Human Services, Division of Cost Allocation on 9/30/2021. This was after the scope of the state fiscal year 2021 Single Audit so wasn't reviewed by the auditors. DHS has submitted quarterly amendments on time during state fiscal year 2022. We anticipate that this finding will not be repeated next year.

Anticipated Completion Date:

September 30, 2021

Finding Number: 2021-016

Finding Title: Special Tests and Provisions - Quarterly Medicaid NCCI Edit Files

Program: Medical Assistance Program (ALN 93.778), COVID-19 Medical Assistance Program (ALN 93.778)

Name of Contact Person Responsible for Corrective Action:

LaBine, Carol M, Benefits Policy Manager, Purchasing and Service Delivery (DHS)

Roering, Russell J., Release and Systems Management Supervisor, Application Services Division (MNIT)

Halpin, Karen, Information Security Audit and Compliance Coordinator, Office of Information Security (MNIT)

Corrective Action Planned:

The corrective action plan was implemented 07/2021 and the procedural documentation finalized 09/30/2021. Implementation of the corrective action was reviewed during the FY21 audit as the finding was first cited during the FY20 audit. Due to implementation being beyond the end of FY21, the finding is restated on the FY21 audit report.

Anticipated Completion Date:

07/31/2021

Finding Number: 2021-017

Finding Title: Subrecipient Monitoring

Program: COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036)

Name of Contact Person Responsible for Corrective Action:

Carolyn Ham, Chief Administrative Officer, Continuing Care for Older Adults

Corrective Action Planned:

Each of these FEMA grants were originally funded through other funding sources. By using FEMA as the funding source for these grants, the state was able to repurpose over 12 million dollars of COVID Relief Funds to other pandemic response needs. To resolve this issue, DHS will send notice to all impacted subrecipients to inform them of the applicable federal requirements.

Anticipated Completion Date:

May 31, 2022

Finding Number: 2021-018

Finding Title: Reporting - FFATA

Program: Temporary Assistance for Needy Families (ALN 93.558), Child Care and Development Block Grant (ALN 93.575), COVID-19 Child Care and Development Block Grant (ALN 93.575), Child Care Mandatory and Matching Funds of the Child Care and Development Fund (ALN 93.596), Medical Assistance Program (ALN 93.778)

Name of Contact Person Responsible for Corrective Action:

Carly Christenson, Financial Operations Division Deputy Director

Corrective Action Planned:

The Department of Human Services Financial Operations Division will work with the federal government to submit catch up FFATA files for May 2020 through September 2022 in the FSRS system by October 31, 2022. Technical errors will be resolved and resubmitted by November 30, 2022.

DHS will implement procedures to begin required monthly report submissions by December 31, 2022. Technical errors resulting in rejection from the FSRS system will be resolved and resubmitted no later than the next month's submission.

Anticipated Completion Date:

December 31, 2022

Finding Number: 2021-019

Finding Title: Determining Subrecipients

Program: Coronavirus Relief Fund (ALN 21.019)

Name of Contact Person Responsible for Corrective Action:

Carmen Patton-Minder, Financial Operations Division Director

Song Lyfoung, Contracts & Legal Compliance Director

Gary Johnson, Director, Internal Audits Office

Corrective Action Planned:

The Department of Human Services Financial Operations Division, Internal Audits Office, and Contracts & Legal Compliance Division will work with Minnesota Management and Budget to create a checklist to help programs identify whether payments to an entity are subrecipient payments and should be coded as such in the state's accounting system and reported as subrecipient payments on the state's SEFA. Additionally, a process step will be added to verify the type of payment prior to entering the information into the State's accounting system.

Anticipated Completion Date:

September 30, 2022

Finding Number: 2021-020

Finding Title: Subrecipient Monitoring

Program: Coronavirus Relief Fund (ALN 21.019)

Name of Contact Person Responsible for Corrective Action:

Song Lyfoung, Contracts & Legal Compliance Director

Corrective Action Planned:

The Department of Human Services (DHS) Contracts and Legal Compliance Division will resolve the management decision letter issue by creating a federal funds checklist and adding a review step to make sure federal payments are properly coded based on the intended use of the funds, which will include prompts to use the most current contract templates and to amend the contract when there is change in funds. This checklist will supplement the already established DHS subrecipient review process to identify those entities needing review, resulting in the timely issuance of an appropriate management decision letter.

Anticipated Completion Date:

September 30, 2022



Alcohol
and Gambling
Enforcement

Bureau of
Criminal
Apprehension

Driver
and Vehicle
Services

Emergency
Communication
Networks

Homeland
Security and
Emergency
Management

Minnesota
State Patrol

Office of
Communications

Office of
Justice Programs

Office of
Pipeline Safety

Office of
Traffic Safety

State Fire
Marshal

Office of the Commissioner

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REPRESENTATION OF THE MINNESOTA DEPARTMENT OF PUBLIC SAFETY

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2021

Finding Number: 2021-001

Finding Title: Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Name of Contact Person Responsible for Corrective Action:

Shawn Kremer, DPS Chief Financial Officer

Corrective Action Planned:

DPS has relied on Minnesota Management and Budget (MMB) Instructions for Compiling the Schedule of Expenditures of Federal Awards (SEFA) document for the submission of SEFA reporting. DPS will review our internal controls currently in place and design and implement additional process steps to our operating procedures to improve internal controls over identifying the expenditures and subrecipients of federal awards to ensure accurate reporting of expenditures in compliance with MMB SEFA reporting requirements.

Anticipated Completion Date:

September 1, 2022

Finding Number: 2021-021

Finding Title: Reporting - Accuracy of Progress Reports

Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters) and COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters), ALN 97.036

Name of Contact Person Responsible for Corrective Action:

Joseph Kelly, Director of Homeland Security & Emergency Management

Corrective Action Planned:

The Department of Public Safety (DPS) has created an agency procedure to ensure that all reports, financial and program progress, are prepared, approved, and submitted in accordance with the U.S. Code of Federal Regulations and requirements of the Office of Management and Budget. The DPS procedure was posted on the DPS intranet website for all staff to view on February 1, 2022. The DPS's Homeland Security and Emergency Management division (HSEM) will follow the Government Agency Federal Reporting DPS Guidance No. 309 procedure and has developed internal written procedures applicable to the requirements for quarterly progress reports for Disaster Grants – Public Assistance awards, to ensure reports are reviewed and evaluated by an individual for completeness and accuracy of the reports during the review process before submission.

Anticipated Completion Date:

February 1, 2022

Finding Number: 2021-022

Finding Title: Subrecipient Monitoring

Programs: Disaster Grants – Public Assistance (Presidentially Declared Disasters), ALN 97.036

Name of Contact Person Responsible for Corrective Action:

Shawn Kremer, DPS Chief Financial Officer
Joseph Kelly, Director of Homeland Security & Emergency Management

Corrective Action Planned:

DPS will strengthen operating procedures to ensure compliance with all applicable Title 2, U.S. Code of Federal Regulations to identify and review all subrecipients that require a financial audit and issue management decisions within six months of acceptance of the subrecipient audit report by the Federal Audit Clearinghouse. DPS will revise the template to ensure management decisions issued include all necessary information under Title 2, U.S. Code of Federal Regulations §200.521(a). DPS will ensure all reviews are documented on the DPS Subrecipient Tracking Worksheet, including instances when no management decision is required.

Anticipated Completion Date:

June 30, 2022

Finding Number: 2021-023

Finding Title: Subrecipient Monitoring – Award Communication

Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters), ALN 97.036

Name of Contact Person Responsible for Corrective Action:

Joseph Kelly, Director Homeland Security & Emergency Management

Corrective Action Planned:

HSEM has updated award letters to include the required documentation, including subrecipient unique entity identifier, federal award identification number, federal award date, subaward period of performance start and end dates, total amount of federal funds obligated to the subrecipient for all federal programs including the current financial obligation, total amount of the federal award committed to the subrecipient by the department, and the assistance listing number and name. HSEM will continue to use the new template for subrecipients, and provide this information for all projects.

Anticipated Completion Date:

February 1, 2022



MINNESOTA STATE COLLEGES AND UNIVERSITIES CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2021

United States Department of Education

Minnesota State Colleges and Universities respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 01, 2020 to June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the current year.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

United States Department of Education

2021-024 National Student Loan Database System (NSLDS) Error Correcting (published in CLA Report as 2021-001)

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the College review its reporting procedures to ensure that students' statuses are accurately and timely reported to NSLDS and all errors are corrected with the appropriate timeframe as required by regulations.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Financial Aid Director or staff to receive NSLDS SSCR Error Report from National Student Clearinghouse monthly and/or when discrepancies are reported and corrective action will be taken within 10 days. Record of the monthly error report and resolutions will be stored locally per document retention policies.

Name(s) of the contact person(s) responsible for corrective action: Bill Vikander – Anoka Ramsey Community College, Financial Aid Director

Planned completion date for corrective action plan: March 30, 2022

2021-025 Perkins Record Keeping (published in CLA Report as 2021-002)

Federal Perkins Loans – Assistance Listing No. 84.038



MINNESOTA STATE COLLEGES AND UNIVERSITIES CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2021

Recommendation: We recommend the Universities review the open loans to ensure promissory notes are maintained. In addition, we recommend the System Office and Central Lakes College maintain all Perkins files in a fireproof container moving forward.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Universities or the System Office will retain all MPN for at least three years after receiving payment in full going forward and will create a plan to review all open loans. The System has been working hard on assigning all loans older than 24 months and or paying them off, so the total number of MPN will continue to decrease in the future. The System Office is in the process of moving all MPN to a fireproof storage container and the College identified has already taken this action.

Name(s) of the contact person(s) responsible for corrective action: The Colleges, Universities, and System Office Perkin Loan staff.

Planned completion date for corrective action plan: September 30, 2022

2021-026 Student Refund Checks Outstanding Greater than 240 Days (published in CLA Report as 2021-003)

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the Colleges and Universities review their procedures and implement processes to ensure that all outstanding refund checks caused by Federal funds be returned to the Department of Education within the required 240 days.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Substantial progress was made on this prior year finding. The Colleges and Universities identified agree with the finding and are currently reviewing all outstanding checks over 240 days and will return federal funds as required. The majority of the Colleges or Universities identified had seven or less checks and nearly all have also resolved the outstanding checks appropriately or will within the coming months. The system office will direct colleges and universities that they will review existing procedures surrounding monitoring outstanding checks to ensure all are returned to the Department of Education timely.

Name(s) of the contact person(s) responsible for corrective action: The College or University CFO or Business Office staff member along with the Financial Aid Directors.

Planned completion date for corrective action plan: June 30, 2022.



MINNESOTA STATE COLLEGES AND UNIVERSITIES CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2021

- 2021-027 Allowable Student Costs (published in CLA Report as 2021-004)
- Higher Education Emergency Relief Funds – Assistance Listing No. 84.425E
- Recommendation: We recommend the Colleges reevaluate their procedures surrounding allowable costs and costs being charged to the grant to ensure all are allowable costs.
- Explanation of disagreement with audit finding: There is no disagreement with the audit finding.
- Action taken in response to finding: Anoka-Ramsey Community College and Anoka Technical College have commenced formal recommendations to the Colleges' cabinet for approval regarding how institutional HEERF funds are allocated to cover grant expenses. The allocations are approved at a high level, which roll-up specific expenses. The cabinet regularly reviews YTD expenditures and remaining balances. Specific expenses that are grant supported are assigned a unique cost center code. All pending purchases assigned to this cost center are reviewed to confirm they are acceptable grant expenses and approved by the Vice President of Finance and Administration (CFO)
- Name(s) of the contact person(s) responsible for corrective action: Don Lewis, Anoka Ramsey Community College Chief Financial Officer
- Planned completion date for corrective action plan: Feb 22, 2022
-
- 2021-028 Allowable Lost Revenue Costs (published in CLA Report as 2021-005)
- Higher Education Emergency Relief Funds – Assistance Listing No. 84.425F
- Recommendation: We recommend the College ensure any future lost revenue calculations have a direct relationship to revenues that were lost due to coronavirus.
- Explanation of disagreement with audit finding: There is no disagreement with the audit finding.
- Action taken in response to finding: Minneapolis Community and Technical College has modified its methodology and will continue using the new method going forward.
- Name(s) of the contact person(s) responsible for corrective action: Chris Rau, Minneapolis Community and Technical College Chief Financial Officer
- Planned completion date for corrective action plan: September 30, 2022



MINNESOTA STATE COLLEGES AND UNIVERSITIES CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2021

2021-029 Reporting (published in CLA Report as 2021-006)

Higher Education Emergency Relief Funds – Assistance Listing No. 84.425E and 84.425F

Recommendation: We recommend the Colleges and Universities review their reporting procedures to ensure all required steps are included as well as the supporting documentation to prepare the report is retained. The reports should be reviewed by someone other than the preparer of the report and this review should be documented.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Colleges and Universities and the System Office will work together to resolve the various reporting findings for fiscal year 2022 reporting. Some of the action steps will be completed with the next quarter's reporting and others may take more time to resolve. We have reached out to the USDOE for additional guidance on how best to resolve the past reporting. We feel we did the best we could under the circumstances during a pandemic, but we will dedicate appropriate resources going forward to resolve these findings to the best of our ability. Discrepancies between the timing of the required reports and the issuance of detailed guidance from the US Department of Education resulted in some uncertainty and confusion about the reporting process, which exacerbated the problems resulting in this finding. Clarity has since been provided to schools and we are confident that the issues will not resurface.

Name(s) of the contact person(s) responsible for corrective action: Colleges, Universities Financial Aid Directors, Chief Finance Officers, and the System Office management.

Planned completion date for corrective action plan: August 31 2022

If the United States Department of Education has questions regarding this plan, please call Denise Kirkeby at 651-201-1736.

State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2021

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STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2021

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
U.S. Department of Agriculture						
10.551	Supplemental Nutrition Assistance Program	Human Services	Noncompliance with EBT card security requirements	2	2019-017	2019
10.551	Supplemental Nutrition Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
10.551	Supplemental Nutrition Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
10.551	Supplemental Nutrition Assistance Program	Human Services	Inadequate internal controls regarding regular review of the security of information systems which could impact Activities Allowed or Unallowed; Allocable Costs/Cost Principles; or Eligibility	2,3	2020-040	2020
10.551	Supplemental Nutrition Assistance Program	Human Services	Noncompliance with EBT card security requirements	2	2020-042	2020
10.553	School Breakfast Program	Education	Missing eligibility documentation	1	2020-005	2020
10.555	National School Lunch Program (Child Nutrition Cluster)	Education	Missing eligibility documentation	1	2020-005	2020
10.555	National School Lunch Program (Child Nutrition Cluster)	Education	Noncompliance with physical inventory requirement	1	2020-008	2020
10.555	National School Lunch Program (Child Nutrition Cluster)	Education	Noncompliance with restitution for food losses	2	2020-009	2020
10.555	National School Lunch Program (Child Nutrition Cluster)	Education	Noncompliance with federal schedule of expenditures of Federal awards requirements	2	2020-010	2020
10.558	Child and Adult Care Food Program (Child Nutrition Cluster)	Education	Noncompliance with monitoring of subrecipient single audits	2	2020-006	2020
10.558	Child and Adult Care Food Program (Child Nutrition Cluster)	Education	Noncompliance with subrecipient during the award monitoring	2,3	2020-007	2020
10.558	Child and Adult Care Food Program (Child Nutrition Cluster)	Education	Noncompliance with federal schedule of expenditures of Federal awards requirements	2	2020-010	2020
10.559	Summer Food Service Program for Children (Child Nutrition Cluster)	Education	Noncompliance with physical inventory requirement	1	2020-008	2020
10.559	Summer Food Service Program for Children (Child Nutrition Cluster)	Education	Noncompliance with restitution for food losses	2	2020-009	2020
10.559	Summer Food Service Program for Children (Child Nutrition Cluster)	Education	Noncompliance with federal schedule of expenditures of Federal awards requirements	2	2020-010	2020
10.559	C19 - Summer Food Service Program for Children (Child Nutrition Cluster)	Education	Noncompliance with federal schedule of expenditures of Federal awards requirements	2	2020-010	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Inadequate internal controls regarding regular review of the security of information systems which could impact Activities Allowed or Unallowed; Allocable Costs/Cost Principles; or Eligibility	2,3	2020-040	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with EBT card security requirements	2	2020-042	2020
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with EBT card security requirements	2	2019-017	2019
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with subrecipient monitoring requirements	2	2019-037	2019
10.561	State Administration Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
U.S. Department of Defense						
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Affairs	Noncompliance with federal schedule of expenditures of Federal awards requirements	1	2020-064	2020
U.S. Department of the Interior						
15.605	Sport Fish Restoration	Natural Resources	Noncompliance with Allowable Costs and Activities	2	2019-006	2019
15.605	Sport Fish Restoration	Natural Resources	Noncompliance with federal schedule of expenditures of federal awards requirements	1	2019-008	2019
15.605	Sport Fish Restoration	Natural Resources	Noncompliance with federal schedule of expenditures of federal awards requirements	1	2020-002	2020
15.605	Sport Fish Restoration	Natural Resources	Noncompliance with Allowable Costs and Activities	2	2020-003	2020
15.611	Wildlife Restoration and Basic Hunter Education	Natural Resources	Noncompliance with Allowable Costs and Activities	2	2019-006	2019
15.611	Wildlife Restoration and Basic Hunter Education	Natural Resources	Noncompliance with Allowable Costs and Activities	2	2020-003	2020
15.626	Enhanced Hunter Education	Natural Resources	Noncompliance with Allowable Costs and Activities	2	2020-003	2020
U.S. Department of Justice						
16.575	Crime Victim Assistance	Public Safety	Noncompliance with subrecipient monitoring requirements	1	2019-010	2019
16.575	Crime Victim Assistance	Public Safety	Noncompliance with subrecipient monitoring requirements	2	2019-011	2019
16.575	Crime Victim Assistance	Public Safety	Noncompliance with subrecipient monitoring requirements	1	2020-052	2020
16.575	Crime Victim Assistance	Public Safety	Noncompliance with subrecipient monitoring requirements	2	2020-062	2020
U.S. Department of Labor						
17.225	Unemployment Insurance	Employment and Economic Development	Noncompliance with allowable activities and costs	1	2019-043	2019
17.225	Unemployment Insurance	Employment and Economic Development	Noncompliance with period of performance	1	2019-045	2019
17.225	Unemployment Insurance	Employment and Economic Development	Noncompliance with reporting requirements	1	2019-046	2019

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
17.225	Unemployment Insurance	Employment and Economic Development	Insufficient controls over allowable activities and costs	1	2020-046	2020
17.225	Unemployment Insurance	Employment and Economic Development	Noncompliance with period of performance	1	2020-050	2020
17.225	Unemployment Insurance	Employment and Economic Development	Noncompliance with reporting requirements	1	2020-051	2020
17.225	C19 - Unemployment Insurance	Employment and Economic Development	Noncompliance with eligibility	1	2020-047	2020
17.225	C19 - Unemployment Insurance	Employment and Economic Development	Noncompliance with eligibility	1	2020-048	2020
17.225	C19 - Unemployment Insurance	Employment and Economic Development	Noncompliance with eligibility	1	2020-049	2020
U.S. Department of Transportation						
20.600	State and Community Highway Safety	Public Safety	Noncompliance with allowable cost provisions	1	2019-012	2019
20.600	State and Community Highway Safety	Public Safety	Noncompliance with allowable cost provisions	1	2020-058	2020
20.600	State and Community Highway Safety	Public Safety	Noncompliance with federal schedule of expenditures of federal awards requirements	2	2020-063	2020
20.616	National Priority Safety Programs	Public Safety	Noncompliance with allowable cost provisions	1	2020-058	2020
20.616	National Priority Safety Programs	Public Safety	Noncompliance with federal schedule of expenditures of federal awards requirements	2	2020-063	2020
U.S. Department of Treasury						
21.019	C19 - Coronavirus Relief Fund	Management and Budget	Incorrect Expenditures Reported on Schedule of Expenditures of Federal Awards (SEFA)	2	2020-001	2020
U.S. Department of Education						
84.010	Title I Grants to Local Educational Agencies	Education	Noncompliance with carryforward provisions	2	2018-007	2018
84.010	Title I Grants to Local Educational Agencies	Education	Noncompliance with carryforward provisions	2	2020-004	2020
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Employment and Economic Development	Noncompliance with federal schedule of expenditures of federal awards requirements	1	2019-047	2019
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Employment and Economic Development	Noncompliance with cash management	1	2019-048	2019
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Employment and Economic Development	Noncompliance with cash management	1	2020-053	2020
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Employment and Economic Development	Noncompliance with federal Schedule of Expenditures of Federal Awards Requirements	1	2020-054	2020
U.S. Department of Health & Human Services						
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Noncompliance with earmarking requirements	1	2020-033	2020
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.044	C19 - Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.044	C19 - Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.044	C19 - Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster)	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Noncompliance with earmarking requirements	1	2020-033	2020
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.045	C19 - Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.045	C19 - Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.045	C19 - Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster)	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.053	Nutrition Services Incentive Program (Aging Cluster)	Human Services	Noncompliance with distributing NSIP cash promptly	1	2020-034	2020
93.053	Nutrition Services Incentive Program (Aging Cluster)	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.053	Nutrition Services Incentive Program (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.053	Nutrition Services Incentive Program (Aging Cluster)	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.268	Immunization Cooperative Agreements	Health	Noncompliance with reporting requirements	1,3	2020-057	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal eligibility requirements	2	2014-023	2014
93.558	Temporary Assistance for Needy Families	Human Services	Did not consistently reduce cash assistance benefits	2,3	2015-013	2015
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with reporting requirements	1	2019-022	2019
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2019-023	2019

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93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with subrecipient monitoring requirements	2	2019-037	2019
93.558	Temporary Assistance for Needy Families	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal schedule of expenditures of federal awards requirements	2,3	2019-041	2019
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with allowable activities	2	2020-017	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal eligibility requirements	2	2020-018	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with reporting requirements	1	2020-019	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-020	2020
93.558	Temporary Assistance for Needy Families	Human Services	Benefits not always reduced	2,3	2020-021	2020
93.558	Temporary Assistance for Needy Families	Human Services	Benefits not always reduced	2	2020-022	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with schedule of expenditures of federal awards requirements	2,3	2020-035	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
93.558	Temporary Assistance for Needy Families	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.563	Child Support Enforcement	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
93.563	Child Support Enforcement	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.563	Child Support Enforcement	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
93.566	Refugee and Entrant Assistance	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
93.568	Low-Income Home Energy Assistance	Commerce	Noncompliance with reporting requirements	2	2020-043	2020
93.568	Low-Income Home Energy Assistance	Commerce	Noncompliance with subrecipient monitoring requirements	1	2020-044	2020
93.568	Low-Income Home Energy Assistance	Commerce	Noncompliance with federal schedule of expenditures of federal awards requirements	1	2020-045	2020
93.575	Child Care and Development Block Grant	Human Services	Not adequately monitoring program activities	2	2013-013	2013
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with eligibility requirements	2	2018-012	2018
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with period of performance	1	2019-025	2019
93.575	Child Care and Development Block Grant	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with eligibility requirements	2	2020-011	2020
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with monitoring health and safety requirements	2	2020-012	2020
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with county license reviews	2	2020-013	2020
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with period of performance	1	2020-014	2020
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
93.575	Child Care and Development Block Grant	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.575	C19 - Child Care and Development Block Grant	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.575	C19 - Child Care and Development Block Grant	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.575	C19 - Child Care and Development Block Grant	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Not adequately monitoring program activities	2	2013-013	2013
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with eligibility requirements	2	2018-012	2018
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with period of performance	1	2019-025	2019
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with subrecipient monitoring requirements	2	2019-037	2019
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with eligibility requirements	2	2020-011	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with monitoring health and safety requirements	2	2020-012	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with county license reviews	2	2020-013	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with period of performance	1	2020-014	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.640	Basic Health Program	Human Services	Noncompliance with revalidation of provider requirements	2	2020-027	2020
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements	1	2020-028	2020
93.640	Basic Health Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020

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93.640	Basic Health Program	Human Services	Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed	2	2020-041	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with reporting requirements	2	2019-027	2019
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal subrecipient monitoring requirements	2	2019-028	2019
93.658	Foster Care Title IV-E	Human Services	Noncompliance with subrecipient monitoring requirements	2	2019-037	2019
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2019-038	2019
93.658	Foster Care Title IV-E	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal schedule of expenditures of federal awards requirements	2,3	2019-041	2019
93.658	Foster Care Title IV-E	Human Services	Noncompliance with reporting requirements	2	2020-015	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal subrecipient monitoring requirements	2	2020-016	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with schedule of expenditures of federal awards requirements	2,3	2020-035	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
93.658	Foster Care Title IV-E	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.659	Adoption Assistance	Human Services	Noncompliance with cash management requirements	1	2018-014	2018
93.659	Adoption Assistance	Human Services	Noncompliance with reporting requirements	2	2018-015	2018
93.659	Adoption Assistance	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
93.659	Adoption Assistance	Human Services	Unallowable costs and activities	2	2019-030	2019
93.659	Adoption Assistance	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.659	Adoption Assistance	Human Services	Reimbursement for unallowable costs	1	2020-029	2020
93.659	Adoption Assistance	Human Services	Unallowable costs and activities	2	2020-030	2020
93.659	Adoption Assistance	Human Services	Noncompliance with cash management requirements	1	2020-031	2020
93.659	Adoption Assistance	Human Services	Noncompliance with Federal reporting requirements	2	2020-032	2020
93.659	Adoption Assistance	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.659	Adoption Assistance	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.667	Social Services Block Grant	Human Services	Inaccurate financial reports	1	2018-016	2018
93.667	Social Services Block Grant	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
93.667	Social Services Block Grant	Human Services	Inaccurate financial reports	1	2020-023	2020
93.667	Social Services Block Grant	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.767	Children's Health Insurance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements	2	2019-042	2019
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements	2	2020-024	2020
93.767	Children's Health Insurance Program	Human Services	Noncompliance with revalidation of provider requirements	2	2020-027	2020
93.767	Children's Health Insurance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.767	Children's Health Insurance Program	Human Services	Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed	2	2020-041	2020
93.767	C19 - Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements	2	2020-024	2020
93.767	C19 - Children's Health Insurance Program	Human Services	Noncompliance with revalidation of provider requirements	2	2020-027	2020
93.767	C19 - Children's Health Insurance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.767	C19 - Children's Health Insurance Program	Human Services	Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed	2	2020-041	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with revalidation of providers	2	2018-017	2018
93.778	Medical Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2018-019	2018
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements	2	2019-034	2019
93.778	Medical Assistance Program	Human Services	Noncompliance with subrecipient monitoring requirements	2	2019-037	2019
93.778	Medical Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2019-039	2019
93.778	Medical Assistance Program	Human Services	Noncompliance with federal schedule of expenditures of federal awards requirements	2,3	2019-041	2019
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements	2	2020-025	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements	2	2020-026	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with revalidation of provider requirements	2	2020-027	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with schedule of expenditures of federal awards requirements	2,3	2020-035	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with subrecipient monitoring requirements	2	2020-036	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	2,3	2020-037	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with federal cost allocation plan amendment requirements	2	2020-038	2020
93.778	Medical Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
93.778	Medical Assistance Program	Human Services	Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed	2	2020-041	2020
93.778	C19 - Medical Assistance Program	Human Services	Noncompliance with eligibility requirements	2	2020-025	2020
93.778	C19 - Medical Assistance Program	Human Services	Noncompliance with eligibility requirements	2	2020-026	2020
93.778	C19 - Medical Assistance Program	Human Services	Noncompliance with revalidation of provider requirements	2	2020-027	2020
93.778	C19 - Medical Assistance Program	Human Services	Noncompliance with schedule of expenditures of federal awards requirements	2,3	2020-035	2020
93.778	C19 - Medical Assistance Program	Human Services	Inadequate internal controls regarding logical access to Automated Data Processing (ADP) systems which could impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility	1	2020-039	2020
93.778	C19 - Medical Assistance Program	Human Services	Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed	2	2020-041	2020
U.S. Social Security Administration						
96.001	Social Security Disability Insurance	Employment and Economic Development	Noncompliance with allowable activities and costs	1	2019-049	2019
96.001	Social Security Disability Insurance	Employment and Economic Development	Noncompliance with allowable activities and costs	1	2020-055	2020
96.001	Social Security Disability Insurance	Employment and Economic Development	Noncompliance with allowable costs	1	2020-056	2020
U.S. Department of Homeland Security						
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with reporting requirements	1	2020-059	2020
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with reporting requirements	2	2020-060	2020
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with subrecipient monitoring requirements	2	2020-061	2020
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with subrecipient monitoring requirements	2	2020-062	2020
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with federal schedule of expenditures of federal awards requirements	2	2020-063	2020
*CATEGORY OF CORRECTIVE ACTION TAKEN						
1 - Findings have been fully corrected.			2 - Findings are not corrected or are only partially corrected.			
3 - Corrective action taken was significantly different than previously reported.			4 - Audit findings are no longer valid or do not warrant further action.			
For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.						





REPRESENTATION OF STATE OF MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

Finding Number: 2020-001

Year of Finding Origination: 2020

Finding Title: Incorrect Expenditures Reported on Schedule of Expenditures of Federal Awards (SEFA)

Program: COVID-19 – Coronavirus Relief Fund (Assistance Listing No. 21.019)

State Agency: Minnesota Management and Budget

Summary of Condition: During audit testing of Coronavirus Relief Fund (CRF) expenditures, it was noted that Minnesota Management and Budget did not properly identify the amount expended for CRF (Assistance Listing No. 21.019) on its SEFA. The expenditures reported by Minnesota Trial Courts were underreported by \$36,510, and Minnesota Department of Health expenditures were underreported by \$125,681, for a total of \$162,191.

Summary of Corrective Action Previously Reported: Minnesota Management and Budget has made the necessary adjustments to correct the SEFA schedule to prior to submission to the federal government. Minnesota Management and Budget has also discussed the importance of accurately recording the accounting dates in the financial system with both the Minnesota Trial Courts and the Department of Health. Each agency is expected to provide additional training to its staff prior to the end of the fiscal year.

Status: Partially Corrected. The COVID-19 Response Accountability Office will work with agencies to ensure the SEFA schedule is completed using the correct accounting dates.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-002

Year of Finding Origination: 2019 (Finding Number 2019-008)

Finding Title: Noncompliance With Federal Schedule of Expenditures of Federal Award Requirements

Program: Sport Fish Restoration (Assistance Listing No. 15.605)

State Agency: Minnesota Department of Natural Resources

Summary of Condition: The Department of Natural Resources (DNR) inaccurately reported expenditures on the schedule of expenditures of Federal awards for the Fish and Wildlife Cluster.

Summary of Corrective Action Previously Reported: Department of Natural Resources Office of Management and Budget (OMBS) staff will strengthen the written procedures for the preparation of the schedule by including detailed instructions related to the handling of accrued expenditures.

The DNR will also establish additional procedures for effective secondary review. Currently, division fiscal staff prepare the schedule of expenditures for federal awards and then submit that schedule to OMBS for secondary review. However, this secondary review process has not been sufficient to prevent errors. OMBS and division fiscal staff will work together to improve the secondary review process, including documentation of the review, to ensure effectiveness, particularly related to the reporting of accruals.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-003

Year of Finding Origination: 2019 (Finding Number 2019-006)

Finding Title: Noncompliance With Allowable Costs and Activities

Program: Sport Fish Restoration Program (Assistance Listing No. 15.605)

Wildlife Restoration and Basic Hunter Education (Assistance Listing No. 15.611)

Enhanced Hunter Education (Assistance Listing No. 15.626)

State Agency: Minnesota Department of Natural Resources

Summary of Condition: The Department of Natural Resources (DNR) did not properly review bi-weekly time entry audit reports to ensure compliance with the state's payroll policies and procedures.

Summary of Corrective Action Previously Reported: Human Resources staff have updated the DNR's intranet guidance for employees and supervisors to emphasize the importance of documenting the reason why the employee or primary approver was unable to complete/approve the timesheet when such a situation occurs. Human Resources staff will also include a reminder of this requirement as a standard part of the biweekly timesheet reminder email that is sent to employees and supervisors.

Human Resources staff have also revised the retention procedure for documentation regarding payroll validations that occur outside of regular employee or supervisor approval. Documentation, including email correspondence with employees and supervisors and signed timesheets, are now stored electronically on the agency's network drives.

Status: Partially Corrected. New procedures were implemented at the end of the year in May of 2021, but were not fully rolled out by year-end. Supervisors were not all up-to-date with the new procedures requiring them to respond back to HR on exceptions identified.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-004

Year of Finding Origination: 2018 (Finding Number 2018-007)

Finding Title: Noncompliance With Carryforward Provisions

Program: Title I Grants to Local Educational Agencies (Assistance Listing No. 84.010)

State Agency: Minnesota Department of Education

Summary of Condition: For one local education agency, the Department of Education did not reduce the carryforward amount to 15 percent of Title I funds allocated for federal Fiscal Year 2018.

Summary of Corrective Action Previously Reported: A letter was sent via certified mail to the Montevideo Public Schools notifying them of the reduction of funds to be taken from the FFY21 award. This adjustment was in process in the system at the time of the audit. In addition, the Department of Education has developed and implemented written documentation and technical assistance materials to ensure compliance with the federal carryforward provisions.

Status: Partially Corrected. The preliminary Fiscal Year 2022 (Federal Fiscal Year 2021) allocation of Title 1 funds to LEAs was reduced by the \$14,085 in April of 2021 (SFY21). The corrections were fully completed as of January 2022 (FY22) with the final award calculations.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-005

Year of Finding Origination: 2020

Finding Title: Missing Eligibility Documentation

Program: School Breakfast Program (Assistance Listing No. 10.553)

National School Lunch Program (Assistance Listing No. 10.555)

State Agency: Minnesota Department of Education

Summary of Condition: For two new sponsors tested, the Department of Education could not provide required documentation to support the eligibility for performance-based assistance. In addition, for one of these sponsors the department did not properly document results of its review of menus submitted by the sponsor to qualify for performance-based assistance.

Summary of Corrective Action Previously Reported: The Nutrition Health and Youth Development division will revise the procedure to approve new sponsors for participation in the National School Lunch Program and School Breakfast Program and train applicable staff on the new process by August 1, 2021. The new process will include the completion of the Menu Certification Evaluation form, which documents that a School Nutrition Program review staff member has reviewed a sponsor's menu documentation and determined that it qualifies for the USDA's performance-based reimbursement. This form also includes the date when sponsors qualified for performance-based assistance payments, as required.

The revised process will also include a secondary review of completed applications to ensure all required documentation is in proper order. The team lead overseeing the onboarding of new sponsoring organizations will complete this review after the School Nutrition Program review staff member has obtained all required documentation from the sponsor and completed their preapproval visit. Once the secondary review has been completed, the sponsor's application will be submitted to the applications team for its final approval in Department of Education's Cyber Linked Interactive Child Nutrition System.

Status: Fully Corrected. Incorporated recommendation into review procedures.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-006

Year of Finding Origination: 2020

Finding Title: Noncompliance With Monitoring of Subrecipient Single Audits

Program: Child and Adult Care Food Program (Assistance Listing No. 10.558)

State Agency: Minnesota Department of Education

Summary of Condition: The Department of Education did not review all subrecipient single audits as required by federal regulations. The department did not identify or review single audits for 31 subrecipients for which it was not the cognizant agency. In addition, the department could not provide documentation to show it obtained and reviewed the single audit reports for three subrecipients tested.

Summary of Corrective Action Previously Reported: The Department of Education will revise the Policy within the agency to implement the review of all subrecipient single audits related to federal awards the Department of Education makes to subrecipients, including those in which the agency is the cognizant agency.

Status: Not Corrected. MDE considers this finding to be resolved in FY22. MDE has updated the Cognizant Agency policy to include the implementation of the review of all subrecipient single audits, including those in which the agency is not the cognizant agency. The review of subrecipient single audits for FY21 year end (due to MDE in December, 2022 – FY22) will occur in FY22.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-007

Year of Finding Origination: 2020

Finding Title: Noncompliance With Subrecipient During the Award Monitoring

Program: Child and Adult Care Food Program (Assistance Listing No. 10.558)

State Agency: Minnesota Department of Education

Summary of Condition: The Department of Education did not accurately communicate to one subrecipient the results of its monitoring review. Specifically, the department omitted two instances of noncompliance it identified and incorrectly identified five instances of noncompliance. In addition, the department could not provide a corrective action plan from the subrecipient.

Summary of Corrective Action Previously Reported: Nutrition Health and Youth Development (NHYD) division administers the Child and Adult Care Food Program in Minnesota. The division is in the final stages of transition from a manual Program administrative review process to an automated review management system, called Administrative Review Application. The Administrative Review Application includes automated internal controls to ensure consistency of reports with the review form, and ensures completion and retention of all required documentation before any review can be closed. It also includes supervisory reports for oversight of review progress, accuracy, and non-compliance trends.

Currently employees who complete administrative reviews use paper forms or a PDF fillable form that can be used during the review on a tablet or laptop. In order to prepare the review report, staff complete a Word template by transferring the “findings of non-compliance” to a reporting format which creates the review results. Once completed, records are scanned and saved in a network drive, based on a standard retention procedure. As you might imagine there is a list of documents that are required to be saved, but there are also a number of detailed data sets that also are saved to support the review as well as any findings of noncompliance. The data associated with an administrative review is quite extensive having multiple subfolders.

The Administrative Review Application will utilize an online review management system collection of administrative review materials and data by sponsoring organizations. The system also houses the review forms Department of Education staff will use, which are considered FLEX forms. These FLEX forms are programmed to generate the review report based on the findings of noncompliance identified on the review form – items identified as “not met”. Thereby giving the agency an automated internal control to ensure consistency of the review findings with the review forms. There will be no more manual transferring of non-compliance findings from one form to another, whereby eliminating human error of missing any of the compliance findings marked as Not Met; or adding findings that were not indicated on the review form.

In addition to ensuring the report is consistent with the review form for each area of compliance; the Administrative Review Application retains all required review documents and prevents the closeout of any review if any aspect is missing or if forms are not completed.

Regarding supervisory oversight, the Administrative Review Application has a number of reports designed for supervisory oversight to ensure reviews are progressing timely, and to review different aspects of the documents, findings, and overall status at any point during the year.

Status: Not Corrected. All activities that were tabled due to the coronavirus pandemic have been implemented when the administrative reviews began in January 2022 (FY22).

Was corrective action taken significantly different than the action previously reported?

Yes X No

This requirement was waived as a result of the coronavirus pandemic and thus no action was taken during Fiscal Year 2021.

Finding Number: 2020-008

Year of Finding Origination: 2020

Finding Title: Noncompliance With Physical Inventory Requirement

Program: National School Lunch Program (Assistance Listing No. 10.555)

Summer Food Service Program for Children (Assistance Listing No. 10.559)

State Agency: Minnesota Department of Education

Summary of Condition: The Department of Education did not conduct a physical inspection of the storage facility and did not reconcile physical and book inventory of donated foods as required.

Summary of Corrective Action Previously Reported: Due to the COVID-19 pandemic and the executive order of Governor Walz, the Department of Education was unable to perform the physical inventory. The Department of Education verbally communicated to the federal government its inability to conduct a physical inventory; however, the Department of Education did not obtain written approval waiving the requirement. In the future, if Department of Education staff are unable to perform the physical inventory, Department of Education will reach out to the USDA to request a written waiver and notify of the inability to perform the physical inventory.

Although USDA Foods staff at the Department of Education review USDA Foods inventory books and physical inventory during onsite review, the staff did not properly document this. Department of Education is revising the procedures to include a process for documentation and follow-up for inventory reconciliation and discrepancies.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-009

Year of Finding Origination: 2020

Finding Title: Noncompliance With Restitution for Food Losses

Program: National School Lunch Program (Assistance Listing No. 10.555)

Summer Food Service Program for Children (Assistance Listing No. 10.559)

State Agency: Minnesota Department of Education

Summary of Condition: The Department of Education did not investigate or seek restitutions from the responsible party for losses and damages of donated foods and did not implement corrective action to prevent future losses.

Summary of Corrective Action Previously Reported: In coordination with the corrective action for 2020-008, the reconciliation procedure will be revised to include documentation for investigation of loss of inventory. If the loss of the inventory is found to have happened prior to arrival at the state-contracted warehouse, the USDA will be notified through their existing procedures for loss. If the loss of inventory is found to be the responsibility or result of the warehouse, the Department of Education will work with the warehouse on a solution to recover, reimburse and improved processes to eliminate risk to the USDA Foods program. The Department of Education will also include an updated procedure to notify the School Food Authorities and distributors for documentation.

Status: Not Corrected. A new procedure was created to track damaged or lost inventory that will be implemented school year 21-22 (FY22).

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-010

Year of Finding Origination: 2020

Finding Title: Noncompliance With Federal Schedule of Expenditures of Federal Awards Requirements

Program: National School Lunch Program (Assistance Listing No. 10.555)

Summer Food Service Program for Children (Assistance Listing No. 10.559)

COVID-19 – Summer Food Service Program for Children (Assistance Listing No. 10.559)

Child and Adult Care Food Program (Assistance Listing No. 10.558)

State Agency: Minnesota Department of Education

Summary of Condition: The Department of Education inaccurately reported expenditures on the schedule of expenditures of Federal awards for the Child Nutrition Cluster and Child and Adult Care Food Program.

Summary of Corrective Action Previously Reported: Nutrition Health and Youth Development's (NHYP) procedure will remain the same for how reports are pulled from Cyber Linked Interactive Child Nutrition System (CLiCS) to obtain the information for the closing of the state year. Sponsor Administration dollars are manually calculated but the Department of Education will look into if a report can be created to run these amounts. Nutrition Health and Youth Development will complete the internal spreadsheet as normal and will forward the spreadsheet and supporting reports from CLiCS to Agency Finance as necessary.

Agency Finance will analyze the data directly from CLiCS and compare it to the internal spreadsheet provided by Nutrition Health and Youth Development to verify accuracy of the data.

Status: Partially Corrected. Corrective action noted above was taken. During the current audit, the Office of State Auditors (OSA) shared that estimating future expenditures, a practice accepted in the past by the Office of Legislative Auditors (OLA) and Minnesota Management and Budget (MMB), was not allowed and that MDE should be reporting only actual expenditures on the SEFA. As a result, MDE will update their procedures beginning July 1, 2022 (for FY2022).

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-011

Year of Finding Origination: 2018 (Finding Number 2018-012)

Finding Title: Noncompliance With Eligibility Requirements

Program: Child Care and Development Block Grant (Assistance Listing No. 93.575)

**Child Care Mandatory and Matching Funds of the Child Care and Development Fund
(Assistance Listing No. 93.596)**

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not ensure counties accurately determined eligibility of applicants or the amounts of the subsidies paid.

Summary of Corrective Action Previously Reported: We continue to strengthen internal controls. The Department of Human Services will continue to review and update tools available to Child Care Assistance Program (CCAP) agencies to determine eligibility factors and benefits, focusing on correct methods for assessing assets and calculating income and copayments. We will educate CCAP agencies on developing effective internal controls to ensure that workers accurately determine eligibility and benefits. We will ensure that education and training targets the asset assessment policy and calculation of income and copayment. The Department of Human Services will continue to provide technical assistance to agency workers through the Policy Quest portal, telephone contacts and case review follow-up calls, using these opportunities to reinforce correct application of policy.

In early 2021, the Department of Human Services implemented a case accuracy review process targeting primary areas of concern. The first policy under review is the asset assessment policy. Application of correct policy will be reviewed for at least two consecutive cycles and will continue until errors are reduced to an acceptable level. All CCAP agencies are required to complete these reviews, and are currently in the first cycle of reviews. The form developed by the Department of Human Services and used for reviews will remain available after the review cycle(s) is complete, allowing agencies to continue their own reviews and use the form as a resource for current and new staff.

To address corrective actions, the Department of Human Services focuses on federal compliance and remaining below the federal threshold of a 10% improper payment error rate. The federal government requires states to report this rate every three years. The Department of Human Services tracks it yearly. In federal fiscal year 2020, the preliminary federal error rate was 6.84%. For state fiscal year 2020, the federal error rate was 7.18%. In both federal fiscal year 2020 and state fiscal year 2020, the Department of Human Services is in compliance with federal program requirements with an improper payment rate below 10%.

The Child Care Assistance Program has implemented and will refine the process for tracking and following up with CCAP agencies to assure they are submitting all Corrective Action Forms and correcting all errors. Department of Human Services ensures that each local agency completes necessary follow-up to correct errors.

Status: Not Corrected. Overall, the Department disagrees with the audit's conclusions on Child Care Assistance Program (CCAP) eligibility and the way the report portrays this issue. We believe we are managing the program in compliance with guidelines established by the federal Office of the Administration for Children and Families. ACF requires states to develop a corrective action plan and can apply sanctions if payment error rates in child care payments are at or above 10%.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-012

Year of Finding Origination: 2013 (Finding 2013-013)

Finding Title: Noncompliance With Monitoring Health and Safety Requirements

Program: Child Care and Development Block Grant (Assistance Listing No. 93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund
(Assistance Listing No. 93.596)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not comply with federal requirements and complete health and safety inspections, as required by its Child Care Development Plan.

Summary of Corrective Action Previously Reported: The Department of Human Services will work with the federal Office of Child Care to resolve this issue.

Status: Partially Corrected. We disagree with this finding. At issue is what it means to conduct an inspection "not less than annually." DHS has operationalized compliance with the federal requirement by interpreting "not less than annually" to mean "once per calendar year." DHS has subsequently received confirmation from the Administration of Children and Families that "not less than annually" means once per calendar year.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-013

Year of Finding Origination: 2020

Finding Title: Noncompliance With County License Reviews

Program: Child Care and Development Block Grant (Assistance Listing No. 93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund
(Assistance Listing No. 93.596)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not review counties that license family child care providers at least every four years and recertify or decertify counties based on that review, as required by the Child Care Development Plan.

Summary of Corrective Action Previously Reported: The Department of Human Services is evaluating controls over this process and will make appropriate changes to prevent similar errors from recurring.

Status: Not Corrected. We are evaluating our controls over this process and will make appropriate changes to prevent errors from recurring.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-014

Year of Finding Origination: 2019 (Finding Number 2019-025)

Finding Title: Noncompliance With Period of Performance

Program: Child Care and Development Block Grant (Assistance Listing No. 93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund
(Assistance Listing No. 93.596)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services charged costs to an award that were incurred after the period of the performance.

Summary of Corrective Action Previously Reported: We have a process in place to run queries and identify transactions outside of the period of performance and process the journal vouchers, but the correcting journal vouchers were not done in a timely manner.

To improve our internal controls, we will add this process to our quarterly federal report process. This will put it on a more formal schedule with other child care finance activities.

Status: Fully Corrected. DHS determined the amount of costs that were incorrectly charged to the award because they were incurred after the period of performance and made a correcting adjustment in the state's accounting system. We implemented new internal controls to ensure payroll transactions post to the correct award.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-015

Year of Finding Origination: 2019 (Finding Number 2019-027)

Finding Title: Noncompliance With Federal Reporting Requirements

Program: Foster Care – Title IV-E (Assistance Listing No. 93.658)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not accurately report expenditures and prior period adjustments.

Summary of Corrective Action Previously Reported: As part of federal report peer review, staff will be asked to review all associated documentation for inclusion of the report to ensure errors are captured and data is reported correctly.

Status: Not Corrected. As part of federal report peer review, staff will be asked to review all associated documentation for inclusion of the report to ensure errors are captured and data is reported correctly. We are reevaluating planned actions to determine if there are more effective steps we can take to resolve the issue.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-016

Year of Finding Origination: 2019 (Finding Number 2019-028)

Finding Title: Noncompliance With Federal Subrecipient Monitoring Requirements

Program: Foster Care – Title IV-E (Assistance Listing No. 93.658)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not receive some biannual program reports to ensure that the subrecipient was meeting the terms and conditions of the federal award and received some reports late. In addition, the department did not complete all parts of its annual monitoring visits with subrecipients.

Summary of Corrective Action Previously Reported: We will create a written process for universities to request extensions, which will be used for approval. Copies will be kept in their files. We will also eliminate the mid-year written report, due in January, and incorporate a modified mid-year report to present to state project staff during annual site visits in the spring.

We meet with the consortium (all universities under contract) regularly and will recommunicate the deadlines for submitting the reports, as well as the process for requesting extensions. Moving forward, we will suspend processing of expenditures for any institution out of compliance with reporting deadlines until we receive their report.

The 2020 site visits were conducted on time, with the exception of the student file review. As we had to conduct all site visits virtually due to COVID-19, there were concerns about how to conduct file reviews efficiently and with data privacy practices in place. We worked with each university to identify a process for reviewing files virtually and all student file reviews for 2020 have taken place at this time.

Status: Not Corrected. DHS has controls in place for monitoring these contracts. We will create a written process for universities to request extensions, which will be used for approval. Copies will be kept in their files. We will also eliminate the mid-year written report, due in January, and incorporate a modified mid-year report to present to state project staff during annual site visits in the spring. DHS now believes this issue has been resolved as the steps indicated have been implemented. DHS will be evaluating the effectiveness of the stated changes.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-017

Year of Finding Origination: 2020

Finding Title: Noncompliance With Allowable Activities

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not perform transfers to the Social Services Block Grant and the Child Care Development Block Grant within the permitted time period.

Summary of Corrective Action Previously Reported: We will update SWIFT Speedcharts each year on October 1, the first date of the new federal fiscal year, for Temporary Assistance of Needy Families transfer accounts. We will also add a project ID to the “pay from” line of the SWIFT IntraDepartmental JV request form. There is only one on the “pay to” line currently.

Status: Not Corrected. We will update SWIFT Speedcharts each year on Oct. 1, the first date of the new federal fiscal year, for TANF transfer accounts. We will also add a project ID to the “pay from” line of the SWIFT IntraDepartmental JV request form. There is only one on the “pay to” line currently. We are reevaluating planned actions to determine if there are more effective steps we can take to resolve the issue.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-018

Year of Finding Origination: 2014 (Finding 2014-023)

Finding Title: Noncompliance With Federal Eligibility Requirements

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services provided Temporary Assistance for Needy Families benefits to some ineligible recipients and provided inaccurate Temporary Assistance for Needy Families benefit amounts to some recipients.

Summary of Corrective Action Previously Reported: Although the Department of Human Services has shown improvement in this audit area, we recognize we will need to continue to provide training, updated Combined Manual guidance, and ongoing communications with county agencies around this repeat finding. Data entry errors by frontline workers and barriers to providing documentation to eligibility staff for program recipients can be resolved by providing a streamlined communication tool that we plan to roll out in the summer of 2021. The tool, WF1 Connect, provides a method for staff to receive information sooner and therefore update client information in the MAXIS system. This should result in more accurate benefits determination.

Status: Not Corrected. COVID waivers remain in place for the duration of the public health emergency. Reporting requirements will resume 60 days after the public health emergency ends. Although DHS has shown improvement in this audit area, we recognize we will need to continue to provide training, updated Combined Manual guidance, and ongoing communications with county agencies around this repeat finding.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-019

Year of Finding Origination: 2019 (Finding Number 2019-022)

Finding Title: Noncompliance With Reporting Requirements

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

State Agency: Minnesota Department of Human Services

Summary of Condition: For the Temporary Assistance for Needy Families ACF-196R Financial Report, the Department of Human Services did not accurately report expenditures or transfers.

Summary of Corrective Action Previously Reported: Similar to finding 2020-017 (above), the Department of Human Services will update SWIFT Speedcharts on October 1 of each year for the Temporary Assistance for Needy Families transfer accounts. We will also be working to add a project ID to the "pay from" line of the SWIFT IntraDepartmental JV request form. There is one on the "pay to" line currently.

Status: Fully Corrected. DHS corrected the ACF-196R financial report. We implemented new internal controls to ensure all requirements of the quarterly report are reviewed and followed.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-020

Year of Finding Origination: 2019 (Finding Number 2019-023)

Finding Title: Noncompliance With Federal Subrecipient Monitoring Requirements

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not always monitor the activities of subrecipients.

Summary of Corrective Action Previously Reported: Contract management uses a tracking tool as a control to document the contract scope, budget amount, actual costs and compliance with contract requirements. The tracking tool control design will be updated to ensure that particular events or actions specified in the contract takes place. Updates will include requiring an annual or once-in-the-grant-life site visit, requiring financial reconciliations, scheduling site/financial monitoring activities and assigning staff to conduct these activities.

Status: Fully Corrected. We did not conduct site visits during the audit period due to the COVID-19 pandemic and the crisis response each grantee had to provide for communities. Contract management uses a tracking tool as a control to document the contract scope, budget amount, actual costs and compliance with contract requirements.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-021

Year of Finding Origination: 2015 (Finding Number 2015-013)

Finding Title: Benefits Not Always Reduced

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not always reduce Temporary Assistance for Needy Families benefits provided to the families of individuals who did not cooperate with child support requirements.

Summary of Corrective Action Previously Reported: Beginning in July 2019, the Economic Assistance and Employment Supports Division began collaborating with the Child Support Division to provide monthly reports to eligibility workers as a method of communication for the eligibility worker to follow up on child support cases that were not in noncompliance. We temporarily put this communication plan on hold in March 2020 due to the waiver on imposing sanctions due to the COVID-19 public health emergency. Prior to the temporary hold, the Economic Assistance and Employment Supports Division staff were documenting timelier follow-up on cases that were not complying with child support. When the state public health emergency and the 60-day transition period ends, the Economic Assistance and Employment Supports Division will begin to provide the monthly compliance spreadsheet via the SIR system. Policy staff will work closely with counties that repeatedly appear on the non-compliance spreadsheet.

Status: Not Corrected. When the state public health emergency and the 60-day transition period ends, EAESD will begin to provide the monthly compliance spreadsheet via the SIR system. Policy staff will work closely with counties that repeatedly appear on the non-compliance spreadsheet.

Was corrective action taken significantly different than the action previously reported?

Yes X No _____

DHS now considers this finding complete. MFIP policy staff review sanctions updates in PRISM and DAIL messages in MAXIS to confirm sanctions were imposed timely or sanctions were not lifted timely. The monthly sanction reports are posted in the SIR system for frontline staff to review. If the sanctions are not resolved, DHS staff contact frontline staff to work with them on getting the sanction status resolved.

Finding Number: 2020-022

Year of Finding Origination: 2020

Finding Title: Benefits Not Always Reduced

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not always reduce Temporary Assistance for Needy Families benefits provided to the families of individuals who refused to work without good cause.

Summary of Corrective Action Previously Reported: During the current public health emergency, Economic Assistance and Employment Supports Division staff has been working with employment services providers to encourage employment counselors to work with families to identify individual and household barriers to employment in an effort to minimize the impact of the COVID-19 pandemic on families living with low household income. Economic Assistance and Employment Supports Division staff recognize that the population we serve may be the last to recover from job loss resulting from the pandemic. Economic Assistance and Employment Supports Division staff will continue to support enrollment in educational plans, job skills training, and other resources that will lead to employment and career growth, such as digital literacy.

Status: Not Corrected. TANF staff have updated guidance on what defines good cause for refusal to work; specifically during a pandemic. For example, lack of available, suitable, affordable childcare exists state wide. Fluctuations in school schedules may prohibit parents from returning to work. TANF staff will continue to provide ongoing guidance and best practices when working with families determined to be employable.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-023

Year of Finding Origination: 2018 (Finding Number 2018-016)

Finding Title: Inaccurate Financial Reports

Program: Social Services Block Grant (Assistance Listing No. 93.667)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not report the correct indirect cost base amounts on the Federal Financial Report for each Social Services Block Grant award in 2018 and 2019 at the time the original reports were submitted. The Department of Human Services submitted corrected reports to the U.S. Department of Health and Human Services; however, the department did not correct and submit the revised reports until after we began our audit work.

Summary of Corrective Action Previously Reported: Future Social Services Block Grant federal financial reports will be reviewed by the grants and allocations supervisor to ensure compliance. Once the report has been reviewed and compliance confirmed, it will be certified. This additional internal control will be added to the existing process and procedure.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-024

Year of Finding Origination: 2019 (Finding Number 2019-042)

Finding Title: Noncompliance With Eligibility Requirements

Program: Children's Health Insurance Program (Assistance Listing No. 93.767)

COVID-19 – Children's Health Insurance Program (Assistance Listing No. 93.767)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not accurately determine eligibility and paid capitation payments to managed care organizations for some enrollees who were not eligible for the Children's Health Insurance Program.

Summary of Corrective Action Previously Reported: The Department will issue a program integrity announcement reminding workers to verify, accurately enter information in the Minnesota Eligibility Technology System (METS), and maintain income documentation before clearing income verification flags in METS. This was originally planned for September 2020, but was delayed due to the COVID-19 public health emergency.

The Department of Human Services previously identified and submitted METS system update requests to resolve the CHIP group errors. There are different causes and corrective actions for the two types of group errors.

Prevent Children's Health Insurance Program eligibility for infants with other health coverage:

- Department of Human Services developed and issued a workaround for paper applications and manual renewals that include infants with access to other health insurance to mitigate the systems error regarding Children's Health Insurance Program for infants with other health insurance.
- Also, the Department of Human Services has requested a METS change to fix the defect causing this error.

Preventing Children's Health Insurance Program eligibility for infants that are auto newborns:

- Department of Human Services has requested a review of all pregnant women and auto newborn functionality in METS, however the IT project team on this issue has temporarily been suspended as the business and technology resources were needed to respond to the public health emergency.
- METS release 20.4 corrected one of the system issues regarding new applications that contributed to the Children's Health Insurance Program errors in this audit. A child born in the application month or in a retroactive month is now determined eligible for Medical Assistance under the auto newborn eligibility basis, with a corresponding auto newborn coverage type in MMIS.

- Department of Human Services developed specific procedures for when workers must re-enter a case that includes a pregnant woman or an auto newborn. See ONEsource procedure manual “Pregnancy or Auto Newborn Case Re-Entry Procedure.” The procedure ensures that the correct eligibility basis is maintained on the new case.

The Department of Human Services will re-issue a program integrity announcement reminding workers about processing applications timely.

The Department of Human Services will issue a program integrity announcement reminding workers about common errors found on cases with pregnant women.

The Department of Human Services will develop a worker tip sheet outlining audit issues and distribute to county workers. The Department of Human Services will present audit findings, review draft tip sheet and gather ideas and suggestions to improve integrity at the County Advisory Committee (videoconference for county human services leadership). The Department of Human Services will present audit findings and review the worker tip sheet at County Roles and Responsibilities (statewide videoconference for county managers and supervisors) and the Health Care Eligibility Partner Information Exchange (statewide video conference for workers).

Status: Not Corrected. The Department will issue a program integrity announcement reminding workers to verify, accurately enter information in the Minnesota Eligibility Technology System (METS), and maintain income documentation before clearing income verification flags in METS. Due to the federal continuous coverage requirement, it cannot be issued until after the end of the COVID-19 public health emergency. The pregnant woman and auto newborn METS project was put on hold by the METS Executive Steering committee to focus resources on the effort needed to plan and prepare for the unwinding from the COVID-19 emergency. Also, DHS developed and issued a workaround for paper applications and manual renewals that include infants with access to other health insurance to mitigate the systems error regarding CHIP infants with other health insurance.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-025

Year of Finding Origination: 2019 (Finding Number 2019-034)

Finding Title: Noncompliance With Eligibility Requirements

Program: Medical Assistance Program (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not accurately determine eligibility and paid capitation payments to managed care organizations for some enrollees who were not eligible for the state’s Medicaid program (Medical Assistance).

Summary of Corrective Action Previously Reported: The Department will issue a program integrity announcement reminding workers to verify, accurately enter information in the Minnesota Eligibility Technology System (METS), and maintain income and asset documentation. The income and asset announcements were originally planned for 2020, but were delayed due to the COVID-19 public health emergency.

The Department of Human Services will create and implement a wage verification and calculation tool, to help workers correctly and consistently calculate Medical Assistance applicant and enrollee wage income from paper documentation.

Status: Not Corrected. The Department will issue a program integrity announcement reminding workers to verify, accurately enter information in the Minnesota Eligibility Technology System (METS), and maintain income and asset documentation. Due to the federal continuous coverage requirement, it cannot be issued until after the end of the COVID-19 public health emergency. DHS will create and implement a wage verification and calculation tool, to help workers correctly and consistently calculate MA applicant and enrollee wage income from paper documentation. This is in progress.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-026

Year of Finding Origination: 2020

Finding Title: Noncompliance With Eligibility Requirements

Program: Medical Assistance Program (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not accurately determine eligibility and paid capitation payments to managed care organizations for some enrollees who were not eligible for the Minnesota's Medicaid program (Medical Assistance).

Summary of Corrective Action Previously Reported: The Department of Human Services will clarify eligibility policy for verifying income and assets for applicants and enrollees eligible for Medical Assistance for people who are age 65 or older, blind, or disabled. The Department of Human Services will issue bulletins describing the policies for verifying income and assets. This will include detailed information about how to calculate income and how to verify new types of assets, such as stored payment cards. After publication of the bulletins, the Department of Human Services will provide training for workers at a monthly Health Care Eligibility Partner Information Exchange meeting and will update the Eligibility Policy Manual.

Status: Not Corrected. DHS will clarify eligibility policy for verifying income and assets for applicants and enrollees eligible for MA. DHS will issue bulletins describing the policies for verifying income and assets, update the Eligibility Policy Manual, and provide training for workers at a monthly Health Care Eligibility Partner Information Exchange meeting. A December 2021 program integrity announcement was sent to workers about the need to gather and maintain mandatory verifications at application.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-027

Year of Finding Origination: 2018 (Finding Number 2018-017)

Finding Title: Noncompliance With Revalidation of Provider Requirements

Program: Basic Health Program (Assistance Listing No. 93.640)

Children's Health Insurance Program (Assistance Listing No. 93.767)

COVID-19 – Children's Health Insurance Program (Assistance Listing No. 93.767)

Medical Assistance Program (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not revalidate the enrollment of providers in Medical Assistance—Minnesota's Medicaid program—or conduct site visits within the required five-year period for some high or moderate risk providers that the auditor tested. Additionally, the department did not yet revalidate the enrollment of nine providers that we previously identified as errors in the fiscal year 2019 Single Audit. For five of these nine providers, the department did not obtain the required disclosure within the required five-year period.

Summary of Corrective Action Previously Reported: The Department of Human Services implemented an internal management process after last year's audit and developed internal control procedures to ensure that we complete the provider revalidations that are required under federal law. The Department of Human Services also implemented a web-based provider portal in 2019 to assist in provider revalidation. The 2019 release of the Minnesota Provider Screening and Enrollment (MPSE) portal did enable providers to enroll online, but did not automate the revalidation process. This process remains manual: our team runs reports of providers due for revalidation, we manually develop letters informing each of these providers to revalidate, and we send additional reminder letters. The second phase of MPSE (being developed now and set for release in March 2023) will, among many other enhancements, automate that reporting and alerting process, saving us time and further streamlining the revalidation process.

Status: Not Corrected. DHS implemented an internal management process after last year's audit and developed internal control procedures to ensure that we complete the provider revalidations that are required under federal law. Provider Eligibility and Compliance (PEC) intended to revalidate these providers in 2020, but our work was suspended effective 03/01/20 due to the pandemic. We have since restarted the revalidation process for these providers and will complete our work by June 30, 2022.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-028

Year of Finding Origination: 2020

Finding Title: Noncompliance With Eligibility Requirements

Program: Basic Health Program (Assistance Listing No. 93.640)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not accurately determine eligibility and paid capitation payments to managed care organizations for some enrollees who were not eligible for Minnesota's Basic Health Program (MinnesotaCare).

Summary of Corrective Action Previously Reported: The Department will create and issue a projected annual income calculation worksheet to help workers correctly and consistently calculate a MinnesotaCare applicant or enrollee's projected annual income from paper documentation. The Department of Human Services will require workers to use the worksheet when they are updating or changing attested projected annual income based on paper documentation, and to save the worksheet in the case file.

The Department of Human Services will remind workers to follow ONEsource procedures and check MMIS to ensure case closure.

A defect exists in the METS to MMIS interface, which causes some parents to be coded in the MMIS system as adults without children. This is a known problem, which an IT project team is working to resolve. The system fix is expected to be deployed in the METS 21.1.1 release in June 2021. Also, reports are run monthly to identify enrollees affected by the defect and MMIS coding is corrected prior to payment of managed care capitations. This process will continue until the issue is resolved.

Status: Fully Corrected. Additionally, the Department plans to create and issue a projected annual income calculation worksheet to help workers correctly and consistently calculate a MinnesotaCare applicant or enrollee's projected annual income from paper documentation.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-029

Year of Finding Origination: 2018 (Finding Number 2018-014)

Finding Title: Reimbursement for Unallowable Costs

Program: Adoption Assistance (Assistance Listing No. 93.659)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services incorrectly requested and received reimbursement from the federal government for Public Private Adoption Incentive (PPAI) expenditures for which it had already received payment. In addition, the Department of Human Services did not design and implement adequate controls to detect and prevent requests for duplicate payments and ensure compliance with federal law.

Summary of Corrective Action Previously Reported: We added PPAI to the peer review process. As part of the process, staff review current reporting requirements and calculations to include necessary changes or updates from the federal partners.

Status: Fully Corrected. The issue of \$45,860 in excess requested funds was resolved December 31, 2020 with the filing of the federal QE CB-496 report. We added PPAI to the peer review process. As part of process, staff review current reporting requirements and calculations to include necessary changes or updates from the federal partners. We also updated our tools (mainly the PPAI calculation spreadsheet) to reflect the most up-to-date requirements.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-030

Year of Finding Origination: 2019 (Finding Number 2019-030)

Finding Title: Unallowable costs and activities

Program: Adoption Assistance (Assistance Listing No. 93.659)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services reimbursed counties for requests for Minnesota Post Demonstration (MnPD) subsidies paid to parents that exceeded limits imposed by federal law. In addition, the department did not design effective internal controls to ensure counties detected and prevented expenditures that did not comply with requirements in federal law.

Summary of Corrective Action Previously Reported: This issue reoccurred in part due to staffing resources being reallocated to COVID-19 related issues. The Department of Human Service's Child Safety and Permanency Division (Permanency Supports & IV-E Foster Care) along with the Department of Human Service's Financial Operations Division will work together to review the quarterly county claims for MnPD payments. This review will entail ensuring that all required documentation is available and that payments are in line with the original MnPD agreement. If documentation is not available, the reviewers will work with the county to bring the case into compliance. After the initial review, the team will review the quarterly claims to ensure that payments are consistent and, if there has been an increase in payments, that appropriate documentation is available to support the increase.

Status: Not Corrected. DHS' Child Safety and Permanency Division (Permanency Supports & IV-E Foster Care) along with DHS' Financial Operations Division will work together to review the quarterly county claims for MnPD payments.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-031

Year of Finding Origination: 2020

Finding Title: Noncompliance With Cash Management Requirements

Program: Adoption Assistance (Assistance Listing No. 93.659)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not reimburse adoption agencies in accordance with the grant agreements and federal cash management requirements.

Summary of Corrective Action Previously Reported: The Department of Human Services has already identified other staff members who are authorized to make these payments if the primary employee is unable to do so. We will also work with the invoice originators to ensure that more than one person receives these requests and to maximize efficiencies.

Status: Fully Corrected. We will continue to work with the invoice originators to ensure that more than one person receives these requests and to maximize efficiencies.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-032

Year of Finding Origination: 2018 (Finding Number 2018-015)

Finding Title: Noncompliance with Federal Reporting Requirements

Program: Adoption Assistance (Assistance Listing No. 93.659)

State Agency: Minnesota Department of Human Services

Summary of Condition: For the CB-496 reports (Title IV-E Programs Quarterly Financial Report and Annual Adoption Savings Calculation and Accounting Report) that the auditor tested, the Department of Human Services did not accurately report expenditures. In addition, the Department of Human Services did not design and implement effective internal controls to ensure compliance with these reporting requirements.

Summary of Corrective Action Previously Reported: We will add Adoption Savings to the existing peer review process. As part of that process, staff will review current reporting requirements to include necessary changes or updates from our federal partners.

Status: Partially Corrected. The Department considers it resolved, however insufficient documentation was provided to the auditors in a timely manner to support this. The Department added Adoption Savings to the existing peer review process. As part of that process, staff reviews current reporting requirements to include necessary changes or updates from our federal partners. Additional work needs to occur to ensure we are categorizing costs accurately on the CB-496 federal financial report.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-033

Year of Finding Origination: 2020

Finding Title: Noncompliance With Earmarking Requirements

Program: Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

Special Programs for the Aging, Title III, Part C, Nutrition Services (Assistance Listing No. 93.045)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not comply with the federal earmarking requirement for the federal fiscal year 2019 awards and overcharged the awards by \$220,742, as of June 30, 2020. The department also did not submit required reports to the federal Administration for Community Living (ACL). In addition, the Department of Human Services did not design and implement adequate controls to monitor and prevent state administration expenditures from going over the allowed amount.

Summary of Corrective Action Previously Reported: The Department of Human Services staff, in support of the Minnesota Board on Aging and in partnership with the Financial Operations Division, will continue to work through the process of aligning expenditures with the appropriate year of federal funding. This process will also result in a permanent structure that will ensure alignment of expenditures on an ongoing basis.

Status: Fully Corrected. DHS staff, in support of the Minnesota Board on Aging and in partnership with the Financial Operations Division, will continue to work through the process of aligning expenditures with the appropriate year of federal funding.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-034

Year of Finding Origination: 2020

Finding Title: Noncompliance With Distributing NSIP Cash Promptly

Program: Nutrition Services Incentive Program (Assistance Listing No. 93.053)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not promptly pay Nutrition Services Incentive Program requests for reimbursement to grantees. In addition, the department did not design and implement adequate controls to ensure prompt payment of grantee reimbursement requests and ensure compliance with federal law.

Summary of Corrective Action Previously Reported: The Department of Human Services staff, in support of the Minnesota Board on Aging, have already established a procedure to ensure timely review and approval of Nutrition Services Incentive Program reimbursement requests and make timely payments to the Area Agencies on Aging.

Status: Fully Corrected. DHS staff, in support of the Minnesota Board on Aging, established a procedure to ensure timely review and approval of NSIP reimbursement requests and make timely payments to the Area Agencies on Aging.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-035

Year of Finding Origination: 2019 (Finding Number 2019-041)

Finding Title: Noncompliance With Schedule of Expenditures of Federal Awards Requirements

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

Foster Care – Title IV-E (Assistance Listing No. 93.658)

Medical Assistance (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services misstated total expenditures and subrecipient expenditures reported on the schedule of expenditures of Federal awards.

Summary of Corrective Action Previously Reported: The Department of Human Services will establish steps for additional review of federal expenditures to ensure that all federal expenditures are correctly reported in the Schedule of Expenditures of Federal Awards (SEFA schedules).

Status: Not Corrected. DHS will establish steps for additional review of federal expenditures to ensure that all federal expenditures are correctly reported in the Schedule of Expenditures of Federal Awards (SEFA schedules).

Was corrective action taken significantly different than the action previously reported?

Yes X No _____

The Department of Human Services Financial Operations Division, Internal Audits Office, and Contacts & Legal Compliance Division will work with Minnesota Management and Budget to create a checklist to help programs identify whether payments to an entity are subrecipient payments and should be coded as such in the state's accounting system and reported as subrecipient payments on the state's SEFA. Additionally, a process step will be added to verify the type of payment prior to entering the information into the State's accounting system.

Finding Number: 2020-036

Year of Finding Origination: 2019 (Finding Number 2019-037)

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

**Program: State Admin Matching Grants for Supplemental Nutrition Assistance Program
(Assistance Listing No. 10.561)**

**Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior
Centers (Assistance Listing No. 93.044)**

**COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive
Services and Senior Centers (Assistance Listing No. 93.044)**

**Special Programs for the Aging Title III, Part C, Nutrition Services (Assistance Listing
No. 93.045)**

**COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services
(Assistance Listing No. 93.045)**

Nutrition Services Incentive Program (Assistance Listing No. 93.053)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575)

**Child Care Mandatory and Matching Funds of the Child Care and Development Fund
(Assistance Listing No. 93.596)**

Foster Care – Title IV-E (Assistance Listing No. 93.658)

Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not issue the management decision letters within the required six-month timeframe for all samples tested that required a letter.

Summary of Corrective Action Previously Reported: In March 2020, just prior to a significant change to the workplace caused by the COVID-19 pandemic, the Department of Human Services implemented new controls that included management review of management decision letters. However, once staff were required to telework full time, the process to print and mail envelopes changed, and staff assigned to do this work picked up additional responsibilities related to managing a remote workforce. This resulted in a slight delay in sending these letters. This process will change once again when staff return to their office buildings after June 2021, allowing us to evaluate staff workloads and streamline the process to ensure that these letters are mailed on time.

Status: Partially Corrected. In early March 2020, DHS made significant control improvements to the process used at that time that we believe addressed the prior year findings.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-037

Year of Finding Origination: 2018 (Finding Number 2018-019)

Finding Title: Noncompliance With Federal Subrecipient Monitoring Requirements

**Program: State Admin Matching Grants for Supplemental Nutrition Assistance Program
(Assistance Listing No. 10.561)**

**Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior
Centers (Assistance Listing No. 93.044)**

**COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive
Services and Senior Centers (Assistance Listing No. 93.044)**

**Special Programs for the Aging Title III, Part C Nutrition Services (Assistance Listing
No. 93.045)**

**COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services
(Assistance Listing No. 93.045)**

Nutrition Services Incentive Program (Assistance Listing No. 93.053)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

Child Support Enforcement (Assistance Listing No. 93.563)

COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575)

**Child Care Mandatory and Matching Funds of the Child Care and Development Fund
(Assistance Listing No. 93.596)**

Foster Care – Title IV-E (Assistance Listing No. 93.658)

Adoption Assistance (Assistance Listing No. 93.659)

Social Services Block Grant (Assistance Listing No. 93.667)

Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services (DHS) did not communicate all of the required information to the subrecipient at the time of the subaward.

Specifically, the department did not always communicate the following information: (1) subrecipient's unique entity identifier; (2) federal award identification number; (3) federal award date of award to the recipient by the federal agency; (4) amount of federal funds obligated by this action by the pass-through entity to the subrecipient; (5) total amount of federal funds obligated to the subrecipient by the pass-through entity including the current obligation; (6) total amount of the federal award committed to the subrecipient by the passthrough entity; (7) name of the federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity; (8) Assistance Listing No. and name; (9) indirect cost rate for the federal award; and (10) appropriate terms and conditions concerning closeout of the subaward.

Summary of Corrective Action Previously Reported: All Department of Human Services program areas are notified that they must follow Department of Human Services policy and use Department of Human Services contract templates with the required federal award information. Any contract previously executed that does not include the required federal award information has the information added when the contract is amended.

Status: Not Corrected. All DHS program areas are notified that they must follow DHS policy and use DHS contract templates with the required federal award information. Any contract previously executed that does not include the required federal award information has the information added when the contract is amended.

Was corrective action taken significantly different than the action previously reported?

Yes X No

Comprehensive internal review of contracting processes is underway with the Office of Continuous Improvement, Compliance Office, Internal Audits and the Financial Operations Division in order to identify effective corrective actions for this finding.

Finding Number: 2020-038

Year of Finding Origination: 2020

Finding Title: Noncompliance With Federal Cost Allocation Plan Amendment Requirements

Program: State Admin Matching Grant Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

Child Support Enforcement (Assistance Listing No. 93.563)

Refugee and Entrant Assistance (Assistance Listing No. 93.566)

Child Care and Development Block Grant (Assistance Listing No. 93.575)

Foster Care – Title IV-E (Assistance Listing No. 93.658)

Medical Assistance Program (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not promptly amend their cost allocation plan to address newly implemented cost centers and submit the amendment to the federal Department of Health and Human Services Cost Allocation Services.

Summary of Corrective Action Previously Reported: The Department of Human Services is currently in the process of updating the cost allocation plan for submission to the U.S. Department of Health and Human Services' Cost Allocation Services. Additional staff resources have been allocated to this responsibility to ensure the prompt submission of amendments going forward.

Status: Not Corrected. Additional staff resources have been allocated to this responsibility to ensure the prompt submission of amendments going forward. DHS subsequently submitted an amended cost allocation plan to the U. S. Department of Health and Human Services, Division of Cost Allocation on September 30, 2021. DHS has submitted quarterly amendments on time during state fiscal year 2022.

Was corrective action taken significantly different than the action previously reported?

Yes No X

Finding Number: 2020-039

Year of Finding Origination: 2019 (Finding Number 2019-039)

Finding Title: Inadequate Internal Controls Regarding Logical Access to Automated Data Processing (ADP) Systems Which Could Impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility

Program: Supplemental Nutrition Assistance Program (Assistance Listing No. 10.551)

State Admin Matching Grant Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

Special Programs for the Aging, Title III, Part C, Nutrition Services (Assistance Listing No. 93.045)

COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services (Assistance Listing No. 93.045)

Nutrition Services Incentive Program (Assistance Listing No. 93.053)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558)

Child Care and Development Block Grant (Assistance Listing No. 93.575)

COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575)

Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Assistance Listing No. 93.596)

Basic Health Program (Assistance Listing No. 93.640)

Foster Care Title IV-E (Assistance Listing No. 93.658)

Adoption Assistance (Assistance Listing No. 93.659)

Children’s Health Insurance Program (Assistance Listing No. 93.767)

COVID-19 – Children’s Health Insurance Program (Assistance Listing No. 93.767)

Medical Assistance (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services and Minnesota IT Services did not complete some reviews of computer system accounts to validate that access was still needed and appropriate.

Summary of Corrective Action Previously Reported: The recertification activity was started during fiscal year 2020, but the full scope of recertification of all MAXIS users was not finished until fall 2020, during the first quarter of fiscal year 2021. Access recertification for the MAXIS system will continue to be completed on an annual basis utilizing the new ARS system and its automated capabilities. Access recertification will be conducted again for the MAXIS system in July 2021 (fiscal year 2022) and therefore, MNIT considers this finding resolved.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-040

Year of Finding Origination: 2020

Finding Title: Inadequate Internal Controls Regarding Regular Review of the Security of Information Systems Which Could Impact Activities Allowed or Unallowed; Allowable Costs/Cost Principles; or Eligibility

Program: Supplemental Nutrition Assistance Program (Assistance Listing No. 10.551)

State Admin Matching Grant Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services and Minnesota IT Services (MNIT) did not complete an information system security review of the MAXIS application and environment, which would help identify new and validate any existing risks and vulnerabilities.

Summary of Corrective Action Previously Reported: MNIT resources were impacted by the public health emergency and the statewide hiring freeze. MNIT Services recently was able to staff a vacant GRC position through a hiring exception that provides a dedicated resource to risk assessment and review activities. MNIT immediately placed MAXIS as a priority for a security review; that activity is currently underway. MNIT expects the security review to be completed by May 31, 2021, thereby resolving this finding.

Status: Partially Corrected. MNIT Services expects the MAXIS security review to be completed by May 31, 2021.

Was corrective action taken significantly different than the action previously reported?

Yes ☒ No ☐

MNIT at DHS/MNsure is in the process of evolving the Risk Assessment program into a more mature framework. The MAXIS Risk Assessment is being completed under the new process. The previous work will be incorporated into the new Risk Assessment. The MAXIS Risk Assessment work is expected to be complete by 06/30/2022.

Finding Number: 2020-041

Year of Finding Origination: 2020

Finding Title: Inadequate Internal Controls Over the Implementation of the Quarterly Medicaid NCCI Edit Files Which Could Impact Activities Allowed or Unallowed

Program: Basic Health Program (Assistance Listing No. 93.640)

Children's Health Insurance Program (Assistance Listing No. 93.767)

COVID-19 – Children's Health Insurance Program (Assistance Listing No. 93.767)

Medical Assistance Program (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services and Minnesota IT Services have not implemented standardized change management controls to ensure that the quarterly Medicaid NCCI edit files are approved and consistently implemented, providing traceability and accountability for parties involved in and affected by the implementation event.

Summary of Corrective Action Previously Reported: MNIT Services is in the process of implementing formal release and change management, following the MNIT@DHS standards which include MNIT Enterprise Change Advisory Board (CAB). Our scheduled target completion to implement change control is Oct. 31, 2021, for standard changes including but not limited to quarterly Medicaid NCCI edit files.

Status: Not Corrected. MNIT Services is in the process of implementing formal release and change management, following the MNIT@DHS standards which include MNIT Enterprise Change Advisory Board (CAB). The corrective action plan has been subsequently implemented and the procedural documentation finalized 09/30/2021. DHS and MNIT believe the issue has been resolved and plan to evaluate the effectiveness of the action taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-042

Year of Finding Origination: 2019 (Finding Number 2019-017)

Finding Title: Noncompliance With EBT Card Security Requirements

Program: Supplemental Nutrition Assistance Program (Assistance Listing No. 10.551)

State Administrative Matching Grant Supplemental Nutrition Assistance Program
(Assistance Listing No. 10.561)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not maintain adequate security over EBT cards on hand and did not have evidence that it destroyed returned EBT cards.

Summary of Corrective Action Previously Reported: County EBT Card Security Guidelines are in place. However, to resolve this finding, the Department plans to conduct an inspection survey of counties over EBT card security following the Department's Management Evaluation Reviews schedule for Supplemental Nutrition Assistance Program. Due to COVID-19, full completion and implementation of the survey during the single audit review period was delayed. Management Evaluation reviews will commence in late summer 2021.

Status: Not Corrected. DHS has implemented internal controls over EBT card security and destruction of returned cards. Instructions for EBT card controls have been developed and were in place during the review period. County EBT Card Security Guidelines are in place. However, to resolve this finding, the Department plans to conduct an inspection survey of counties over EBT card security following the Department's Management Evaluation Reviews schedule for SNAP.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-043

Year of Finding Origination: 2020

Finding Title: Noncompliance With Reporting Requirements

Program: Low-Income Home Energy Assistance (Assistance Listing No. 93.568)

State Agency: Minnesota Department of Commerce

Summary of Condition: The Department of Commerce overstated the federal share of unliquidated obligations on the Federal Financial Report for one Low-Income Home Energy Assistance award by \$2,646,623.

The Department of Commerce did not report the date of the last obligation on the Federal Financial Report for four Low-Income Home Energy Assistance awards.

Summary of Corrective Action Previously Reported: The Department will include the obligated/encumbered amounts in the federal share of unliquidated obligations, and not the remainder of the award, as well as the date of last obligation in the "Remarks" box on the Federal Financial Report submitted via the Online Data Collection Tool. This information will be included in our next SF425 submission which occurs at the end of 2021.

Status: Not Corrected. Report definitions have been updated and will be corrected with the next report submitted 12/31/21.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-044

Year of Finding Origination: 2020

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

Program: Low-Income Home Energy Assistance (Assistance Listing No. 93.568)

State Agency: Minnesota Department of Commerce

Summary of Condition: The Department of Commerce did not communicate the federal award identification number to its Low-Income Home Energy Assistance subrecipients for the Energy Assistance Program (EAP), or the federal award date to any of its Low-Income Home Energy Assistance subrecipients.

Summary of Corrective Action Previously Reported: The Department provided 15 of the 17 required data elements and will include the remaining 2 data elements in future correspondence with Service Providers. All 17 data elements will be communicated during the next round of award notifications.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-045

Year of Finding Origination: 2020

Finding Title: Noncompliance With Federal Schedule of Expenditures of Federal Awards Requirements

Program: Low-Income Home Energy Assistance (Assistance Listing No. 93.568)

State Agency: Minnesota Department of Commerce

Summary of Condition: The Department of Commerce understated the amounts provided to subrecipients reported on the Schedule of Expenditures of Federal Awards for Low-Income Home Energy Assistance by \$188,844.

Summary of Corrective Action Previously Reported: Although the Department was following state guidance pertaining to the account codes to be included in the subrecipient calculation, on March 22, 2021, members of the Department, Office of Legislative Auditor, and Minnesota Management and Budget met to discuss the rationale and impact of payments included in this specific account code. It was mutually agreed this account code should be included in the subrecipient calculation for 2020, and an adjustment was made. Moving forward, this specific account code will be included in the subrecipient calculation.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-046

Year of Finding Origination: 2019 (Finding Number 2019-043)

Finding Title: Insufficient Controls Over Allowable Activities and Costs

Program: Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development did not maintain effective internal controls to ensure payroll expenditures were for allowable activities and costs.

Summary of Corrective Action Previously Reported: The Department of Employment and Economic Development has implemented internal controls as a result of the previous finding to ensure it properly documented reasons for timesheet completion by supervisors in compliance with state policy. A review of the report analysis process following the retirement of a long-term payroll supervisor showed the procedures could be strengthened. Changes were implemented to this process prior to the audit, but after the audit period. To reinforce stronger internal controls, the process was documented step by step, with implementation of additional tracking requirements. A memorandum was sent to all agency managers and supervisors documenting the requirements for timesheet review and approval with examples. Training was also provided to the managers and supervisors and primary and backup approvers as identified to ensure the state policy is followed. A Self-Service Audit tracking worksheet was created to facilitate correct documentation follow-up if someone other than the employee or supervisor completed the timesheet. Managers and supervisors who did not initially document a reason were also asked to review and properly document the reason for completing/approving the timesheet

on behalf of an employee or a primary approver. The managers / supervisors replied with the reason and based on the documented reason provided, the conclusion was reached that the payroll costs were legitimate and valid expenditures against the grant award and employees were paid correctly. Payroll staff will continue their existing practice of using a tracking worksheet to track exceptions from the report and conducting a random sample/review of at least 20 qualifying payroll records each pay period to ensure appropriate reasons are documented and are followed up on and escalated accordingly if a response is not initially received. The Department of Employment and Economic Development is in the process of implementing a comprehensive review of all qualifying payroll records quarterly per MMB Policy since only a representative sampling is conducted per pay period.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-047

Year of Finding Origination: 2020

Finding Title: Noncompliance With Eligibility

Program: COVID-19 – Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development issued Federal Pandemic Unemployment Compensation, although insufficient wages made the applicant ineligible.

Summary of Corrective Action Previously Reported: We are currently working to implement an automated overpayment processing functionality for Federal Pandemic Unemployment Compensation (or any other supplemental payment programs established in the future). In the meantime, we can and do issue Federal Pandemic Unemployment Compensation overpayments manually. Because the process is manual rather than automated, we have imposed internal controls to ensure that all Federal Pandemic Unemployment Compensation overpayments are issued correctly. This includes establishing business processes and heavily restricting the number of staff involved.

Given these internal controls and our extreme ongoing workload, we currently have a backlog of Federal Pandemic Unemployment Compensation overpayments that we still need to issue. We will resolve that backlog over the coming months. Since there is no time standard for the issuance of Federal Pandemic Unemployment Compensation overpayments, failure to issue a particular Federal Pandemic Unemployment Compensation overpayment by a particular date cannot be construed as a significant deficiency in internal control over compliance. When and if USDOL establishes a timeliness standard for issuing Federal Pandemic Unemployment Compensation overpayments, it may be possible to make such a finding – though not in this fact situation.

We would also note that assigning additional staff to manually issue Federal Pandemic Unemployment Compensation overpayments would have been an irresponsible use of resources during the pandemic (when we were taking 12-15 times the usual number of claims). We made a necessary business decision that our staff would primarily focus on ensuring that unemployed Minnesotans had access to timely

financial support during a government-ordered shutdown triggered by a global health crisis. We deferred any administrative work that was not legally required/time sensitive in nature until after the immediate demands of the pandemic were met.

We issued a FPUC overpayment to the applicant on April 16, 2021.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-048

Year of Finding Origination: 2020

Finding Title: Noncompliance With Eligibility

Program: COVID-19 – Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development issued Federal Pandemic Unemployment Compensation, although the reason for unemployment made the applicant ineligible.

Summary of Corrective Action Previously Reported: We disagree with this finding, for the same reasons we disagree with Finding 2020-047. There is no “significant deficiency in internal control over compliance”. We issued a FPUC overpayment to the applicant on April 16, 2021.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-049

Year of Finding Origination: 2020

Finding Title: Noncompliance With Eligibility

Program: COVID-19 – Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development issued Pandemic Unemployment Assistance benefits, although Social Security income made the applicant ineligible.

Summary of Corrective Action Previously Reported: As stated in our responses to findings 2020-047 and 2020-048, we disagree that this staff clerical error is evidence of a significant deficiency in internal controls over compliance.

It must also be noted that payments did, in fact, cease in this case after the applicant was deemed ineligible. The clerical error that occurred in this case was that the adjudicator selected the incorrect date for the beginning of the denial of benefits. The adjudicator accidentally entered an effective date that was one week later than it should have been. The UI system properly implemented the findings made by the adjudicator and stopped payment for weeks the applicant was ineligible.

DEED will review the account and make any necessary adjustments by July 1, 2021.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-050

Year of Finding Origination: 2019 (Finding Number 2019-045)

Finding Title: Noncompliance With Period of Performance

Program: Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development did not retain documentation for all transactions.

Summary of Corrective Action Previously Reported: The department has processes in place for the ordering of products carried in the warehouse, for the depletion and replenishment of the products, for the reporting generated that is needed for the expense corrections, and for the accounts receivable billing that occurs. We will be working on developing and implementing controls through process and procedures improvements, documenting how the underlying expenditures tie to the period of performance. Although this finding is similar to the 2019-045 audit finding that the Department of Employment and Economic Development didn't retain documentation for all transactions, the root cause for this audit finding relates to the warehouse transactions and the underlying expenditures and period of performance.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-051

Year of Finding Origination: 2019 (Finding Number 2019-046)

Finding Title: Noncompliance With Reporting

Program: Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development did not always retain supporting documentation for the ETA 581 Contribution Operations report. For quarters ending September 2019 and December 2019, the department did not retain any supporting documentation. For the quarter ending March 2020, the department did not retain supporting documentation for three items.

Summary of Corrective Action Previously Reported: After we received the written finding at the conclusion of the FFY2019 audit, we immediately instructed the analyst responsible for submitting the ETA581 to save a static copy of the database each quarter. She has done so in each quarter since. We will review the 3 items the auditor reports she could not validate during to the FFY2020 audit. We have not had an opportunity to do so yet due to ongoing workload related to the COVID-19 pandemic.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-052

Year of Finding Origination: 2019 (Finding Number 2019-010)

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

Program: Crime Victim Assistance (Assistance Listing No. 16.575)

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety did not fully implement internal controls designed to ensure it conducted all annual site visits for Crime Victim Assistance subawards of \$250,000 or higher.

Summary of Corrective Action Previously Reported: The Department of Public Safety's Office of Justice Programs implemented internal controls to track annual site visits from Crime Victim Assistance subawards of \$250,000 or higher. It has been shown in this subsequent audit that these steps were not sufficient and a repeat finding was issued. Although the site visits did occur, they were missing from the tracking document and not reported to the OLA. The additional site visit information has been submitted.

The following steps will be implemented to strengthen internal control procedures to ensure site visits are done in accordance with the Office of Justice Programs monitoring plan:

- Crime Victim Services grant managers will be re-educated on site visit monitoring and tracking requirements and procedures.

- Crime Victim Services Director will implement electronic calendar reminders to review progress on this monitoring requirement.
- Crime Victim Services Director will meet with grant managers quarterly to review progress on meeting this monitoring requirement.
- More timely supervisory monitoring and grant manager follow-up will be facilitated by updating the Office of Justice Programs online grant management system, Intelligrants (E-Grants), to include the recording of all site visit dates and reports.
- Assistant Director will meet quarterly with Crime Victim Services Director to review progress on this monitoring requirement and implement additional supervisory action, as needed.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-053

Year of Finding Origination: 2019 (Finding Number 2019-048)

Finding Title: Noncompliance With Cash Management

Program: Rehabilitation Services – Vocational Rehabilitation Grants to States (Assistance Listing No. 84.126)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development did not calculate cash draws correctly.

Summary of Corrective Action Previously Reported: The implementation guidance is being updated to address this issue and notes will also be added to the cash draw template worksheet. The department continues to strengthen internal control and compliance in the cash draw implementation guidance developed jointly by Vocational Rehabilitation Services, Services for the Blind and Administrative and Financial Services to ensure a secondary review. This process will include documented approval / sign-off for implementation guidance changes when there are any regulatory changes or modifications made to the cash draw form to ensure the continued accuracy of the cash draw process, particularly in relation to program income and state match. All cash draws created by Administrative and Financial Services staff are being reviewed for accuracy by program fiscal staff, with documented approval / signoff prior to the draw completion. This secondary and multi-tiered review and approval / sign off process has been occurring; but needs to be strengthened and training will be provided on the criteria for review to ensure accuracy of the cash draw amounts. This change in internal control is expected to resolve this audit finding of not properly accounting for state match when calculating cash draws. Although this finding is similar to the 2019-048 audit finding that the Department of Employment and Economic Development didn't ensure that cash draw calculations were accurate, the root cause for this audit finding relates to not properly accounting for the state match when calculating cash draws. This type of error wasn't previously accounted for in the implementation Procedures nor in the sign-off/approval process.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-054

Year of Finding Origination: 2019 (Finding Number 2019-047)

Finding Title: Noncompliance With Federal Schedule of Expenditures of Federal Awards Requirements

Program: Rehabilitation Services – Vocational Rehabilitation Grants to States (Assistance

Listing No. 84.126)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development erroneously reported expenditures on the Schedule of Expenditures of Federal Awards as grants to subrecipients, although they were for contracted services.

Summary of Corrective Action Previously Reported: We will strengthen our SEFA review process with documented Budget Analyst review prior to submitting the report to leadership for approval and signoff to ensure accuracy of the reported expenditures and that all federal requirements are followed. This was an accounting error only of classification and not one which had an overall impact on the expenditures to the state, nor did it have any impact on administration of the VR program. Although this finding is a repeat finding, we have changed the account code that we are using for the contracts. We implemented this practice mid-fiscal year 2020 for new contracts, however for existing contracts/contract amendments, it was too labor intensive to make the change during the contract cycle based on the number of contracts. It is not expected that this will be a repeat finding in the future because all contracts should be coded correctly moving forward. If there were any remaining contracts with incorrect account codes used, the strengthened review process identified above should resolve the issue.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-055

Year of Finding Origination: 2020

Finding Title: Noncompliance With Allowable Activities and Costs

Program: Social Security-Disability Insurance (Assistance Listing No. 96.001)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment and Economic Development did not receive regional office approval for charges not allowed by the fee schedule.

Summary of Corrective Action Previously Reported: Disability Determination Services will improve internal controls by implementing a documented approval process for consultative exam charges that are not included on the fee schedule. A Disability Determination Services manager will review requests for consultative exam charges not included on the fee schedule and forward them to the regional office for approval. The Disability Determination Services manager will communicate approval from the region to staff tasked with updating consultative exam rates in the legacy system. Manager will verify that staff updated legacy system rates accurately.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-056

Year of Finding Origination: 2019 (Finding Number 2019-049)

Finding Title: Noncompliance With Allowable Costs

Program: Social Security-Disability Insurance (Assistance Listing No. 96.001)

State Agency: Minnesota Department of Employment and Economic Development

Summary of Condition: The Department of Employment of Economic Development did not properly approve two Disability Determination Services' employee timesheets in compliance with state policy. Specifically, backup approvers approved the timesheets without documenting the reason for their approval.

Summary of Corrective Action Previously Reported: The Department of Employment of Economic Development has implemented internal controls as a result of the previous finding to ensure it properly documented reasons for timesheet completion by supervisors in compliance with state policy. A review of the report analysis process following the retirement of a long-term payroll supervisor showed the procedures could be strengthened. Changes were implemented to this process prior to the audit, but after the audit period. To reinforce stronger internal controls, the process was documented step by step, with implementation of additional tracking requirements. A memorandum was sent to all agency managers and supervisors documenting the requirements for timesheet review and approval with examples. Training was also provided to the managers and supervisors and primary and backup approvers as identified to ensure the state policy is followed. A Self-Service Audit tracking worksheet was created to facilitate correct documentation follow-up if someone other than the employee or supervisor completed the timesheet. Managers and supervisors who did not initially document a reason were also asked to review and properly document the reason for completing/approving the timesheet on behalf of an employee or a primary approver. The managers / supervisors replied with the reason and based on the documented reason provided, the conclusion was reached that the payroll costs were legitimate and valid expenditures against the grant award and employees were paid correctly. Payroll staff will continue their existing practice of using a tracking worksheet to track exceptions from the report and conducting a random sample/review of at least 20 qualifying payroll records each pay period to ensure appropriate reasons are documented and are followed up on and escalated accordingly if a response is not initially received. The Department of Employment of Economic Development is in the process of implementing a comprehensive review of all qualifying payroll records quarterly per MMB Policy since only a representative sampling is conducted per pay period.

In addition, Disability Determination Services Management will issue reminders to Disability Determination Services supervisor/manager staff regarding backup timesheet approval procedures, including the need to document reason for timesheet approval.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-057

Year of Finding Origination: 2020

Finding Title: Noncompliance With Reporting Requirements

Program: Immunization Cooperative Agreements (Assistance Listing No. 93.268)

State Agency: Minnesota Department of Health

Summary of Condition: The Department of Health understated the total indirect expense amounts reported on the FFR for award numbers 6 NH23IP000737-05-03 and 6 NH23IP000781-05-02 by \$72,631 and \$20,472, respectively.

Summary of Corrective Action Previously Reported: Moving forward, we will emphasize the review step that verifies the indirect cost expense. Limitations of the federal reporting system in use during the audit period prevented us from being able to review the report prior to submission. We will explore whether the new federal reporting system has this function.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes X No _____

The new Federal Payment Management System (PMS) used by federal agencies includes the ability to review indirect expense amounts on FFRs and requires in system certification prior to submission. MDH is following system requirements as part of internal controls.

Finding Number: 2020-058

Year of Finding Origination: 2019 (Finding Number 2019-012)

Finding Title: Noncompliance With Allowable Cost Provisions

Program: State and Community Highway Safety (Assistance Listing No. 20.600)

National Priority Safety Programs (Assistance Listing No. 20.616)

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety did not properly approve 39 employee timesheets in compliance with state policy. Specifically, backup approvers approved the timesheets without documenting the reason for their approval instead of the primary approver.

Summary of Corrective Action Previously Reported: Minnesota Office of Traffic Safety (OTS) managers have implemented procedures for timesheet approval for primary and backup roles in compliance with State Policy PAY00017 Self Service Time Entry and Policy PAY00016 Biweekly Time Reporting by Employees. This reoccurrence audit finding was partially resolved. Minnesota OTS managers have re-familiarized themselves with this policy and taken steps to ensure division timekeepers are aware of the policy as well. This policy was incorporated into the OTS Policy & Procedure manual dated December 18, 2020, via reference to the Department of Public Safety Self Service Time Entry Policy #3003 and Procedure #303 on the Department of Public Safety intranet website. The Department of Public Safety Payroll Coordinator emailed the Department of Public Safety Timekeepers on January 29, 2021, reminding timekeepers to review the 2460 Self Service Time Entry Audit report each pay period to ensure adequate comments are included, and when comments are not included, they follow up with the supervisor to add the comment to the 2460 Self Service Time Entry Audit report. On April 23, 2021, the Department of Public Safety Payroll Coordinator sent an email reminding all Department of Public Safety Timekeepers of the 2460 Self Service Time Entry Audit report process, and she will follow-up by meeting with each timekeeper to reinforce the policy and procedure requirements.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-059

Year of Finding Origination: 2020

Finding Title: Noncompliance With Reporting Requirements

Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
(Assistance Listing No. 97.036)

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety submitted Federal Financial Reports for Disaster Grants – Public Assistance awards that contained some inaccurate amounts.

The Department of Public Safety did not submit one quarterly Federal Financial Reports for two Disaster Grants – Public Assistance awards.

Summary of Corrective Action Previously Reported: The Department of Public Safety will correct the Federal Financial Reports in question and has revised its procedures for preparing Federal Financial Reports, which include a secondary review to minimize risk of inaccurate amounts. The Department of Public Safety is now running quarterly and year-to-date reports to ensure the amounts are accurately reported on future Federal Financial Reports.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-060

Year of Finding Origination: 2020

Finding Title: Noncompliance With Reporting Requirements

**Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
(Assistance Listing No. 97.036)**

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety submitted incomplete quarterly progress reports for Disaster Grants – Public Assistance awards.

Summary of Corrective Action Previously Reported: The Department of Public Safety has created an agency procedure to ensure that all reports, financial and program progress, are prepared, approved, and submitted in accordance with the U.S. Code of Federal Regulations and requirements of the Office of Management and Budget. The Department of Public Safety procedure will be posted on the Department of Public Safety intranet website for all staff to view on May 3, 2021. The Department of Public Safety's Homeland Security and Emergency Management division (HSEM) will follow the Department of Public Safety procedure and develop internal written procedures applicable to the requirements for quarterly progress reports for Disaster Grants – Public Assistance awards.

Status: Not Corrected. Recurrence of previous audit finding occurred due to HSEM completion of their internal written operating procedure for quarterly progress reports for Disaster Grants – Public Assistance awards not being completed until February 1, 2022. The HSEM internal operating procedure provides guidance to ensure all reports, financial and program progress are prepared, approved, and submitted in accordance with the U.S. Code of Federal Regulations and requirements of the Office of Management and Budget.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-061

Year of Finding Origination: 2020

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

**Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
(Assistance Listing No. 97.036)**

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety did not communicate the following data elements to its Disaster Grants– Public Assistance subrecipients:

- Subrecipient's unique entity identifier
- Federal Award Identification Number

- Federal award date
- Subaward period of performance start and end dates
- Total amount of federal funds obligated to the subrecipient by the department including the current obligation
- Total amount of the federal award committed to the subrecipient by the department
- Assistance Listing No. and name.

Summary of Corrective Action Previously Reported: HSEM has updated award letters to include the required documentation, including subrecipient unique entity identifier, federal award identification number, federal award date, subaward period of performance start and end dates, total amount of federal funds obligated to the subrecipient for all federal programs including the current financial obligation, total amount of the federal award committed to the subrecipient by the department, and Assistance Listing No. and name.

Status: Partially Corrected. Recurrence of previous audit occurred due to award letter templates not being updated until February 1, 2022. HSEM has updated award letters to include the required documentation; including subrecipient unique entity identifier, federal award identification number, federal award date, subaward period of performance start and end dates, total amount of federal funds obligated to the subrecipient for all federal programs including the current financial obligation, total amount of the federal award committed to subrecipient by the department and the assistance listing number and name.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-062

Year of Finding Origination: 2019 (Finding Number 2019-011)

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

Program: Crime Victim Assistance (Assistance Listing No. 16.575)

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing No. 97.036)

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety did not review the audit reports for 3 of its Disaster Grants – Public Assistance subrecipients or 15 of its Crime Victim Assistance subrecipients.

The Department of Public Safety did not issue management decisions for audit findings related to Crime Victim Assistance awards to two subrecipients.

Summary of Corrective Action Previously Reported: Fiscal and Administrative Services and OJP will finalize procedures to track audit findings including those that require management decision letters. Fiscal and Administrative Services will review and strengthen its subrecipient monitoring and notification practices to divisions of financial audit report findings to meet the Federal Audit Clearinghouse guidelines. Fiscal and Administrative Services will work with OJP to complete this portion of the Corrective Action Plan by December 31, 2021.

Status: Not Corrected. Recurrence of previous audit finding occurred due to the written internal DPS procedures for tracking subrecipient audit findings and issuance of management decisions in compliance with the Code of Federal Regulations, Title 2, Part 200, Section 521(a) has not been finalized and training has not been provided to all DPS grants staff on the process for subrecipient monitoring. Due to the complexities with the process for tracking all subrecipient financial audit reports and drafting of the written procedure, the corrective action completion date has been revised to June 30, 2022.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-063

Year of Finding Origination: 2020

Finding Title: Noncompliance With Federal Schedule of Expenditures of Federal Awards Requirements

**Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
(Assistance Listing No. 97.036)**

State and Community Highway Safety (Assistance Listing No. 20.600)

National Priority Safety Programs (Assistance Listing No. 20.616)

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety overstated the total federal expenditures reported on the Schedule of Expenditures of Federal Awards for Disaster Grants – Public Assistance by \$31,066.

The Department of Public Safety overstated the amounts provided to subrecipients reported on the Schedule of Expenditures of Federal Awards for the Highway Safety Cluster by \$237,300, including \$149,624 for Assistance Listing No. 20.600 and \$87,676 for Assistance Listing No. 20.616.

Summary of Corrective Action Previously Reported: Fiscal and Administrative Services drafted a procedure for accurately preparing and reviewing expenditures for the Schedule of Expenditures of Federal Awards (SEFA) reporting. This procedure was completed December 2020 and was discussed with all Fiscal and Administrative Services Accounting Officers during a SEFA Instructions meeting. Fiscal and Administrative Services has submitted expenditures adjustments to Minnesota's Department of Management and Budget (MMB) on April 14, 2021. Fiscal and Administrative Services will continue to review and strengthen its monitoring practices of subrecipient payments of Federal Awards.

Department of Public Safety overstated the total federal expenditures reported on the SEFA for Disaster Grants - Public Assistance by \$31,066, which occurred due to an incorrect Assistance Listing No. in our statewide operating system grants module. FAS contacted the SWIFT Help Desk support to see if the Assistance Listing No. could be changed in the state's SWIFT accounting system. Unfortunately, there is no way to update the Assistance Listing No. for Project ID P07204390HM because the Assistance Listing No. is tied to the federal award and the federal award has already been generated. The Department of Public Safety will ensure the expenditures are updated during the next SEFA reporting, and subsequent reporting. The two options available for correcting the SEFA reporting are as follows:

Ensure manual removal of the expenditures from the incorrect Assistance Listing No. and report the expenditures under the correct Assistance Listing No. on the SEFA report until the grant is closed, which based on information from FEMA is period of performance (POP) 09/05/2018 – 03/04/2023; or Fiscal and Administrative Services creates a new item in the SWIFT grants module with the correct Assistance Listing No. , which would require FAS to create a new Project ID (e.g., P07204390HM2) or something similar. HSEM would then update their purchase orders with the new Project ID and Fiscal and Administrative Services would then do expenditure corrections for what has been paid to date. Fiscal and Administrative Services and HSEM would then track that there are two Project ID's for Disaster Public Assistance grant project 4390HM.

Status: Not Corrected. Recurrence of previous audit finding occurred due to DPS communication with MMB regarding Journal Entry (JE) Corrections and DPS not fully understanding the impact of the JE Correction to the SEFA and the posting of expenditures in the wrong year and the reclassification of expenditures between CFDA numbers. DPS will review our internal controls currently in place and design and implement additional process steps to our operating procedures to improve internal controls over identifying the expenditures and subrecipients of federal awards to ensure accurate reporting of expenditures in compliance with MMB SEFA reporting requirements.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-064

Year of Finding Origination: 2020

Finding Title: Noncompliance With Federal Schedule of Expenditures of Federal Awards Requirements

Program: National Guard Military Operations and Maintenance (O&M) Projects (Assistance Listing No. 12.401)

State Agency: Minnesota Department of Military Affairs

Summary of Condition: The Department of Military Affairs overstated the total federal expenditures reported on the Schedule of Expenditures of Federal Awards for National Guard Military Operations and Maintenance Projects by \$133,679.

Summary of Corrective Action Previously Reported: The agency will update procedures to prepare and review the Schedule of Expenditures of Federal Awards to ensure the accuracy of the schedule. Also, the agency will implement a secondary review of the Schedule of Expenditures of Federal Awards to ensure the accuracy of the schedule.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X



MINNESOTA STATE COLLEGES AND UNIVERSITIES - SINGLE AUDIT SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2021

United States Department of Education

Minnesota State Colleges and Universities - Single Audit respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 01, 2020 to June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2020 – 001 Cash Management G5 Drawdowns

Condition: During our testing of federal G5 drawdowns, we noted there were amounts overdrawn on G5 by Saint Paul College.

Status: Corrective action was taken.

2020 – 002 Student Refund Checks Outstanding Greater than 240 Days

Condition: During our testing, we noted several institutions not returning outstanding checks greater than 240 days to the Department of Education. These institutions included Century College, Inver Hills Community College, Minnesota State Community and Technical College, Minnesota State College Southeast, Minnesota State University, Mankato, Northland Community and Technical College, Northwest Technical College, South Central College, and Vermilion Community College.

Status: See current year finding 2021-003.

Reason for finding's recurrence: Some of Minnesota State schools struggled with staff shortages in the business office this year. This, coupled with the coronavirus pandemic challenges schools experiences, resulted in this recurring finding. The Colleges and Universities identified in the prior year were all resolved and did not have any findings this year, Minnesota State consists of 54 campus locations so across the system substantial improvement is occurring.

Corrective Action: The Colleges and Universities identified agree with the finding and are currently reviewing all outstanding checks over 240 days and will return federal funds as required. The majority of the Colleges or Universities identified had seven or less checks and nearly all have also resolved the outstanding checks appropriately or will within the coming months. The system office will direct colleges and universities that they will review existing procedures surrounding monitoring outstanding checks to ensure all are returned to the Department of Education timely.



**MINNESOTA STATE COLLEGES AND UNIVERSITIES - SINGLE AUDIT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

2020 – 003 National Student Loan Data System (NSLDS) Enrollment Reporting

Condition: During our testing of 60 students, we noted two students from Hennepin Technical College and one student from Minnesota West Community and Technical College where enrollment was not certified every 60 days. For one student at Metropolitan State University and one student at Minnesota State College Southeast where the program enrollment effective date of the status change did not match the institution's records.

Status: Corrective action was taken.

2020 – 004 Reporting

Condition: During our testing, we noted Anoka Ramsey Community College and Anoka Technical College were unable to provide supporting documentation for the information reported in steps 3, 4, and 5 of the reporting steps. We also noted Century College was missing steps 1 and 4 of the required steps and they were unable to provide supporting documentation for steps 3 and 5. Finally, we noted North Hennepin Community College was unable to provide supporting documentation for steps 3 and 5.

Status: See current year finding 2021-006.

Reason for finding's recurrence: There was significantly more reporting needed in the second year of the HEERF funds. This, coupled with the sometimes limited or late guidance provided on HEERF funds, resulted in this recurring finding.

Corrective Action: The Colleges and Universities and the System Office will work together to resolve the various reporting findings for fiscal year 2022 reporting. Some of the action steps will be completed with the next quarter's reporting and others may take more time to resolve. We have reached out to the USDOE for additional guidance on how best to resolve the past reporting. We feel we did the best we could under the circumstances during a pandemic, but we will dedicate appropriate resources going forward to resolve these findings to the best of our ability. Discrepancies between the timing of the required reports and the issuance of detailed guidance from the US Department of Education resulted in some uncertainty and confusion about the reporting process, which exacerbated the problems resulting in this finding. Clarity has since been provided to schools and we are confident that the issues will not resurface.

2020 – 005 Allowable Costs

Condition: During our testing, we noted Lake Superior College had allocated lost revenue as an allowable expense to the Cares Act.

Status: Corrective action was taken.

If the United States Department of Education has questions regarding this schedule, please call Denise Kirkeby at 651-201-1736.