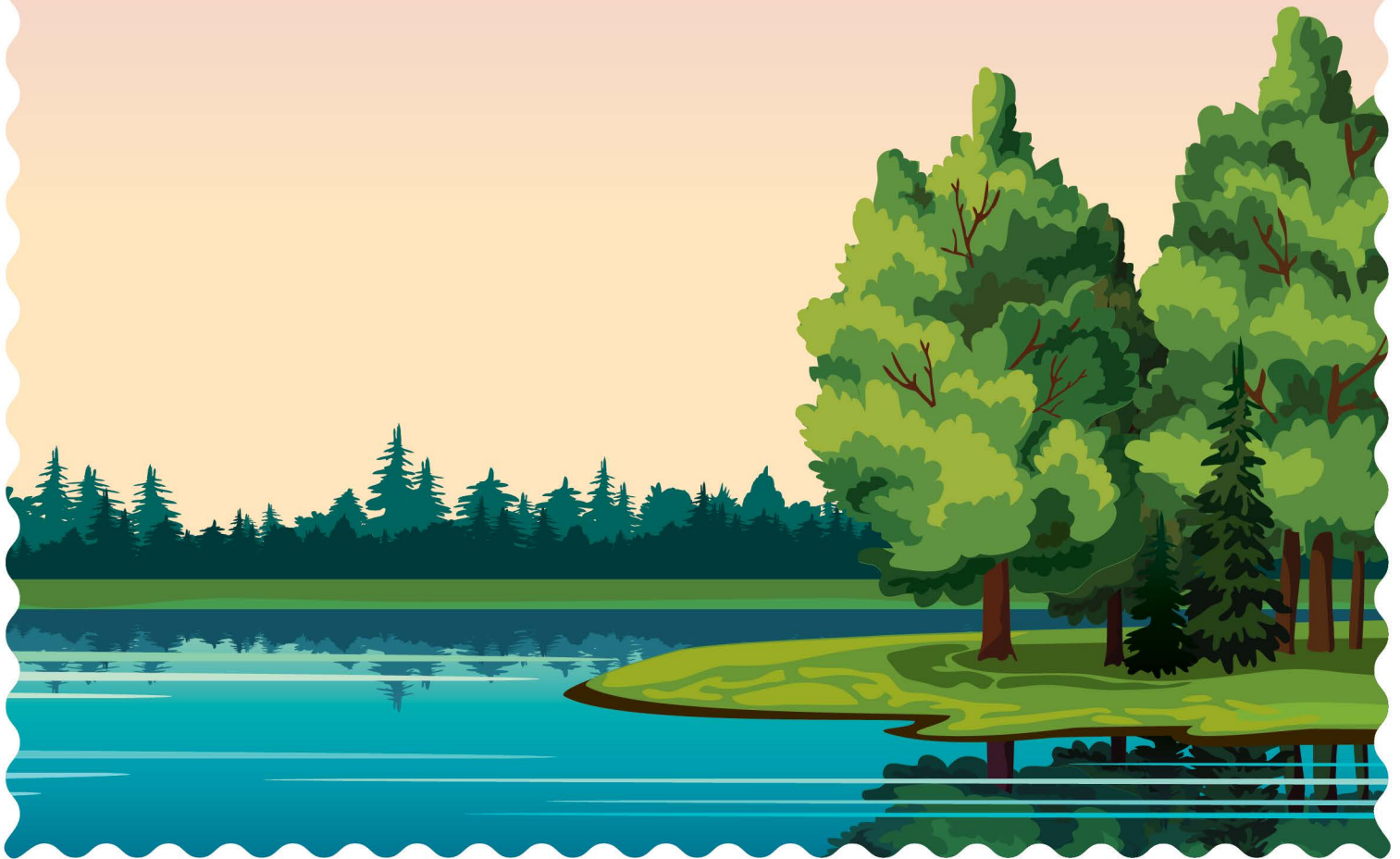




MINNESOTA

FINANCIAL AND COMPLIANCE REPORT ON FEDERALLY ASSISTED PROGRAMS

For the year ended June 30, 2023







State of Minnesota

Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2023

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



State of Minnesota

2023 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/>

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Date: March 21, 2024

To: The Honorable Tim Walz, Governor

From: Commissioner Erin Campbell 

Cc: Chief of Staff Chris Schmitter

RE: 2023 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, 2023. 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 Financial and Compliance report on Federally Assisted Programs includes all federal assistance expended 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, 2023.

The financial schedule presented is meant to provide a consistent basis for reporting on the expenditures of federal assistance received by state agencies. The schedule is 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 the financial schedule was 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 2023, the state of Minnesota expended approximately \$ 21.2 billion in federal assistance for its many programs.

Audits

The Minnesota Office of the Legislative Auditor performs an annual statewide audit primarily for the purpose of expressing an audit opinion on the financial statements included in the state's 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, 2023.

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 Financial and Compliance report on Federally Assisted Programs supplements the state's Annual Comprehensive Financial Report for the year ended June 30, 2023 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 schedule agencies prepared for each of their federal programs were used to compile this financial schedule.





Report on the Schedule of Expenditures of Federal Awards

Independent Auditor's Report

The Honorable Tim Walz, Governor
Members of the Minnesota Legislature
Ms. Erin Campbell, Commissioner of Minnesota Management and Budget
State of Minnesota
Saint Paul, Minnesota

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the Schedule of Expenditures of Federal Awards (SEFA) of the State of Minnesota for the year ended June 30, 2023, and the related notes.

In our opinion, the accompanying SEFA presents fairly, in all material respects, the expenditures of federal awards of the State of Minnesota for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the SEFA section of our report.

We are required to be independent of the State of Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the SEFA

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the SEFA that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the SEFA

Our objectives are to obtain reasonable assurance about whether the SEFA as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the SEFA.

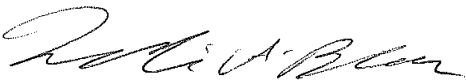
In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the SEFA, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the SEFA;
- obtain an understanding of internal control relevant to the audit 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 of Minnesota's internal control relevant to the preparation and fair presentation of the SEFA. Accordingly, no such opinion is expressed; and
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the SEFA.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, 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 of the SEFA and compliance.



Julie Blaha
State Auditor



Chad Struss, CPA
Deputy State Auditor

March 21, 2024



**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
Ms. Erin Campbell, 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 the related notes of the State of Minnesota as of and for the year ended June 30, 2023, and have issued our report thereon dated March 21, 2024.

Report on 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 our 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.

A deficiency in internal control over financial reporting of the SEFA 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 a combination of deficiencies, in internal control over financial reporting of the SEFA, 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 a combination of deficiencies, in internal control over financial reporting of the SEFA that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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. We identified a deficiency in internal control over financial reporting of the SEFA, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be a material weakness.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the State of Minnesota's response to the internal control finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. 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 the response.

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



Chad Struss, CPA
Deputy State Auditor

March 21, 2024



**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
Ms. Erin Campbell, Commissioner of Minnesota Management and Budget
State of Minnesota
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Minnesota's compliance with the types of compliance requirements identified as subject to audit 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, 2023, except for the major federal programs listed below:

Program/Cluster Title	Percent of Program	Assistance Listing Number	Administered by
COVID-19 – Education Stabilization Fund	9	84.425C, 84.425E, 84.425F, 84.425K, 84.425L, 84.425M, 84.425P, 84.425S, 84.425T,	Minnesota State Colleges and Universities
Student Financial Assistance Cluster	100	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.364	Minnesota State Colleges and Universities

Those major programs were audited by other auditors whose report has 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 report 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.

Qualified Opinion on Temporary Assistance for Needy Families

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families for the year ended June 30, 2023.

Qualified Opinion on CCDF Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on CCDF Cluster for the year ended June 30, 2023.

Qualified Opinion on Foster Care Title IV-E

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Foster Care Title IV-E for the year ended June 30, 2023.

Qualified Opinion on Adoption Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Adoption Assistance for the year ended June 30, 2023.

Qualified Opinion on Children's Health Insurance Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Children's Health Insurance Program for the year ended June 30, 2023.

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, 2023.

Basis for Qualified and Unmodified Opinions

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State of Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State of Minnesota's compliance with the compliance requirements referred to above.

Matters Giving Rise to 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 Assistance Listing No. 93.558 Temporary Assistance for Needy Families as described in finding numbers 2023-021 for Eligibility and 2023-022 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

Matter Giving Rise to 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 Assistance Listing Nos. 93.575 and 93.596 CCDF Cluster as described in finding number 2023-023 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.

Matters Giving Rise to Qualified Opinion on Foster Care Title IV-E

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding Assistance Listing No. 93.658 Foster Care Title IV-E as described in finding numbers 2023-017 for Reporting and 2023-026 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.

Matter Giving Rise to Qualified Opinion on Adoption Assistance

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding Assistance Listing No. 93.659 Adoption Assistance as described in finding number 2023-017 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to that program.

Matter Giving Rise to Qualified Opinion on Children's Health Insurance Program

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding Assistance Listing No. 93.767 Children's Health Insurance Program as described in finding number 2023-028 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.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

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, 2023, and the Metropolitan Council and Minnesota Comprehensive Health Association component units for the year ended December 31, 2022, which expended \$445,429,570; \$1,182,961,248; \$5,453,038; \$32,921,611; \$668,630,643; and \$142,727,000, 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, 2023. Our compliance audit, described in the *Qualified and Unmodified Opinions* section, does not include the operations of these component units because they each had a separate single audit in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State of Minnesota's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State of

Minnesota’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State of Minnesota’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State of Minnesota’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of the State of Minnesota’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 the State of Minnesota’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed 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:

2023-002	2023-003	2023-004	2023-005	2023-006
2023-007	2023-008	2023-009	2023-010	2023-011
2023-012	2023-013	2023-014	2023-015	2023-016
2023-018	2023-019	2023-020	2023-024	2023-025
2023-027	2023-030	2023-031	2023-032	2023-033
2023-034	2023-035	2023-036	2023-037	2023-038
2023-039				

Government Auditing Standards requires the auditor to perform limited procedures on the State of Minnesota’s response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The State of Minnesota’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 a 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:

2023-017	2023-021	2023-022	2023-023	2023-026
2023-028				

A significant deficiency in internal control over compliance is a deficiency, or a 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 attention by 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.

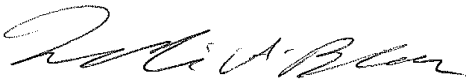
Significant Deficiency Finding Numbers:

2023-002	2023-003	2023-004	2023-005	2023-006
2023-007	2023-008	2023-009	2023-010	2023-011
2023-012	2023-013	2023-014	2023-015	2023-016
2023-018	2023-019	2023-020	2023-024	2023-025
2023-027	2023-029	2023-030	2023-031	2023-032
2023-033	2023-034	2023-035	2023-036	2023-037
2023-038	2023-039			

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State of Minnesota's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The State of Minnesota's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Chad Struss, CPA
Deputy State Auditor

March 21, 2024

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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	\$ 1,258,035,092	\$ -
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Human Services	\$ 94,048,913	\$ 77,363,779
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	MnSCU	\$ 43,115	\$ 43,115
10.561	COVID-19-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Human Services	\$ 1,620,795	\$ -
Program 10.561 Total:			\$ 95,712,823	\$ 77,406,894
Supplemental Nutrition Assistance Program (SNAP) Cluster Total:			\$ 1,353,747,915	\$ 77,406,894
Forest Service Schools and Roads Cluster				
10.665	Schools and Roads - Grants to States	MN Management & Budget	\$ 7,984,995	\$ 7,984,995
Forest Service Schools and Roads Cluster Total:			\$ 7,984,995	\$ 7,984,995
Food Distribution Cluster				
10.565	Commodity Supplemental Food Program	Health	\$ 996,267	\$ 971,924
10.568	Emergency Food Assistance Program (Administrative Costs)	Human Services	\$ 2,063,912	\$ 1,783,508
10.568	COVID-19-Emergency Food Assistance Program (Administrative Costs)	Human Services	\$ 194,823	\$ 194,823
Program 10.568 Total:			\$ 2,258,735	\$ 1,978,331
Food Distribution Cluster Total:			\$ 3,255,002	\$ 2,950,255
Child Nutrition Cluster				
10.553	School Breakfast Program	Education	\$ 62,532,643	\$ 62,446,119
10.555	National School Lunch Program	Education	\$ 227,424,802	\$ 227,262,975
10.555	COVID-19-National School Lunch Program	Education	\$ 24,243,745	\$ 24,225,191
Program 10.555 Total:			\$ 251,668,547	\$ 251,488,166
10.556	Special Milk Program for Children	Education	\$ 628,129	\$ 628,129
10.559	Summer Food Service Program for Children	Education	\$ 8,806,968	\$ 8,240,836
10.582	Fresh Fruit and Vegetable Program	Education	\$ 3,136,405	\$ 3,009,799
Child Nutrition Cluster Total:			\$ 326,772,692	\$ 325,813,049
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture	\$ 828,883	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Animal Health Board	\$ 1,156,513	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care	MnSCU	\$ 54,533	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Natural Resources	\$ 20,052	\$ -
10.025	Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)	Agriculture	\$ 45,569	\$ -
Program 10.025 Total:			\$ 2,105,550	\$ -
10.028	Wildlife Services	Natural Resources	\$ 82,259	\$ -
10.069	Conservation Reserve Program	Natural Resources	\$ 118,125	\$ -
10.093	Voluntary Public Access and Habitat Incentive Program	Natural Resources	\$ 555,125	\$ -
10.156	Federal-State Marketing Improvement Program	Agriculture	\$ 103,714	\$ -
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture	\$ 1,550,187	\$ 1,162,067
10.171	Organic Certification Cost Share Programs	Agriculture	\$ 142,734	\$ -
10.182	Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	Agriculture	\$ 215,260	\$ -
10.185	Local Food for Schools Cooperative Agreement Program	Agriculture	\$ 105,252	\$ 105,252
10.187	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	Human Services	\$ 58,830	\$ 58,830
10.215	Sustainable Agriculture Research and Education	MnSCU	\$ 1,522	\$ -
10.215	Pass-Through from the University of Minnesota (2022-38640-37486)	MnSCU	\$ 4,482	\$ -
Program 10.215 Total:			\$ 6,004	\$ -
10.221	Tribal Colleges Education Equity Grants	MnSCU	\$ 119,654	\$ -
10.222	Tribal Colleges Endowment Program	MnSCU	\$ 540,341	\$ -
10.227	1994 Institutions Research Grants	MnSCU	\$ 272,182	\$ -
10.307	Organic Agriculture Research and Extension Initiative	MnSCU	\$ 7,207	\$ -
10.307	Pass-Through from the University of Minnesota (2019-51300-30484)	MnSCU	\$ 74,648	\$ -
Program 10.307 Total:			\$ 81,855	\$ -
10.310	Agriculture and Food Research Initiative (AFRI)	MnSCU	\$ 188,634	\$ -

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
10.319	Farm Business Management and Benchmarking Competitive Grants Program	MnSCU	\$ 147,908	\$ -
10.326	Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	MnSCU	\$ 4,374	\$ -
10.331	Gus Schumacher Nutrition Incentive Program	Health	\$ 6,570	\$ -
10.382	Meat and Poultry Intermediary Lending Program	Agriculture	\$ 26,712	\$ -
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	Agriculture	\$ 1,888,449	\$ -
10.479	Food Safety Cooperative Agreements	Agriculture	\$ 250,138	\$ -
10.500	Cooperative Extension Service	MnSCU	\$ 368,412	\$ -
10.517	Tribal Colleges Extension Programs	MnSCU	\$ 83,431	\$ -
10.522	Food and Agriculture Service Learning Program	MnSCU	\$ 82,891	\$ -
10.525	Farm and Ranch Stress Assistance Network Competitive Grants Program	Agriculture	\$ 122,897	\$ 84,525
10.537	Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	Human Services	\$ 369,241	\$ -
10.541	Child Nutrition-Technology Innovation Grant	Education	\$ 420,566	\$ -
10.542	COVID-19-Pandemic EBT Food Benefits	Human Services	\$ 170,903,558	\$ -
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children (4)	Health	\$ 104,493,673	\$ 27,621,285
10.557	<i>Pass-Through from the Gretchen Swanson Center for Nutrition (FNS WIC Online Ordering) (4)</i>	Health	\$ 141,640	\$ -
	Program 10.557 Total:		\$ 104,635,313	\$ 27,621,285
10.558	Child and Adult Care Food Program	Education	\$ 71,382,647	\$ 69,813,991
10.560	State Administrative Expenses for Child Nutrition	Education	\$ 5,013,945	\$ -
10.572	WIC Farmers' Market Nutrition Program (FMNP)	Agriculture	\$ 371,960	\$ -
10.574	Team Nutrition Grants	Education	\$ 296,577	\$ -
10.575	Farm to School Grant Program	Agriculture	\$ 31,523	\$ -
10.576	Senior Farmers Market Nutrition Program	Agriculture	\$ 133,713	\$ -
10.578	WIC Grants to States (WGS)	Health	\$ 202,815	\$ 5,288
10.579	Child Nutrition Discretionary Grants Limited Availability	Education	\$ 483,306	\$ 442,894
10.645	COVID-19-Farm to School State Formula Grant	Education	\$ 1,574	\$ -
10.649	COVID-19-Pandemic EBT Administrative Costs	Education	\$ 451,843	\$ 451,215
10.649	COVID-19-Pandemic EBT Administrative Costs	Human Services	\$ 4,565,260	\$ -
	Program 10.649 Total:		\$ 5,017,103	\$ 451,215
10.664	Cooperative Forestry Assistance	Natural Resources	\$ 818,843	\$ 175,427
10.675	Urban and Community Forestry Program	Natural Resources	\$ 575,108	\$ 396,263
10.676	Forest Legacy Program	Natural Resources	\$ 74,841	\$ -
10.678	Forest Stewardship Program	Natural Resources	\$ 198,057	\$ 41,677
10.680	Forest Health Protection	Agriculture	\$ 21,450	\$ -
10.680	Forest Health Protection	Natural Resources	\$ 164,331	\$ 2,055
10.680	<i>Pass-Through from the COOP Forest Assistance STS (Unknown)</i>	Agriculture	\$ 462,227	\$ -
	Program 10.680 Total:		\$ 648,008	\$ 2,055
10.698	State & Private Forestry Cooperative Fire Assistance	Natural Resources	\$ 890,210	\$ 878,380
10.855	Distance Learning and Telemedicine Loans and Grants	MnSCU	\$ 45,328	\$ -
10.890	Rural Development Cooperative Agreement Program	MnSCU	\$ 1,540	\$ -
10.902	Soil and Water Conservation	MnSCU	\$ 110,701	\$ -
10.902	Soil and Water Conservation	Water & Soil Resources	\$ 472,361	\$ -
	Program 10.902 Total:		\$ 583,062	\$ -
10.912	Environmental Quality Incentives Program	MnSCU	\$ 229	\$ -
10.912	<i>Pass-Through from the University of Minnesota (NR183A750008G011)</i>	MnSCU	\$ 15,416	\$ -
	Program 10.912 Total:		\$ 15,645	\$ -
10.924	Conservation Stewardship Program	MnSCU	\$ 153,088	\$ -
10.924	Conservation Stewardship Program	Water & Soil Resources	\$ 77,117	\$ -
	Program 10.924 Total:		\$ 230,205	\$ -
10.931	Agricultural Conservation Easement Program	MnSCU	\$ 13,769	\$ -
10.932	Regional Conservation Partnership Program	Agriculture	\$ 22,417	\$ -
10.933	Wetland Mitigation Banking Program	Water & Soil Resources	\$ 190,097	\$ -
	U.S. Department of Agriculture Total:		\$ 2,064,559,063	\$ 515,394,342

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Commerce				
Economic Development Cluster				
11.300	Investments for Public Works and Economic Development Facilities	MnSCU	\$ 547,069	\$ -
11.307	COVID-19-Economic Adjustment Assistance	DEED	\$ 1,721,929	\$ -
	Economic Development Cluster Total:		\$ 2,268,998	\$ -
11.008	NOAA Mission-Related Education Awards	MnSCU	\$ 71,717	\$ -
11.032	State Digital Equity Planning and Capacity Grant	DEED	\$ 212,149	\$ 166,010
11.035	Broadband Equity, Access, and Deployment Program	DEED	\$ 185,483	\$ -
11.407	Interjurisdictional Fisheries Act of 1986	Natural Resources	\$ 22,563	\$ 22,563
11.419	Coastal Zone Management Administration Awards	Natural Resources	\$ 1,186,721	\$ 476,872
11.473	Office for Coastal Management	Natural Resources	\$ 3,689	\$ -
	U.S. Department of Commerce Total:		\$ 3,951,320	\$ 665,445
U.S. Department of Defense				
12.002	Procurement Technical Assistance for Business Firms	Administration	\$ 662,228	\$ -
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	Pollution Control Agency	\$ 91,501	\$ -
12.400	Military Construction, National Guard	Military Affairs	\$ 4,183,415	\$ -
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Affairs	\$ 69,463,818	\$ -
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Water & Soil Resources	\$ 1,144,167	\$ -
	Program 12.401 Total:		\$ 70,607,985	\$ -
12.404	National Guard Challenge Program	Military Affairs	\$ 1,679,510	\$ 1,679,510
12.630	Basic, Applied, and Advanced Research in Science and Engineering	MnSCU	\$ 86,015	\$ -
12.902	Information Security Grants	MnSCU	\$ 157,889	\$ -
12.903	GenCyber Grants Program	MnSCU	\$ 183,203	\$ -
12.905	CyberSecurity Core Curriculum	MnSCU	\$ 633,491	\$ -
12.RD	R&D-U.S. Department of Defense			
12.RD	<i>Pass-Through from the Steel Founders' Society of America (SP4701-22-D-0120)</i>	MnSCU	\$ 82,082	\$ -
	U.S. Department of Defense Total:		\$ 78,367,319	\$ 1,679,510
U.S. Department of Housing and Urban Development				
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DEED	\$ 12,082,919	\$ 11,760,662
14.228	COVID-19-Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DEED	\$ 9,673,538	\$ 9,455,188
	Program 14.228 Total:		\$ 21,756,457	\$ 21,215,850
14.231	Emergency Solutions Grant Program	Human Services	\$ 2,516,300	\$ 2,396,537
14.231	COVID-19-Emergency Solutions Grant Program	Human Services	\$ 3,939,089	\$ 3,841,383
	Program 14.231 Total:		\$ 6,455,389	\$ 6,237,920
14.900	Lead Hazard Reduction Grant Program	Health	\$ 190,804	\$ 3,024
	U.S. Department of Housing and Urban Development Total:		\$ 28,402,650	\$ 27,456,794
U.S. Department of the Interior				
Fish and Wildlife Cluster				
15.605	Sport Fish Restoration	Natural Resources	\$ 14,784,097	\$ -
15.611	Wildlife Restoration and Basic Hunter Education and Safety	Natural Resources	\$ 28,138,631	\$ -
15.626	Enhanced Hunter Education and Safety	Natural Resources	\$ 207,405	\$ -
	Fish and Wildlife Cluster Total:		\$ 43,130,133	\$ -
15.027	Assistance to Tribally Controlled Community Colleges and Universities	MnSCU	\$ 340,529	\$ -
15.605	R&D-Sport Fish Restoration	Natural Resources	\$ 350,000	\$ -
15.608	Fish and Wildlife Management Assistance	MnSCU	\$ 26,779	\$ -
15.608	Fish and Wildlife Management Assistance	Natural Resources	\$ 392,259	\$ 41,961
	Program 15.608 Total:		\$ 419,038	\$ 41,961
15.611	R&D-Wildlife Restoration and Basic Hunter Education and Safety	Natural Resources	\$ 1,168,271	\$ -
15.615	Cooperative Endangered Species Conservation Fund	Natural Resources	\$ 67,547	\$ -
15.616	Clean Vessel Act	Natural Resources	\$ 52,897	\$ 30,397

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
15.622	Sportfishing and Boating Safety Act	Natural Resources	\$ 38,564	\$ -
15.634	State Wildlife Grants	Natural Resources	\$ 1,560,082	\$ 117,371
15.637	Migratory Bird Joint Ventures	Natural Resources	\$ 2,479	\$ -
15.658	Natural Resource Damage Assessment and Restoration	Natural Resources	\$ 291,925	\$ -
15.658	Natural Resource Damage Assessment and Restoration	Pollution Control Agency	\$ 376,125	\$ 3,154
	Program 15.658 Total:		\$ 668,050	\$ 3,154
15.662	Great Lakes Restoration	MN Zoological Board	\$ 76,399	\$ -
15.662	Great Lakes Restoration	MnSCU	\$ 4,304	\$ -
15.662	Great Lakes Restoration	Natural Resources	\$ 832,790	\$ -
	Program 15.662 Total:		\$ 913,493	\$ -
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention	Agriculture	\$ 41,086	\$ -
15.684	White-nose Syndrome National Response Implementation	Natural Resources	\$ 31,172	\$ -
15.904	Historic Preservation Fund Grants-In-Aid	Administration	\$ 1,009,042	\$ 14,328
15.916	Outdoor Recreation Acquisition, Development and Planning	Natural Resources	\$ 2,276,953	\$ 2,276,953
15.941	Mississippi National River and Recreation Area State and Local Assistance	Natural Resources	\$ 27,157	\$ -
15.978	Upper Mississippi River Restoration Long Term Resource Monitoring	Natural Resources	\$ 788,798	\$ -
15.980	National Ground-Water Monitoring Network	Natural Resources	\$ 150,473	\$ -
	U.S. Department of the Interior Total:		\$ 53,035,764	\$ 2,484,164
U.S. Department of Justice				
16.017	Sexual Assault Services Formula Program	Public Safety	\$ 432,781	\$ 426,492
16.021	Justice Systems Response to Families	Trial Courts	\$ 134,882	\$ -
16.034	COVID-19-Coronavirus Emergency Supplemental Funding Program	Public Safety	\$ 3,159,776	\$ 648,084
16.043	Veterans Treatment Court Discretionary Grant Program	Trial Courts	\$ 32,733	\$ -
16.320	Services for Trafficking Victims	Health	\$ 531,037	\$ 263,317
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	MnSCU	\$ 105,737	\$ -
16.540	Juvenile Justice and Delinquency Prevention	Public Safety	\$ 244,080	\$ 109,385
16.543	Missing Children's Assistance	Public Safety	\$ 365,177	\$ -
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	\$ 1,922,244	\$ -
16.575	Crime Victim Assistance	Public Safety	\$ 33,002,312	\$ 31,243,130
16.576	Crime Victim Compensation	Public Safety	\$ 2,072,021	\$ -
16.582	Crime Victim Assistance/Discretionary Grants	Public Safety	\$ 287,526	\$ 284,249
16.585	Treatment Court Discretionary Grant Program	Supreme Court	\$ 127,344	\$ -
16.585	Treatment Court Discretionary Grant Program	Trial Courts	\$ 842,074	\$ -
	Program 16.585 Total:		\$ 969,418	\$ -
16.588	Violence Against Women Formula Grants	Public Safety	\$ 2,266,702	\$ 2,048,105
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	Trial Courts	\$ 23,929	\$ -
16.593	Residential Substance Abuse Treatment for State Prisoners	Public Safety	\$ 327,506	\$ -
16.606	State Criminal Alien Assistance Program	Corrections	\$ 7,310	\$ -
16.609	Project Safe Neighborhoods	Public Safety	\$ 49,861	\$ 24,008
16.710	Public Safety Partnership and Community Policing Grants	Public Safety	\$ 1,513,709	\$ -
16.735	PREA Program: Strategic Support for PREA Implementation	Public Safety	\$ 11,754	\$ -
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Public Safety	\$ 2,937,829	\$ 2,736,145
16.741	DNA Backlog Reduction Program	Public Safety	\$ 1,501,472	\$ -
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Public Safety	\$ 367,123	\$ 52,092
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	Corrections	\$ 79,720	\$ -
16.750	Support for Adam Walsh Act Implementation Grant Program	Public Safety	\$ 324,100	\$ -
16.754	Harold Rogers Prescription Drug Monitoring Program	Pharmacy Board	\$ 2,924	\$ -
16.754	Harold Rogers Prescription Drug Monitoring Program	Public Safety	\$ 203,993	\$ -
	Program 16.754 Total:		\$ 206,917	\$ -
16.812	Second Chance Act Reentry Initiative	Corrections	\$ 175,574	\$ -
16.831	Children of Incarcerated Parents	Health	\$ 321,601	\$ 191,953
16.833	National Sexual Assault Kit Initiative	Public Safety	\$ 567,040	\$ 388,028

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
16.838	Comprehensive Opioid, Stimulant, and other Substances Use Program	Health	\$ 78,155	\$ 65,885
16.838	Comprehensive Opioid, Stimulant, and other Substances Use Program	Public Safety	\$ 2,201,726	\$ -
16.838	Pass-Through from the Institute for Intergovernmental Research (2019-ODMAP-0028)	Health	\$ 171,605	\$ 129,535
	Program 16.838 Total:		\$ 2,451,486	\$ 195,420
16.839	STOP School Violence	Public Safety	\$ 15,206	\$ -
	U.S. Department of Justice Total:		\$ 56,408,563	\$ 38,610,408
U.S. Department of Labor				
WIOA Cluster				
17.258	WIOA Adult Program	DEED	\$ 8,129,975	\$ 6,955,943
17.259	WIOA Youth Activities	DEED	\$ 10,494,880	\$ 8,957,243
17.278	WIOA Dislocated Worker Formula Grants	DEED	\$ 9,564,307	\$ 7,008,512
	WIOA Cluster Total:		\$ 28,189,162	\$ 22,921,698
Employment Service Cluster				
17.207	Employment Service/Wagner-Peyser Funded Activities	DEED	\$ 15,748,737	\$ -
17.801	Jobs for Veterans State Grants	DEED	\$ 2,902,489	\$ -
	Employment Service Cluster Total:		\$ 18,651,226	\$ -
17.002	Labor Force Statistics	DEED	\$ 1,254,891	\$ -
17.005	Compensation and Working Conditions	Labor and Industry	\$ 142,650	\$ -
17.225	Unemployment Insurance (5)	DEED	\$ 1,009,534,985	\$ -
17.225	ARRA-Unemployment Insurance (5)	DEED	\$ 136,870	\$ -
17.225	COVID-19-Unemployment Insurance (5)	DEED	\$ 9,425,934	\$ -
	Program 17.225 Total:		\$ 1,019,097,789	\$ -
17.235	Senior Community Service Employment Program	DEED	\$ 1,671,008	\$ 1,564,138
17.245	Trade Adjustment Assistance	DEED	\$ 3,881,132	\$ -
17.270	Reentry Employment Opportunities	DEED	\$ 161,999	\$ -
17.271	Work Opportunity Tax Credit Program (WOTC)	DEED	\$ 353,649	\$ -
17.273	Temporary Labor Certification for Foreign Workers	DEED	\$ 281,985	\$ -
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	DEED	\$ 263,519	\$ 263,519
17.277	COVID-19-WIOA National Dislocated Worker Grants / WIA National Emergency Grants	DEED	\$ 1,207,290	\$ 1,201,806
	Program 17.277 Total:		\$ 1,470,809	\$ 1,465,325
17.281	WIOA Dislocated Worker National Reserve Technical Assistance and Training	DEED	\$ 3,212,440	\$ -
17.285	Registered Apprenticeship	Labor and Industry	\$ 613,421	\$ 139,000
17.503	Occupational Safety and Health State Program	Labor and Industry	\$ 4,537,282	\$ -
17.504	Consultation Agreements	Labor and Industry	\$ 1,237,275	\$ -
17.600	Mine Health and Safety Grants	MnSCU	\$ 399,272	\$ -
17.720	Disability Employment Policy Development	DEED	\$ 4,743,832	\$ 3,868,140
	U.S. Department of Labor Total:		\$ 1,089,899,822	\$ 29,958,301
U.S. Department of State				
19.040	Public Diplomacy Programs	MnSCU	\$ 3,500	\$ -
19.345	International Programs to Support Democracy, Human Rights and Labor	MnSCU	\$ 120,441	\$ -
	U.S. Department of State Total:		\$ 123,941	\$ -
U.S. Department of Transportation				
Transit Services Programs Cluster				
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation	\$ 2,245,215	\$ 1,947,985
	Transit Services Programs Cluster Total:		\$ 2,245,215	\$ 1,947,985
Highway Safety Cluster				
20.600	State and Community Highway Safety	Public Safety	\$ 7,903,879	\$ 2,860,192
20.616	National Priority Safety Programs	Public Safety	\$ 5,035,453	\$ 2,378,330
	Highway Safety Cluster Total:		\$ 12,939,332	\$ 5,238,522
Federal Transit Cluster				
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Transportation	\$ 1,237,572	\$ 1,237,572
	Federal Transit Cluster Total:		\$ 1,237,572	\$ 1,237,572

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
Federal Motor Carrier Safety Assistance (FMCSA) Cluster				
20.218	Motor Carrier Safety Assistance	Public Safety	\$ 8,644,197	\$ -
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	Public Safety	\$ 294,512	\$ -
	Federal Motor Carrier Safety Assistance (FMCSA) Cluster Total:		\$ 8,938,709	\$ -
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (7)	Transportation	\$ 69,425	\$ -
20.200	Highway Research and Development Program	MnSCU	\$ 17,234	\$ -
20.200	R&D-Highway Research and Development Program	Transportation	\$ 5,583,318	\$ -
20.205	Highway Planning and Construction	MnSCU	\$ 44,495	\$ -
20.205	Highway Planning and Construction	Transportation	\$ 812,252,558	\$ 137,457,947
	Program 20.205 Total:		\$ 812,297,053	\$ 137,457,947
20.205	R&D-Highway Planning and Construction	Transportation	\$ 7,985,826	\$ -
20.215	Highway Training and Education	Transportation	\$ 839,516	\$ 500,318
20.215	R&D-Highway Training and Education	Transportation	\$ 150,000	\$ -
20.219	Recreational Trails Program	Natural Resources	\$ 1,463,447	\$ 1,152,469
20.224	Federal Lands Access Program	Transportation	\$ 1,146,198	\$ 1,146,198
20.232	Commercial Driver's License Program Implementation Grant	Public Safety	\$ 198,079	\$ -
20.301	Railroad Safety	Transportation	\$ 13,403	\$ -
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Transportation	\$ 178,600	\$ 153,130
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Transportation	\$ 21,979,001	\$ 18,639,920
20.509	COVID-19-Formula Grants for Rural Areas and Tribal Transit Program	Transportation	\$ 9,140,502	\$ 8,948,952
	Program 20.509 Total:		\$ 31,119,503	\$ 27,588,872
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	Public Safety	\$ 267,615	\$ -
20.530	Public Transportation Innovation	MnSCU	\$ 80,731	\$ -
20.530	Public Transportation Innovation	Transportation	\$ 428,000	\$ -
20.530	COVID-19-Public Transportation Innovation	Transportation	\$ 265,000	\$ -
	Program 20.530 Total:		\$ 773,731	\$ -
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Public Safety	\$ 7,451,248	\$ 2,380,787
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	Public Safety	\$ 98,333	\$ -
20.700	Pipeline Safety Program State Base Grant	Public Safety	\$ 1,453,047	\$ -
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Public Safety	\$ 293,174	\$ 45,786
20.720	State Damage Prevention Program Grants	Public Safety	\$ 132,527	\$ -
20.721	PHMSA Pipeline Safety Program One Call Grant	Public Safety	\$ 46,345	\$ -
20.725	PHMSA Pipeline Safety Underground Natural Gas Storage Grant	Public Safety	\$ 30,056	\$ -
	U.S. Department of Transportation Total:		\$ 896,968,506	\$ 178,849,586
U.S. Department of the Treasury				
21.019	COVID-19-Coronavirus Relief Fund	MnSCU	\$ 675	\$ -
21.027	COVID-19-Coronavirus State and Local Fiscal Recovery Funds	MN Management & Budget	\$ 426,398,173	\$ -
21.029	COVID-19-Coronavirus Capital Projects Fund	DEED	\$ 6,921,607	\$ 6,822,265
	U.S. Department of the Treasury Total:		\$ 433,320,455	\$ 6,822,265
Federal Financial Institutions Examination Council				
38.006	State Appraiser Agency Support Grants	Commerce	\$ 11,095	\$ -
	Federal Financial Institutions Examination Council Total:		\$ 11,095	\$ -
U.S. General Services Administration				
39.003	Donation of Federal Surplus Personal Property	Administration	\$ 1,190,515	\$ -
	U.S. General Services Administration Total:		\$ 1,190,515	\$ -
U.S. National Aeronautics and Space Administration				
43.001	Science	MnSCU	\$ 83,818	\$ -
43.008	Office of Stem Engagement (OSTEM)	MnSCU	\$ 17,810	\$ -
43.008	Pass-Through from the University of Minnesota (80NSSC20M0111)	MnSCU	\$ 33,645	\$ -
	Program 43.008 Total:		\$ 51,455	\$ -
	U.S. National Aeronautics and Space Administration Total:		\$ 135,273	\$ -

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. National Foundation Arts and Humanities				
45.025	Promotion of the Arts Partnership Agreements	Arts Board	\$ 933,372	\$ 92,366
45.149	Promotion of the Humanities Division of Preservation and Access	MnSCU	\$ 7,968	\$ -
45.310	Grants to States	Education	\$ 2,185,404	\$ 1,283,471
45.310	Grants to States	MnSCU	\$ 807	\$ -
45.310	COVID-19-Grants to States	Education	\$ 819,381	\$ 716,018
	Program 45.310 Total:		\$ 3,005,592	\$ 1,999,489
	U.S. National Foundation Arts and Humanities Total:		\$ 3,946,932	\$ 2,091,855
U.S. National Science Foundation				
47.041	R&D-Engineering	MnSCU	\$ 17,699	\$ -
47.049	R&D-Mathematical and Physical Sciences	MnSCU	\$ 231,416	\$ -
47.050	R&D-Geosciences	MnSCU	\$ 117,171	\$ -
47.070	R&D-Computer and Information Science and Engineering	MnSCU	\$ 7,000	\$ -
47.074	R&D-Biological Sciences	MnSCU	\$ 235,594	\$ -
47.075	R&D-Social, Behavioral, and Economic Sciences	MnSCU	\$ 9,107	\$ -
47.076	R&D-STEM Education (formerly Education and Human Resources)	MnSCU	\$ 6,021,019	\$ 23,660
47.076	<i>Pass-Through from the University of Minnesota (1712619)</i>	MnSCU	\$ 124,523	\$ -
	Program 47.076 Total:		\$ 6,145,542	\$ 23,660
	U.S. National Science Foundation Total:		\$ 6,763,529	\$ 23,660
U.S. Small Business Administration				
59.037	Small Business Development Centers	DEED	\$ 2,262,634	\$ 1,242,108
59.037	Small Business Development Centers	MnSCU	\$ 293,899	\$ -
59.037	COVID-19-Small Business Development Centers	DEED	\$ 1,048,518	\$ 252,007
	Program 59.037 Total:		\$ 3,605,051	\$ 1,494,115
59.061	State Trade Expansion	DEED	\$ 285,009	\$ -
59.077	Community Navigator Pilot Program	MnSCU	\$ 615,575	\$ -
	U.S. Small Business Administration Total:		\$ 4,505,635	\$ 1,494,115
U.S. Department of Veterans Affairs				
64.005	Grants to States for Construction of State Home Facilities	Veterans Affairs	\$ 50,506,128	\$ -
64.027	Post-9/11 Veterans Educational Assistance	MnSCU	\$ 226,663	\$ -
64.028	Post-9/11 Veterans Educational Assistance	MnSCU	\$ 101,900	\$ -
64.130	Veteran Rapid Retraining Assistance Program	MnSCU	\$ 818	\$ -
64.203	Veterans Cemetery Grants Program	Veterans Affairs	\$ 616,038	\$ -
	U.S. Department of Veterans Affairs Total:		\$ 51,451,547	\$ -
U.S. Environmental Protection Agency				
66.032	State Indoor Radon Grants	Health	\$ 556,704	\$ -
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Pollution Control Agency	\$ 429,729	\$ -
66.040	Diesel Emissions Reduction Act (DERA) State Grants	Pollution Control Agency	\$ 363,418	\$ 259,486
66.204	Multipurpose Grants to States and Tribes	Agriculture	\$ 10,750	\$ -
66.204	Multipurpose Grants to States and Tribes	Health	\$ 44,716	\$ -
66.204	Multipurpose Grants to States and Tribes	Pollution Control Agency	\$ 48,913	\$ -
	Program 66.204 Total:		\$ 104,379	\$ -
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Health	\$ 131,369	\$ -
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Pollution Control Agency	\$ 432,984	\$ -
	Program 66.419 Total:		\$ 564,353	\$ -
66.432	State Public Water System Supervision	Health	\$ 2,768,684	\$ -
66.444	Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	Health	\$ 310,455	\$ -
66.454	Water Quality Management Planning	Pollution Control Agency	\$ 317,485	\$ -
66.460	Nonpoint Source Implementation Grants	Pollution Control Agency	\$ 2,296,094	\$ 2,273,101
66.461	Regional Wetland Program Development Grants	MnSCU	\$ 20,415	\$ -
66.461	Regional Wetland Program Development Grants	Natural Resources	\$ 59,705	\$ -
66.461	Regional Wetland Program Development Grants	Water & Soil Resources	\$ 84,536	\$ -
	Program 66.461 Total:		\$ 164,656	\$ -
66.469	Geographic Programs - Great Lakes Restoration Initiative	Agriculture	\$ 39,918	\$ 14,825

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
66.469	Geographic Programs - Great Lakes Restoration Initiative	Health	\$ 54,020	\$ 50,913
66.469	Geographic Programs - Great Lakes Restoration Initiative	Natural Resources	\$ 4,060,738	\$ 3,875,829
66.469	Geographic Programs - Great Lakes Restoration Initiative	Pollution Control Agency	\$ 1,059,922	\$ 111,406
	Program 66.469 Total:		\$ 5,214,598	\$ 4,052,973
66.472	Beach Monitoring and Notification Program Implementation Grants	Health	\$ 250,671	\$ -
66.485	Support for the Gulf Hypoxia Action Plan	Pollution Control Agency	\$ 450	\$ -
66.605	Performance Partnership Grants	Agriculture	\$ 639,981	\$ -
66.605	Performance Partnership Grants	Health	\$ 186,306	\$ -
66.605	Performance Partnership Grants	Pollution Control Agency	\$ 10,106,707	\$ 28,108
	Program 66.605 Total:		\$ 10,932,994	\$ 28,108
66.708	Pollution Prevention Grants Program	Pollution Control Agency	\$ 68,041	\$ 62,762
66.801	Hazardous Waste Management State Program Support	MnSCU	\$ 36,831	\$ -
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	Pollution Control Agency	\$ 520,398	\$ -
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	Pollution Control Agency	\$ 506,973	\$ -
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Pollution Control Agency	\$ 731,204	\$ -
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Pollution Control Agency	\$ 92,674	\$ -
66.817	State and Tribal Response Program Grants	Pollution Control Agency	\$ 909,717	\$ -
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	DEED	\$ 155,388	\$ 95,688
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	Pollution Control Agency	\$ 717,605	\$ -
	Program 66.818 Total:		\$ 872,993	\$ 95,688
66.951	Environmental Education Grants Program	MnSCU	\$ 38,846	\$ -
	U.S. Environmental Protection Agency Total:		\$ 28,052,347	\$ 6,772,118
U.S. Department of Energy				
81.041	State Energy Program	Commerce	\$ 1,320,752	\$ 101,455
81.042	Weatherization Assistance for Low-Income Persons	Commerce	\$ 9,454,236	\$ 8,041,953
	U.S. Department of Energy Total:		\$ 10,774,988	\$ 8,143,408
U.S. Department of Education				
TRIO Cluster				
84.042	TRIO Student Support Services	MnSCU	\$ 9,271,591	\$ -
84.044	TRIO Talent Search	MnSCU	\$ 989,307	\$ -
84.047	TRIO Upward Bound	MnSCU	\$ 8,523,664	\$ -
84.066	TRIO Educational Opportunity Centers	MnSCU	\$ 984,750	\$ -
84.217	TRIO McNair Post-Baccalaureate Achievement	MnSCU	\$ 205,628	\$ -
	TRIO Cluster Total:		\$ 19,974,940	\$ -
Student Financial Assistance Cluster				
84.007	Federal Supplemental Educational Opportunity Grants	MnSCU	\$ 6,943,653	\$ -
84.033	Federal Work-Study Program	MnSCU	\$ 6,575,644	\$ -
84.038	Federal Perkins Loan Program Federal Capital Contributions (2)	MnSCU	\$ 9,231,580	\$ -
84.063	Federal Pell Grant Program	MnSCU	\$ 178,434,770	\$ -
84.268	Federal Direct Student Loans (3)	MnSCU	\$ 315,251,535	\$ -
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	MnSCU	\$ 344,839	\$ -
84.408	Postsecondary Education Scholarships for Veteran's Dependents	MnSCU	\$ 13,002	\$ -
Special Education (IDEA) Cluster				
84.027	Special Education Grants to States	Education	\$ 198,779,559	\$ 180,187,916
84.027X	COVID-19-Special Education Grants to States	Education	\$ 24,388,119	\$ 24,380,566
	Program 84.027 Total:		\$ 223,167,678	\$ 204,568,482
84.173	Special Education Preschool Grants	Education	\$ 7,957,125	\$ 6,784,753
84.173X	COVID-19-Special Education Preschool Grants	Education	\$ 2,194,695	\$ 2,194,099
	Program 84.173 Total:		\$ 10,151,820	\$ 8,978,852
	Special Education (IDEA) Cluster Total:		\$ 233,319,498	\$ 213,547,334
84.002	Adult Education - Basic Grants to States	Education	\$ 7,168,918	\$ 5,903,882

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
84.010	Title I Grants to Local Educational Agencies	Education	\$ 183,108,348	\$ 181,209,516
84.011	Migrant Education State Grant Program	Education	\$ 1,439,607	\$ 1,087,957
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	Education	\$ 362,840	\$ -
84.021	Overseas Programs - Group Projects Abroad	MnSCU	\$ 25,171	\$ -
84.031	Higher Education Institutional Aid	MnSCU	\$ 3,749,326	\$ -
84.048	Career and Technical Education -- Basic Grants to States	MnSCU	\$ 21,035,235	\$ 8,953,942
84.116	Fund for the Improvement of Postsecondary Education	MnSCU	\$ 738,692	\$ -
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	DEED	\$ 67,311,611	\$ -
84.129	Rehabilitation Long-Term Training	MnSCU	\$ 412,263	\$ -
84.144	Migrant Education Coordination Program	Education	\$ 61,425	\$ -
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	DEED	\$ 1,703,653	\$ -
84.181	Special Education-Grants for Infants and Families	Education	\$ 8,096,670	\$ 6,735,822
84.181X	COVID-19-Special Education-Grants for Infants and Families	Education	\$ 1,662,683	\$ 913,807
	Program 84.181 Total:		\$ 9,759,353	\$ 7,649,629
84.184	School Safety National Activities	Education	\$ 606,685	\$ 20,500
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	DEED	\$ 246,000	\$ -
84.196	Education for Homeless Children and Youth	Education	\$ 801,117	\$ 581,196
84.206	Javits Gifted and Talented Students Education	Education	\$ 620,936	\$ 467,400
84.282	Charter Schools	Education	\$ 2,297,135	\$ 2,008,762
84.287	Twenty-First Century Community Learning Centers	Education	\$ 13,595,722	\$ 13,078,960
84.299	Indian Education -- Special Programs for Indian Children	MnSCU	\$ 202,962	\$ -
84.305	Education Research, Development and Dissemination	MnSCU	\$ 13,412	\$ -
84.305	Pass-Through from the University of Minnesota (R305A190182)	MnSCU	\$ 41,651	\$ -
	Program 84.305 Total:		\$ 55,063	\$ -
84.323	Special Education - State Personnel Development	Education	\$ 1,000,248	\$ 689,199
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	MnSCU	\$ 252,962	\$ -
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	Education	\$ 179,122	\$ 179,122
84.335	Child Care Access Means Parents In School	MnSCU	\$ 403,003	\$ -
84.350	Transition to Teaching	MnSCU	\$ 96,627	\$ -
84.351	Arts In Education	Education	\$ 434,044	\$ -
84.358	Rural Education	Education	\$ 120,339	\$ 112,050
84.365	English Language Acquisition State Grants	Education	\$ 11,272,574	\$ 10,773,810
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Education	\$ 26,297,518	\$ 24,892,041
84.368	Competitive Grants for State Assessments	Education	\$ 1,143,614	\$ -
84.369	Grants for State Assessments and Related Activities	Education	\$ 8,919,798	\$ -
84.371	Comprehensive Literacy Development	Education	\$ 9,942,646	\$ 9,479,434
84.372	Statewide Longitudinal Data Systems	MnSCU	\$ 3,213	\$ -
84.372	Pass-Through from the Minnesota Office of Higher Education (R372A150004)	MnSCU	\$ 27,728	\$ -
	Program 84.372 Total:		\$ 30,941	\$ -
84.382	Strengthening Minority-Serving Institutions	MnSCU	\$ 216,213	\$ -
84.421	Disability Innovation Fund (DIF)	DEED	\$ 255,575	\$ 150,729
84.424	Student Support and Academic Enrichment Program	Education	\$ 13,922,909	\$ 13,428,485
COVID-19-Education Stabilization Fund				
84.425C	COVID-19-Governor's Emergency Education Relief (GEER) Fund	Education	\$ 6,906,589	\$ 6,906,588
84.425C	Pass-Through from the Minnesota Office of Higher Education (Unknown)	MnSCU	\$ 523,342	\$ -
84.425C	Pass-Through from the Minnesota Office of Higher Education (256212)	MnSCU	\$ 113,631	\$ -
84.425C	Pass-Through from the Minnesota Office of Higher Education (S425C200015)	MnSCU	\$ 327,450	\$ -
84.425D	COVID-19-Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	\$ 146,274,658	\$ 144,530,725

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
84.425E	COVID-19-Higher Education Emergency Relief Fund (HEERF) Student Aid	MnSCU	\$ 4,707,182	\$ -
84.425F	COVID-19-HEERF Institutional Aid	MnSCU	\$ 57,853,425	\$ -
84.425K	COVID-19-HEERF Tribally Controlled Colleges and Universities (TCCUs)	MnSCU	\$ 31,113	\$ -
84.425L	COVID-19-HEERF Minority Serving Institutions (MSIs)	MnSCU	\$ 236,954	\$ -
84.425M	COVID-19-HEERF Strengthening Institutions Program (SIP)	MnSCU	\$ 1,749,986	\$ -
84.425P	COVID-19-Institutional Resilience and Expanded Postsecondary Opportunity (HEERF IREPO)	MnSCU	\$ 536,356	\$ -
84.425R	COVID-19-Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program	Education	\$ 9,848,261	\$ -
84.425S	COVID-19-HEERF Supplemental Assistance to Institutions of Higher Education (SAIHE) program	MnSCU	\$ 39,346	\$ -
84.425T	COVID-19-HEERF Supplemental Support Under American Rescue Plan (SSARP) Program	MnSCU	\$ 2,258,649	\$ -
84.425U	COVID-19-American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	Education	\$ 510,778,679	\$ 505,566,809
84.425V	COVID-19-American Rescue Plan -Emergency Assistance to Non- Public Schools (ARP EANS) program	Education	\$ 10,367,326	\$ -
84.425W	COVID-19-American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth	Education	\$ 1,556,610	\$ 1,326,096
Program 84.425 Total:			\$ 754,109,557	\$ 658,330,218
U.S. Department of Education Total:			\$ 1,913,989,213	\$ 1,152,544,166
U.S. Election Assistance Commission				
90.404	HAVA Election Security Grants	Secretary of State	\$ 1,776,877	\$ 304,373
U.S. Election Assistance Commission Total:			\$ 1,776,877	\$ 304,373
U.S. Department of Health and Human Services				
Student Financial Assistance Cluster				
93.364	Nursing Student Loans (2)	MnSCU	\$ 13,057	\$ -
Medicaid Cluster				
93.775	State Medicaid Fraud Control Units	Attorney General	\$ 3,323,898	\$ -
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health	\$ 13,728,581	\$ -
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Human Services	\$ 7,350,540	\$ -
Program 93.777 Total:			\$ 21,079,121	\$ -
93.778	Medical Assistance Program (4)	Human Services	\$ 10,941,448,426	\$ 232,332,730
93.778	COVID-19-Medical Assistance Program	Human Services	\$ 1,057,940,642	\$ -
Program 93.778 Total:			\$ 11,999,389,068	\$ 232,332,730
Medicaid Cluster Total:			\$ 12,023,792,087	\$ 232,332,730
Head Start Cluster				
93.600	Head Start	Education	\$ 132,765	\$ -
93.600	Head Start	MnSCU	\$ 598,219	\$ -
Program 93.600 Total:			\$ 730,984	\$ -
Head Start Cluster Total:			\$ 730,984	\$ -
Child Care and Development Fund (CCDF) Cluster				
93.575	Child Care and Development Block Grant	Human Services	\$ 137,082,609	\$ 29,833,565
93.575	Child Care and Development Block Grant	MnSCU	\$ 69,338	\$ -
93.575	COVID-19-Child Care and Development Block Grant	Human Services	\$ 222,408,491	\$ 17,968,003
Program 93.575 Total:			\$ 359,560,438	\$ 47,801,568
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	\$ 43,292,178	\$ -
Child Care and Development Fund (CCDF) Cluster Total:			\$ 402,852,616	\$ 47,801,568
Aging Cluster				
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Human Services	\$ 5,769,136	\$ 4,741,532
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	MnSCU	\$ 48,023	\$ -

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.044	COVID-19-Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers Program 93.044 Total:	Human Services	\$ 2,881,329 \$ 8,698,488	\$ 2,629,402 \$ 7,370,934
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Human Services	\$ 12,775,251	\$ 12,238,323
93.045	COVID-19-Special Programs for the Aging, Title III, Part C, Nutrition Services Program 93.045 Total:	Human Services	\$ 6,317,650 \$ 19,092,901	\$ 5,737,989 \$ 17,976,312
93.053	Nutrition Services Incentive Program Aging Cluster Total:	Human Services	\$ 1,739,245 \$ 29,530,634	\$ 1,739,245 \$ 27,086,491
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Human Services	\$ 298,527	\$ -
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	Human Services	\$ 93,507	\$ -
93.042	COVID-19-Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals Program 93.042 Total:	Human Services	\$ 147,450 \$ 240,957	\$ - \$ -
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	Human Services	\$ 375,885	\$ 355,389
93.043	COVID-19-Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services Program 93.043 Total:	Human Services	\$ 190,537 \$ 566,422	\$ 179,422 \$ 534,811
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	Human Services	\$ 510,324	\$ 368,929
93.048	COVID-19-Special Programs for the Aging, Title IV, and Title II, Discretionary Projects Program 93.048 Total:	Human Services	\$ 134,014 \$ 644,338	\$ 96,187 \$ 465,116
93.052	National Family Caregiver Support, Title III, Part E	Human Services	\$ 2,194,461	\$ 2,080,769
93.052	COVID-19-National Family Caregiver Support, Title III, Part E Program 93.052 Total:	Human Services	\$ 566,313 \$ 2,760,774	\$ 508,110 \$ 2,588,879
93.068	Chronic Diseases: Research, Control, and Prevention	Health	\$ 2,258	\$ -
93.069	Public Health Emergency Preparedness	Health	\$ 10,384,932	\$ 4,786,629
93.070	Environmental Public Health and Emergency Response	Health	\$ 2,064,594	\$ 7,330
93.071	Medicare Enrollment Assistance Program	Human Services	\$ 513,998	\$ 513,998
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	Health	\$ 565,378	\$ -
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Health	\$ 23,070	\$ -
93.080	Blood Disorder Program: Prevention, Surveillance, and Research	Health	\$ 325,020	\$ 23,160
93.084	Prevention of Disease, Disability, and Death by Infectious Diseases	Health	\$ 132,365	\$ -
93.084	Pass-Through from the General Hospital Corporation (5 U01CK000633-02-00) Program 93.084 Total:	Health	\$ 45,941 \$ 178,306	\$ - \$ -
93.088	Advancing System Improvements for Key Issues in Women's Health	Health	\$ 327,913	\$ 73,181
93.090	Guardianship Assistance	Human Services	\$ 17,335,936	\$ 53,945
93.090	COVID-19-Guardianship Assistance Program 93.090 Total:	Human Services	\$ 2,213,149 \$ 19,549,085	\$ - \$ 53,945
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health	\$ 802,296	\$ 590,242
93.103	Food and Drug Administration Research	Health	\$ 107,642	\$ -
93.103	Pass-Through from the National Environmental Health Association (Unknown)	Agriculture	\$ 165,071	\$ -
93.103	Pass-Through from the Association of Food and Drug Officials (Unknown)	Agriculture	\$ 44,167	\$ -
93.103	Pass-Through from the National Environmental Health Association (G-OATR-202210-02775) Program 93.103 Total:	Health	\$ 56,053 \$ 372,933	\$ - \$ -

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.103	R&D-Food and Drug Administration Research	Agriculture	\$ 1,885,707	\$ 49,932
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Human Services	\$ 554,680	\$ 546,734
93.110	Maternal and Child Health Federal Consolidated Programs	Health	\$ 882,888	\$ 366,547
93.110	COVID-19-Maternal and Child Health Federal Consolidated Programs	Health	\$ 288,640	\$ 118,843
93.110	Pass-Through from the Association of Public Health Labs (56300-600-158-23-06)	Health	\$ 104,720	\$ -
	Program 93.110 Total:		\$ 1,276,248	\$ 485,390
93.113	R&D-Environmental Health			
93.113	Pass-Through from the University of Minnesota (P008233201, P008233101)	Health	\$ 342,203	\$ -
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health	\$ 1,525,524	\$ 37,951
93.127	Emergency Medical Services for Children	Emergency Med. Services	\$ 140,679	\$ 127,679
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Health	\$ 158,910	\$ -
93.136	Injury Prevention and Control Research and State and Community Based Programs	Health	\$ 6,779,185	\$ 2,081,894
93.137	Community Programs to Improve Minority Health Grant Program	Health	\$ 109,820	\$ 73,986
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Human Services	\$ 806,659	\$ 769,522
93.155	COVID-19-Rural Health Research Centers	Health	\$ 7,708,141	\$ 7,345,921
93.165	Grants to States for Loan Repayment	Health	\$ 202,860	\$ -
93.178	Nursing Workforce Diversity	MnSCU	\$ 517,989	\$ -
93.184	Disabilities Prevention	Health	\$ 1,107	\$ -
93.185	Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects			
93.185	Pass-Through from the Marshfield Clinic Research Institute (5U01IP001093-03-00)	Health	\$ 56,975	\$ -
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	Health	\$ 411,203	\$ -
93.234	Traumatic Brain Injury State Demonstration Grant Program	Human Services	\$ 270,413	\$ 144,015
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health	\$ 689,762	\$ 487,658
93.236	Grants to States to Support Oral Health Workforce Activities	Health	\$ 82,094	\$ -
93.240	State Capacity Building	Health	\$ 542,966	\$ -
93.241	State Rural Hospital Flexibility Program	Health	\$ 1,052,972	\$ 731,524
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Education	\$ 3,659,548	\$ 42,114
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Health	\$ 1,192,833	\$ 618,573
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Human Services	\$ 153,864	\$ 137,121
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Trial Courts	\$ 322,357	\$ -
	Program 93.243 Total:		\$ 5,328,602	\$ 797,808
93.247	Advanced Nursing Education Workforce Grant Program	MnSCU	\$ 327	\$ -
93.247	Pass-Through from the University of Minnesota (1 T96H 4206-01-00)	MnSCU	\$ 3,697	\$ -
	Program 93.247 Total:		\$ 4,024	\$ -
93.251	Early Hearing Detection and Intervention	Health	\$ 317,991	\$ 146,794
93.262	Occupational Safety and Health Program	Health	\$ 224,173	\$ -
93.262	Pass-Through from the University of Minnesota (P00550121)	Health	\$ 8,999	\$ -
	Program 93.262 Total:		\$ 233,172	\$ -
93.268	Immunization Cooperative Agreements	Health	\$ 64,009,963	\$ 802,303
93.268	COVID-19-Immunization Cooperative Agreements	Health	\$ 23,594,549	\$ 9,048,076
	Program 93.268 Total:		\$ 87,604,512	\$ 9,850,379
93.270	Viral Hepatitis Prevention and Control	Health	\$ 345,792	\$ 55,603

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	Health	\$ 948,782	\$ -
93.283	Pass-Through from the University of Minnesota (87918)	Health	\$ 179,220	\$ -
	Program 93.283 Total:		\$ 1,128,002	\$ -
93.301	Small Rural Hospital Improvement Grant Program	Health	\$ 944,536	\$ 799,223
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	Health	\$ 149,312	\$ 11,531
93.317	Emerging Infections Programs	Health	\$ 7,170,050	\$ -
93.317	COVID-19-Emerging Infections Programs	Health	\$ 1,790,142	\$ -
	Program 93.317 Total:		\$ 8,960,192	\$ -
93.318	Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	MnSCU	\$ 2,770	\$ -
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	\$ 12,379,575	\$ 9,401
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	MnSCU	\$ 56,535	\$ -
93.323	COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health	\$ 64,754,772	\$ 32,701,546
	Program 93.323 Total:		\$ 77,190,882	\$ 32,710,947
93.324	State Health Insurance Assistance Program	Human Services	\$ 771,917	\$ 485,758
93.324	COVID-19-State Health Insurance Assistance Program	Human Services	\$ 39,099	\$ 39,099
	Program 93.324 Total:		\$ 811,016	\$ 524,857
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	\$ 463,623	\$ 90,773
93.336	Behavioral Risk Factor Surveillance System	Health	\$ 187,650	\$ -
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health	\$ 10,400	\$ -
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	MnSCU	\$ 56,825	\$ -
93.354	COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health	\$ 12,673,603	\$ 9,036,511
	Program 93.354 Total:		\$ 12,740,828	\$ 9,036,511
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health	\$ 202,347	\$ 35,907
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	Agriculture	\$ 706,693	\$ -
93.369	ACL Independent Living State Grants	DEED	\$ 487,578	\$ 267,220
93.387	National and State Tobacco Control Program	Health	\$ 1,015,001	\$ 73,941
93.391	COVID-19-Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	Health	\$ 7,853,467	\$ 1,396,260
93.393	R&D-Cancer Cause and Prevention Research			
93.393	Pass-Through from the University of Minnesota (N009177101)	Health	\$ 201,982	\$ -
93.413	The State Flexibility to Stabilize the Market Grant Program	Commerce	\$ 13,465	\$ -
93.421	COVID-19-Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	Health	\$ 206,982	\$ -
93.421	Pass-Through from the National Council of State and Territorial Epidemiologists (NU38OT000297)	Health	\$ 347,259	\$ 8,907
93.421	Pass-Through from the National Association of Chronic Disease Directors (0932021, 230269)	Health	\$ 277,741	\$ 70,335
93.421	Pass-Through from the Association of State and Public Health Nutritionists (NU38OT000279-03)	Health	\$ 72,358	\$ -
	Program 93.421 Total:		\$ 904,340	\$ 79,242
93.423	1332 State Innovation Waivers	Commerce	\$ 91,110,030	\$ 91,110,030
93.426	The National Cardiovascular Health Program	Health	\$ 1,945,440	\$ -

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.432	ACL Centers for Independent Living	DEED	\$ 1,246,934	\$ 1,246,934
93.432	COVID-19-ACL Centers for Independent Living	DEED	\$ 216,206	\$ 216,206
	Program 93.432 Total:		\$ 1,463,140	\$ 1,463,140
93.434	Every Student Succeeds Act/Preschool Development Grants	Education	\$ 8,988,341	\$ 852,823
93.435	The Innovative Cardiovascular Health Program	Health	\$ 1,857,053	\$ 680,159
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	Health	\$ 999,938	\$ 301,379
93.439	State Physical Activity and Nutrition (SPAN)	Health	\$ 1,081,947	\$ 201,758
93.464	ACL Assistive Technology	Administration	\$ 604,761	\$ -
93.464	COVID-19-ACL Assistive Technology	Administration	\$ 4,000	\$ -
	Program 93.464 Total:		\$ 608,761	\$ -
93.497	Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	Public Safety	\$ 338,181	\$ 338,181
93.499	COVID-19-Low Income Household Water Assistance Program	Commerce	\$ 7,421,549	\$ 7,364,902
93.516	Public Health Training Centers Program	Health	\$ 115,136	\$ 47,029
93.525	COVID-19-State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	MNSure	\$ 411,109	\$ -
93.556	MaryLee Allen Promoting Safe and Stable Families Program	Human Services	\$ 2,922,554	\$ 1,683,681
93.558	Temporary Assistance for Needy Families	Human Services	\$ 196,891,821	\$ 96,394,057
93.563	Child Support Services	Human Services	\$ 127,301,291	\$ 98,441,111
93.564	Child Support Services Research	Human Services	\$ 125,172	\$ 17,104
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Human Services	\$ 11,477,844	\$ 6,772,795
93.568	Low-Income Home Energy Assistance	Commerce	\$ 178,850,437	\$ 175,243,575
93.568	COVID-19-Low-Income Home Energy Assistance	Commerce	\$ 22,806,046	\$ 22,520,931
	Program 93.568 Total:		\$ 201,656,483	\$ 197,764,506
93.569	Community Services Block Grant	Human Services	\$ 8,633,588	\$ 7,905,481
93.569	COVID-19-Community Services Block Grant	Human Services	\$ 2,635,261	\$ 2,492,477
	Program 93.569 Total:		\$ 11,268,849	\$ 10,397,958
93.583	Refugee and Entrant Assistance Wilson/Fish Program	Human Services	\$ 84,496	\$ 41,035
93.586	State Court Improvement Program	Supreme Court	\$ 615,885	\$ -
93.590	Community-Based Child Abuse Prevention Grants	Human Services	\$ 2,109,413	\$ 1,504,479
93.590	COVID-19-Community-Based Child Abuse Prevention Grants	Human Services	\$ 382,485	\$ -
	Program 93.590 Total:		\$ 2,491,898	\$ 1,504,479
93.597	Grants to States for Access and Visitation Programs	Human Services	\$ 153,313	\$ 153,313
93.599	Chafee Education and Training Vouchers Program (ETV)	Human Services	\$ 960,409	\$ 822,109
93.603	Adoption and Legal Guardianship Incentive Payments	Human Services	\$ 1,361,248	\$ 1,359,148
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Administration	\$ 1,180,204	\$ 542,340
93.630	COVID-19-Developmental Disabilities Basic Support and Advocacy Grants	Administration	\$ 53,670	\$ -
	Program 93.630 Total:		\$ 1,233,874	\$ 542,340
93.640	Basic Health Program (Affordable Care Act)	Human Services	\$ 618,614,278	\$ -
93.643	Children's Justice Grants to States	Human Services	\$ 177,269	\$ 145,575
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Human Services	\$ 4,390,554	\$ 867,354
93.658	Foster Care Title IV-E	Human Services	\$ 71,157,206	\$ 58,574,473
93.658	Foster Care Title IV-E	MnSCU	\$ 120,396	\$ -
93.658	COVID-19-Foster Care Title IV-E	Human Services	\$ 2,430,120	\$ 2,430,120
93.658	Pass-Through from the University of Minnesota (A010291202)	MnSCU	\$ 127,114	\$ -
93.658	Pass-Through from the University of Minnesota (GRK 129722)	MnSCU	\$ 65,837	\$ -
	Program 93.658 Total:		\$ 73,900,673	\$ 61,004,593
93.659	Adoption Assistance	Human Services	\$ 69,083,046	\$ 836,099
93.659	COVID-19-Adoption Assistance	Human Services	\$ 5,516,814	\$ -
	Program 93.659 Total:		\$ 74,599,860	\$ 836,099
93.665	COVID-19-Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	Human Services	\$ 2,714,630	\$ 2,642,983
93.667	Social Services Block Grant	Human Services	\$ 32,183,164	\$ 30,830,796
93.669	Child Abuse and Neglect State Grants	Human Services	\$ 1,492,434	\$ 724,715
93.669	COVID-19-Child Abuse and Neglect State Grants	Human Services	\$ 270,255	\$ 135,304
	Program 93.669 Total:		\$ 1,762,689	\$ 860,019

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Public Safety	\$ 2,168,031	\$ 2,084,892
93.671	COVID-19-Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	Public Safety	\$ 2,500,932	\$ 2,382,308
	Program 93.671 Total:		\$ 4,668,963	\$ 4,467,200
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Human Services	\$ 3,391,855	\$ 3,156,439
93.674	COVID-19-John H. Chafee Foster Care Program for Successful Transition to Adulthood	Human Services	\$ 2,475,009	\$ 2,475,009
	Program 93.674 Total:		\$ 5,866,864	\$ 5,631,448
93.732	Mental and Behavioral Health Education and Training Grants	MnSCU	\$ 133,172	\$ -
93.747	Elder Abuse Prevention Interventions Program	Human Services	\$ 68,999	\$ -
93.747	Elder Abuse Prevention Interventions Program	Supreme Court	\$ 533,904	\$ -
93.747	COVID-19-Elder Abuse Prevention Interventions Program	Human Services	\$ 1,075,338	\$ 630,651
	Program 93.747 Total:		\$ 1,678,241	\$ 630,651
93.767	Children's Health Insurance Program	Human Services	\$ 53,175,613	\$ 235,434
93.767	COVID-19-Children's Health Insurance Program	Human Services	\$ 21,391,725	\$ -
	Program 93.767 Total:		\$ 74,567,338	\$ 235,434
93.788	Opioid STR	Human Services	\$ 9,380,895	\$ 8,434,342
93.788	Opioid STR	MnSCU	\$ 436,581	\$ -
	Program 93.788 Total:		\$ 9,817,476	\$ 8,434,342
93.791	Money Follows the Person Rebalancing Demonstration	Human Services	\$ 22,028,330	\$ 1,498,912
93.800	Organized Approaches to Increase Colorectal Cancer Screening	Health	\$ 930,249	\$ 311,854
93.810	Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	Health	\$ 496,358	\$ -
93.845	Promoting Population Health through Increased Capacity in Alcohol Epidemiology	Health	\$ 95,349	\$ -
93.859	R&D-Biomedical Research and Research Training	MnSCU	\$ 77,541	\$ 17,128
93.859	<i>Pass-Through from the University of Minnesota (2K12GM119955-06)</i>	MnSCU	\$ 21,969	\$ -
93.859	<i>Pass-Through from the University of Minnesota (T34GM137862)</i>	MnSCU	\$ 64,431	\$ -
	Program 93.859 Total:		\$ 163,941	\$ 17,128
93.870	Maternal, Infant and Early Childhood Home Visiting Grant	Health	\$ 8,687,139	\$ 7,236,110
93.870	COVID-19-Maternal, Infant and Early Childhood Home Visiting Grant	Health	\$ 991,653	\$ 927,693
	Program 93.870 Total:		\$ 9,678,792	\$ 8,163,803
93.876	R&D-Antimicrobial Resistance Surveillance in Retail Food Specimens	Agriculture	\$ 145,660	\$ -
93.889	National Bioterrorism Hospital Preparedness Program	Health	\$ 3,615,027	\$ 2,826,928
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health	\$ 4,165,973	\$ 149,262
93.913	Grants to States for Operation of State Offices of Rural Health	Health	\$ 203,603	\$ -
93.917	HIV Care Formula Grants	Human Services	\$ 11,562,649	\$ 1,963,721
93.940	HIV Prevention Activities Health Department Based	Health	\$ 2,865,271	\$ 548,214
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health	\$ 393,808	\$ 61,568
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	Health	\$ 394,697	\$ 87,459
93.958	Block Grants for Community Mental Health Services	Human Services	\$ 16,727,413	\$ 15,028,136
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Human Services	\$ 30,653,530	\$ 17,084,181
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	Health	\$ 422,593	\$ 48,570
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health	\$ 3,229,838	\$ 1,151,953
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	Education	\$ 391,777	\$ 55,329
93.991	Preventive Health and Health Services Block Grant	Health	\$ 2,843,367	\$ 87,092
93.994	Maternal and Child Health Services Block Grant to the States	Health	\$ 7,681,693	\$ 4,156,386
	U.S. Department of Health and Human Services Total:		\$ 14,428,104,904	\$ 1,073,697,309

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, 2023

ALN	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Corporation for National and Community Service				
94.006	AmeriCorps State and National 94.006			
94.006	Pass-Through from the ServeMinnesota (18ACHMN0010002-22)	Pollution Control Agency	\$ 872,273	\$ 4,750
U.S. Corporation for National and Community Service Total:			\$ 872,273	\$ 4,750
U.S. Social Security Administration				
Disability Insurance/SSI Cluster				
96.001	Social Security Disability Insurance	DEED	\$ 29,644,171	\$ -
Disability Insurance/SSI Cluster Total:			\$ 29,644,171	\$ -
U.S. Social Security Administration Total:			\$ 29,644,171	\$ -
U.S. Department of Homeland Security				
97.008	Non-Profit Security Program	Public Safety	\$ 1,124,083	\$ 1,124,083
97.012	Boating Safety Financial Assistance	Natural Resources	\$ 3,688,530	\$ 1,079,604
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Natural Resources	\$ 306,074	\$ 2,278
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (9)	Public Safety	\$ 28,702,408	\$ 25,941,036
97.036	COVID-19-Disaster Grants - Public Assistance (Presidentially Declared Disasters) (9)	Public Safety	\$ 41,379,239	\$ 32,839,917
Program 97.036 Total:			\$ 70,081,647	\$ 58,780,953
97.039	Hazard Mitigation Grant	Public Safety	\$ 6,133,360	\$ 5,875,554
97.039	COVID-19-Hazard Mitigation Grant	Public Safety	\$ 1,723,443	\$ 1,641,000
Program 97.039 Total:			\$ 7,856,803	\$ 7,516,554
97.041	National Dam Safety Program	Natural Resources	\$ 172,009	\$ -
97.042	Emergency Management Performance Grants	Public Safety	\$ 5,563,986	\$ 2,865,304
97.043	State Fire Training Systems Grants	Public Safety	\$ 6,000	\$ -
97.045	Cooperating Technical Partners	Natural Resources	\$ 432,055	\$ 823
97.047	BRIC: Building Resilient Infrastructure and Communities	Public Safety	\$ 212,007	\$ -
97.067	Homeland Security Grant Program	Public Safety	\$ 11,094,599	\$ 7,137,234
97.091	Homeland Security Biowatch Program	Health	\$ 1,016,360	\$ -
97.137	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	Public Safety	\$ 75,956	\$ -
U.S. Department of Homeland Security Total:			\$ 101,630,109	\$ 78,506,833
Federal Programs Total:			\$ 21,287,886,811	\$ 3,125,503,402
Research and Development (R&D) Cluster Total:			\$ 24,822,519	\$ 90,720
Student Financial Assistance Cluster Total:			\$ 516,808,080	\$ -

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, 2023

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 2023 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 (SEFA) is presented for the state's fiscal year ended June 30, 2023.

The auditor uses a risk-based approach as defined in the Uniform Guidance to determine which federal programs are audited. Programs expending \$31.5 million or more in federal awards are Type A programs. Type B programs are programs expending less than \$31.5 million in federal awards. If the auditor assesses Type A programs as other than low 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 aid (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.

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	Ridgewater College
Hennepin Technical College	Riverland Community College
Inver Hills Community College	Rochester Community & Technical College
Lake Superior College	St. Cloud State University
Metropolitan State University	St. Cloud Technical & Community College
Minneapolis College	Saint Paul College
Minnesota North College	South Central College
Minnesota State College – Southeast	Southwest Minnesota State University
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), the MNSure fund (a non-major proprietary fund), 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 Assistance 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 2023. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins Loans	Nursing Student Loans
Loans Receivable, Beginning (per SEFA)	\$ 9,231,580	\$ 13,057
Loan Repayments	(2,022,980)	(4,100)
Loan Cancellations	(1,732,278)	-
Loans Receivable, Ending	\$ 5,476,322	\$ 8,957
Allowance for Doubtful Accounts	(21,914)	-
Total Loans Receivable	<u>\$ 5,454,408</u>	<u>\$ 8,957</u>

Note 3 – Federal Direct Student Loan Program

MnSCU's 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 2023.

Federal Direct Student Loans Issued:	
Direct Federal Subsidized Stafford	\$ 104,376,373
Direct Federal Unsubsidized Stafford	195,669,297
Direct Federal Parent Loans for Undergraduate Students	11,368,776
Direct Federal Graduate PLUS	3,837,089
Total Federal Direct Student Loans	<u>\$ 315,251,535</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 2023, the state of Minnesota recognized total rebates of approximately \$22,175,000 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 2023, the state of Minnesota reduced expenditures by \$649,414,000 for the federal share of the rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2023, 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	\$ 947,816,076	\$ -	\$ -	\$ 947,816,076
Federal UI Expenditures	4,249,132	-	942,505	5,191,637
Federal Admin Expenditures	57,469,777	136,870	8,483,429	66,090,076
Total Expenditures	<u>\$ 1,009,534,985</u>	<u>\$ 136,870</u>	<u>\$ 9,425,934</u>	<u>\$ 1,019,097,789</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 – Clean Water State Revolving Fund Grants

Clean Water State Revolving Fund 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 2023 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	\$ 25,945	\$ 44,204,783	\$ 23,781,391
Loan Repayments	(12,575)	(11,377,836)	(2,469,817)
New Loans Issued	-	18,269,676	5,297,739
Loans Receivable, Ending	<u>\$ 13,370</u>	<u>\$ 51,096,623</u>	<u>\$ 26,609,313</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 2023 for channeling grants is \$148,619,397. These monies are not reflected in the Schedule of Expenditures of Federal Awards. The amount of \$69,425 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 2023, the Federal Emergency Management Agency (FEMA) approved \$4,871,236 of eligible expenditures in Disaster Grants (ALNs 97.036 and 97.036C) related to prior year disaster expenditures but are included in the fiscal year 2023 Schedule of Expenditures of Federal Awards.

Personal Protective Equipment (PPE) (Unaudited)

During the COVID-19 pandemic, the State of Minnesota was provided personal protective equipment (PPE) for use from federal sources without any federal compliance or reporting requirements or assistance listing numbers. The PPE is currently being held by the Minnesota Department of Health with an estimated fair value of \$10,905,333 and is not included in the fiscal year 2023 Schedule of Expenditures of Federal Awards.

State of Minnesota

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023

Section 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 federal programs:

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

Type of auditor’s report issued on compliance for major federal programs: **Unmodified, except for Temporary Assistance for Needy Families, CCDF Cluster, Foster Care Title IV-E, Adoption Assistance, and Children’s Health Insurance Program, which are qualified.**

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

The threshold for distinguishing between Types A and B programs was \$31,458,953.

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

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
10.551 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
10.553 10.555 10.556 10.559 10.582	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
15.605 15.611 15.626	Fish and Wildlife Cluster
16.575	Crime Victim Assistance
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

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	
84.425P	
84.425R	
84.425S	
84.425T	
84.425U	
84.425V	
84.425W	
84.007	Student Financial Assistance Cluster
84.033	
84.038	
84.063	
84.268	
84.379	
84.408	
93.364	
93.268	Immunization Cooperative Agreements COVID-19 – Immunization Cooperative Agreements
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance COVID-19 – Low-Income Home Energy Assistance
93.575	CCDF Cluster
93.596	
93.640	Basic Health Program (Affordable Care Act)
93.658	Foster Care Title IV-E COVID-19 – Foster Care Title IV-E

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Assistance Listing Number	Name of Federal Program or Cluster
93.659	Adoption Assistance COVID-19 – Adoption Assistance
93.667	Social Services Block Grant
93.767	Children’s Health Insurance Program COVID-19 – Children’s Health Insurance Program
93.775 93.777 93.778	Medicaid Cluster
96.001	Disability Insurance/SSI Cluster

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

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State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

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

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

Section II – Financial Statement Findings

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/2023/2023-ICCFRFY.pdf>.

2023-001 Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Prior Year Finding Number: 2022-001

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. Additionally, the schedule must include the total amount provided to subrecipients from each federal program.

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.

Context: Each state agency prepared a preliminary, certified SEFA, including amounts provided to subrecipients, for the year ended June 30, 2023. 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. The SEFA for the fiscal year ending June 30, 2023, was provided by Minnesota Management and Budget for audit on January 23, 2024. Adjustments to the SEFA were agreed to on March 8, 2024, and the final SEFA was provided March 8, 2024.

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

Minnesota Management and Budget

- Decreased expenditures by \$1,132,000 to remove payroll costs incurred by the Minnesota Department of Public Safety in fiscal year 2022 that were incorrectly reported as COVID-19 – State and Local Fiscal Recovery Funds (ALN 21.027); and

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

- Decreased amounts provided to subrecipients by \$230,000,000 for payments made by the Minnesota Department of Employment and Economic Development to the Unemployment Insurance Trust Fund that were incorrectly recorded as subrecipient payments for COVID-19 – State and Local Fiscal Recovery Funds (ALN 21.027).

Minnesota Department of Health

- Decreased amounts provided to subrecipients by \$2,074,202 to agree with a previously made year-end SEFA adjustment that removed the expenditures portion for WIC Special Supplemental Nutrition Program for Women, Infants, and Children (ALN 10.557);
- Increased expenditures by \$16,325,638 to record year-end accruals, and adjust the year-end insurance reimbursements for COVID-19 –Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323);
- Decreased amounts provided to subrecipients by \$2,428,443 to correctly reflect the subrecipient payments made during the year by the Minnesota Department of Education for COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323);
- Decreased expenditures and amounts provided to subrecipients by \$56,535 to eliminate expenditures also recorded on the SEFA by Minnesota State Colleges and Universities for COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323);
- Reclassified \$227,230 of expenditures from Immunization Cooperative Agreements (ALN 93.268) to COVID-19 – Immunization Cooperative Agreements (ALN 93.268) to correctly record a year-end accrual and missing expenditures;
- Reclassified \$97,000 of expenditures and amounts provided to subrecipients from COVID-19 – Immunization Cooperative Agreements (ALN 93.268) to Immunization Cooperative Agreements (ALN 93.268) for an accrual reversal incorrectly recorded;
- Increased expenditures and amounts provided to subrecipients by \$447,310 to correctly record a year-end accrual for COVID-19 – Immunization Cooperative Agreements (ALN 93.268);
- Decreased amounts provided to subrecipients by \$590,000 to reverse an estimated year-end accrual removed from expenditures and not from amounts provided to subrecipients for Immunization Cooperative Agreements (ALN 93.268); and
- Increased expenditures by \$2,048,526 to correct an adjustment incorrectly recorded twice for Medicaid Cluster (ALN 93.777).

Minnesota Department of Human Services

- Decreased amounts provided to subrecipients by \$217,273 to remove amounts incorrectly recorded for State Administrative Matching Grants for Supplemental Nutrition Assistance Program (ALN 10.561);
- Increased expenditures by \$1,470,252 to add amounts incorrectly reported in another grant for Guardianship Assistance and COVID-19 – Guardianship Assistance (ALN 93.090);
- Increased expenditures by \$2,390,284 and amounts provided to subrecipients by \$7,946,567 to correct accruals and duplicated accrual reversals, to record subrecipient payments made by the Minnesota Department of Health, and to remove subrecipient payments that should not have been included in amounts provided to subrecipients for Temporary Assistance for Needy Families (ALN 93.558);

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

- Decreased amounts provided to subrecipients by \$1,255,961 to remove payments made to Minnesota State Colleges and Universities for Child Care and Development Block Grant (ALN 93.575);
- Decreased amounts provided to subrecipients by \$155,783,599 to remove payments made to beneficiaries and Minnesota State Colleges and Universities for COVID-19 – Child Care and Development Block Grant (ALN 93.575);
- Decreased expenditures by \$330,689 and amounts provided to subrecipients by \$1,249,114 to remove an accrual that was recorded twice, to reclassify an accrual recorded to the incorrect grant, and to remove payments made to Minnesota State Colleges and Universities from amounts reported as provided to subrecipients for Foster Care Title IV-E (ALN 93.658); and
- Decreased expenditures by \$1,726,563 and amounts provided to subrecipients by \$256,311 to reclassify an accrual recorded to the incorrect grant for Adoption Assistance (ALN 93.659).

Minnesota Department of Natural Resources

- Increased expenditures by \$659,271 for expenditures incorrectly removed from Fish and Wildlife Cluster (ALN 15.605, 15.611, and 15.626); and
- Decreased amounts provided to subrecipients by \$7,145,199 for payments made by the Minnesota Department of Natural Resources for payments in lieu of tax and for program expenditures that were incorrectly recorded as subrecipient payments for Fish and Wildlife Cluster (ALN 15.605, 15.611, and 15.626).

Cause: This activity was overlooked or incorrectly recorded when the Schedule of Expenditures of Federal Awards was prepared, reviewed, and certified by the respective state agencies.

Recommendation: We recommend each respective state agency review internal controls currently in place to ensure correct identification of 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, 2023

Section III – Federal Award Findings and Questioned Costs

2023-002 Reporting – Federal Funding Accountability and Transparency Act (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: 93.568 Low-Income Home Energy Assistance
93.568 COVID-19 – Low-Income Home Energy Assistance

Award Number and Year: 2202MNLIEA, 2021

State Agency: Minnesota Department of Commerce

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.

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, that are codified in Title 2 *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).

Condition: One of the three monthly FFATA reports tested was submitted by the Minnesota Department of Commerce using an incorrect Federal Award Identification Number (FAIN), Project Description, Federal Funding Amount, and Obligation/Action Date. Additionally, there was no documented review of this report by someone independent of the preparer.

Questioned Costs: None.

Context: The Minnesota Department of Commerce submits FFATA reports monthly for each FAIN when new funds are obligated to subrecipients.

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 Commerce is not in compliance with FFATA reporting requirements.

Cause: The Minnesota Department of Commerce staff informed us that the correct FAIN was not available in the system at the time of submitting the report. Instead of not submitting the report at all, staff submitted the report under the previous FAIN with the intention of correcting the report when the correct FAIN became available in the system. However, the report was not corrected when the correct FAIN became available. The Minnesota Department of Commerce staff indicated that documentation of the review was missing as it was not retained or review of the report was not completed.

Recommendation: We recommend the Minnesota Department of Commerce implement procedures to ensure reports are accurately completed as required by FFATA and reviewed. In addition, we recommend the Minnesota Department of Commerce work with the federal government on how best to correct reporting.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-003 Subrecipient Monitoring – Risk Assessment

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 Agriculture

Program: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID-19 – National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program
10.558 Child and Adult Care Food Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.553/10.555/10.556/10.559/10.582	232MN061N1099, 232MN061N1199, 232MN061N8903, & 232MN061L1603	2022
10.558	232MN061N2020, 232MN061N1199, & 232MN061N1150	2022

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: The Minnesota Department of Education did not document risk assessment procedures performed over its subrecipients.

Questioned Costs: None.

Context: The Minnesota Department of Education passed funds to local education agencies and nonprofits who have been operating for many years and with whom the Minnesota Department of Education has familiar relationships.

Effect: Without the evaluation of the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award, it cannot be demonstrated that the appropriate subrecipient monitoring activities were determined.

Cause: The Minnesota Department of Education believed that other subrecipient monitoring procedures were sufficient, including informal assessments of risk.

Recommendation: We recommend the Minnesota Department of Education establish policies and procedures for completing and documenting risk assessments over federal programs passed through to subrecipients.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-004 Subrecipient Monitoring – Timely 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 Agriculture

Program: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID-19 – National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program
10.558 Child and Adult Care Food Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.553/10.555/10.556/10.559/10.582	232MN061N1099, 232MN061N1199, 232MN061N8903, & 232MN061L1603	2022
10.558	232MN061N2020, 232MN061N1199, & 232MN061N1150	2022

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.

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.”

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].”

Condition: Of the nine subrecipients with single audit findings that were selected for testing from the various Minnesota Department of Education-administered federal programs, two did not have management decision letters issued by the Minnesota Department of Education within six months of acceptance by the Federal Audit Clearinghouse. Additionally, one subrecipient did not submit a single audit report to the Minnesota Department of Education until nine months after their single audit reporting deadline, and the Minnesota Department of Education did not perform follow-up procedures, such as sending a late notice.

Questioned Costs: None.

Context: The Minnesota Department of Education policies and procedures over subrecipient monitoring require issuing a management decision letter to subrecipients with federal findings. The three audits with issues noted were submitted to the Federal Audit Clearinghouse, but the management decision letters were not sent out by the Minnesota Department of Education.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

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 issuing timely management decision letters 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 implemented a new process to send out management decision letters, and the process and procedures were still being refined.

Recommendation: We recommend the Minnesota Department of Education implement a process to issue management decision letters for all subrecipients with federal award findings on funding passed through the Minnesota Department of Education within six months of acceptance by the FAC. We also recommend the Minnesota Department of Education perform follow-up procedures that may include issuing late notices or taking enforcement action for entities that have not submitted audits by their single audit reporting deadline.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-005 **Subrecipient Monitoring – Subrecipient Audit Reports for Non-Local Educational Agencies (LEAs)**

Prior Year Finding Number: 2022-009

Repeat Finding Since: 2022

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID-19 – National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program
10.558 Child and Adult Care Food Program
84.425C COVID-19 – Governor's Emergency Education Relief (GEER) Fund

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.553/10.555/10.556/10.559/10.582	232MN061N1099, 232MN061N1199, 232MN061N8903, & 232MN061L1603	2022
10.558	232MN061N2020, 232MN061N1199, & 232MN061N1150	2022
84.425C	S425C200015	2020
84.425C	S425C210015	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.

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 passthrough entity as required by § 200.521."

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(f) states, "Verify that every subrecipient is audited as required by Subpart F 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 § 200.501."

Condition: The Minnesota Department of Education did not review single audit reports for two non-LEAs where the Minnesota Department of Education is the cognizant state agency. Additionally, for non-LEAs where the Minnesota Department of Education was not the cognizant state agency, 17 single audit reports were not reviewed in a timely manner, and for ten single audit reports, no review was performed. Without reviewing single audit reports, the Minnesota Department of Education could not issue management decision letters when necessary.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

Questioned Costs: None.

Context: The Minnesota Department of Education policies and procedures over subrecipient monitoring require issuing a management decision letter to subrecipients with federal findings within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

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

Cause: The Department of Education implemented a new process to review single audits and send out management decision letters, and the process and procedures were still being refined.

Recommendation: We recommend the Minnesota Department of Education implement a process to review audit reports in a timely manner and issue management decision letters for all subrecipients with federal award findings on funding provided by the Minnesota Department of Education.

Additionally, we recommend the Minnesota Department of Education develop procedures to ensure proper action is taken when single audits are not performed and/or provided by subrecipients when required by Title 2 U.S. *Code of Federal Regulations* § 200.501(f).

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-006 Reporting – Financial Reporting on FNS-777

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 Agriculture

Program: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID-19 – National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.553/10.555/10.556/10.559	232MN061N1099, 232MN061N1199, & 232MN061N8903	2022

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.

Title 7 U.S. *Code of Federal Regulations* §§ 210.5(d), 220.13(b), 215.11(c), and 225.8, state that each state agency administering the National School Lunch Program, School Breakfast Program, Special Milk Program for Children, and/or Summer Food Service Program for Children, must submit to USDA Food and Nutrition Service (FNS) a quarterly Financial Status Report (FNS-777) on the use of program funds. Also, each state agency must submit a final FNS-777 for each fiscal year. Obligations must be reported only for the fiscal year in which they occur.

Condition: For the two quarterly FNS-777 reports and one annual FNS-777 report selected for testing, the Minnesota Department of Education did not retain copies of the original data from the SWIFT system used to support the amounts reported.

Questioned Costs: None.

Context: The data provided from the Minnesota Department of Education did not reconcile to the FNS-777 reports submitted due to adjustments made in SWIFT subsequent to submission.

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: When source documentation is not maintained or cannot be replicated, information submitted cannot be verified for accuracy.

Cause: The Minnesota Department of Education staff were not aware that original data should be maintained.

Recommendation: We recommend the Minnesota Department of Education implement procedures to retain the original SWIFT data used to complete the FNS-777 reports.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-007 Reporting – Summer Food Sponsor and Site Data

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 Agriculture

Program: 10.559 Summer Food Service Program for Children

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.559	232MN061N1099, 232MN061N1199, & 232MN061N8903	2022

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.

Title 7 U.S. *Code of Federal Regulations* § 225.8(d) states that by May 1 of each year, state agencies must submit to the appropriate USDA Food and Nutrition Service Regional Office (FNSRO) a list of potential private nonprofit organization sponsors.

Additionally, state agencies must also notify the appropriate FNSRO within five working days after they approve each private nonprofit organization to participate as a Summer Food Service Program sponsor.

By June 30 of each year, or a later date approved by the appropriate FNSRO, the state agency must submit to USDA Food and Nutrition Service a list of open site locations and their operational details and provide a minimum of two updates during the summer operational period. State agencies are encouraged to submit updates weekly if there are any changes to their data.

Condition: The Minnesota Department of Education did not retain documentation of the information submitted nor confirmation that the data was submitted.

Questioned Costs: None.

Context: This data is required to be uploaded in the FNSRO database, and there is no way to verify it was completed.

Effect: When source documentation is not maintained, information submitted cannot be verified for accuracy.

Cause: The Minnesota Department of Education staff were not aware that original data should be maintained.

Recommendation: We recommend the Minnesota Department of Education implement procedures to retain the summer food program data reported to the U.S. Department of Agriculture.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-008 Reporting – Federal Funding Accountability and Transparency Act (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 Agriculture

Program: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID-19 – National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.553/10.555/10.556/10.559/10.582	232MN061N1099, 232MN061N1199, 232MN061N8903, & 232MN061L1603	2022

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.

Under the requirements of the Federal Funding Accountability and Transparency Act (pub. L. No. 109-282), as amended by Section 6202 of Pub. L., No. 110-252, hereafter referred as the "Transparency Act" that are codified in Title 2 *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).

Condition: The Minnesota Department of Education has not submitted subaward information in the FSRS for the Child Nutrition Cluster.

Questioned Costs: None.

Context: A subaward is any award provided by a pass-through entity to a subrecipient for the subrecipient to administer part of a federal award received by the pass-through entity.

The exceptions to FFATA reporting include technical assistance, transfer of title, classified award, or awards funded in whole or part with ARRA funds from 2009.

Effect: The Minnesota Department of Education is not in compliance with FFATA reporting requirements.

Cause: The Minnesota Department of Education staff did not enter the data into the FSRS as they did not believe the FFATA requirement applied to the Child Nutrition Cluster grants, which are entitlement grants.

Recommendation: We recommend the Minnesota Department of Education implement procedures to ensure the subaward data is submitted in the FSRS as required by FFATA.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-009 Special Tests and Provisions – Noncompliance with Physical Inventory Requirement

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 Agriculture

Program: 10.553 School Breakfast Program
10.555 National School Lunch Program
10.556 Special Milk Program for Children
10.559 Summer Food Service Program for Children
10.582 Fresh Fruit and Vegetable Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.553/10.555/10.556/10.559/10.582	232MN061N1099, 232MN061N1199, 232MN061N8903, & 232MN061L1603	2022

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.

Title 7 U.S. *Code of Federal Regulations* § 250.12 (b) states, “On an annual basis, the distributing agency must conduct a physical review of donated food inventories at all storage facilities used by the distributing agency (or by a subdistributing agency), and must reconcile physical and book inventories of donated foods.”

Condition: The Minnesota Department of Education did not conduct a physical count of the donated food stored at the contracted warehouse, nor did they reconcile physical and book inventory of donated foods.

Questioned Costs: None.

Context: The Minnesota Department of Education’s procedure is for the annual inventory count to occur at year-end when all inventory is distributed.

Additionally, the Minnesota Department of Education is relying on the warehouse to maintain all documentation to support the inventory food records as part of their contract.

Effect: Without proper oversight from the Minnesota Department of Education, there is an increased risk that the inventory is inaccurately valued, mismanaged, or misappropriated.

Cause: The Minnesota Department of Education staff believed that a year-end visit to the warehouse to verify all food was distributed was sufficient to comply with the annual physical inventory count.

Recommendation: We recommend the Minnesota Department of Education perform a physical inventory count of donated food items so that items can be counted and reconciled to the book inventory records.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-010 Level of Effort

Prior Year Finding Number: 2022-007

Repeat Finding Since: 2022

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: 84.425U COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Award Number and Year: S425U210045, 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.

Section 317 of the CRRSA Act, for fiscal year 2022, requires a state that receives ESSER II, GEER II, or EANS funds under the CRRSA Act must maintain:

- (a) State support for elementary and secondary education in fiscal year 2022 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over fiscal years 2017, 2018, and 2019.
- (b) State support for higher education in fiscal year 2022 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over fiscal years 2017, 2018, and 2019.

Additionally, under section 2004(a) of the ARP Act, a state that receives ARP ESSER funds must meet the above Maintenance of Effort requirement in both fiscal years 2022 and 2023.

Condition: State support was not maintained for elementary and secondary education nor higher education in fiscal year 2023 at the proportional level of the state's support averaged over fiscal years 2017 through 2019.

Questioned Costs: None.

Context: The 2017 through 2019 average elementary and secondary support relative to the State of Minnesota's overall spending was 41.70 percent. The 2023 elementary and secondary support relative to the state's overall spending was projected to be 37.57 percent.

The 2017 through 2019 average higher education support relative to the State of Minnesota's overall spending was 6.93 percent. The 2023 higher education support from the State of Minnesota relative to the state's overall spending was projected to be 6.27 percent.

Effect: The level of funding for the Minnesota Department of Education and subrecipients may fall below the level necessary to meet the requirements of Section 317 of the CRRSA Act.

Cause: The Minnesota Department of Education was aware they would not be in compliance with the Maintenance of Effort requirements due to the COVID-19 pandemic and resulting economic changes and so applied for a waiver through the U.S. Department of Education to waive the requirements for fiscal year-end June 30, 2023. At the time of the audit, the Minnesota Department of Education was still waiting on the U.S. Department of Education's decision.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Recommendation: We recommend state support is maintained for elementary and secondary education and higher education in fiscal year 2023 at the proportional level of the state's support for elementary and secondary education and higher education relative to the state's overall spending, averaged over fiscal years 2017 through 2019, or a waiver is received from the U.S. Department of Education.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-011 Reporting – Federal Funding Accountability and Transparency Act (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 Education

Program: 84.425U COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Award Number and Year: S425U210045, 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.

Under the requirements of the Federal Funding Accountability and Transparency Act (pub. L. No. 109-282), as amended by Section 6202 of Pub. L., No. 110-252, 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).

Condition: From the 40 subrecipients selected for testing, the auditor tested a total of 99 subawards. Of the subawards tested, 13 subawards, from 11 of the subrecipients, were not submitted in the FSRS.

Transactions Tested	Subaward not reported
99	13
Dollar Amount of Tested Transactions	Subaward not reported
\$ 164,066,466	\$ 13,678,714

Questioned Costs: None.

Context: The Minnesota Department of Education staff is responsible for submitting subaward information to the FSRS. This data is then used by the U.S. Department of Education for the Education Stabilization Fund Transparency Portal, the source of the annual performance report.

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 Education is not in compliance with FFATA reporting requirements.

Cause: The Minnesota Department of Education informed us staff did not enter the data into the FSRS or the data was uploaded incorrectly.

Recommendation: We recommend the Minnesota Department of Education implement procedures to ensure reports are accurately completed and submitted as required by FFATA. In addition, we recommend the Minnesota Department of Education work with the federal government on how best to correct reporting.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-012 Procurement, Suspension, and Debarment – Suspension and Debarment

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: SLFRP1960, 2021

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

Criteria: Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction. The suspension and debarment requirements apply to covered transaction amounts over \$25,000.

Condition: For four of the 25 covered transactions tested at the Minnesota Department of Education, documentation was not retained to support that the vendor was not 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 funding to numerous state agencies to be expended, one of which was the Minnesota Department of Education. The total covered transactions at the applicable state agencies were 431, of which 248 were from the Minnesota Department of Education. The overall sample size at the applicable state agencies was 45.

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

Effect: Failure to verify vendors are not suspended, debarred, or otherwise excluded may result in the Minnesota Department of Education entering into a transaction with a vendor that is not authorized to provide goods and services.

Cause: The procedures for processing payments to non-school districts were different, which resulted in the suspension and debarment verification not being retained.

Recommendation: We recommend the Minnesota Department of Education maintain documentation to demonstrate that vendors are not debarred, suspended, or otherwise excluded; this documentation should be completed prior to entering into a covered transaction.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-013 Cash Management – Amounts Provided to 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 Health and Human Services

Program: 93.268 Immunization Cooperative Agreements

93.268 COVID-19 – Immunization Cooperative Agreements

Award Number and Year: NH23IP922628-02, 2023; NH23IP922628-04, 2023

State Agency: Minnesota Department of Health

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* § 200.305(b) states that payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

The Minnesota Department of Health also follows Minnesota Management and Budget's Prompt Payment Policy, which states that invoices must be paid within 30 days following receipt of the invoice.

Condition: During the testing of amounts provided to subrecipients for compliance with federal cash management requirements, three of the 41 payments tested were not paid within 30 days following receipt of the invoice.

Questioned Costs: None.

Context: The Minnesota Department of Health's process is to pay invoices in accordance with Minnesota Management and Budget's Prompt Payment Policy.

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 Health is not in compliance with federal regulations relating to cash management or Minnesota Management and Budget's policy.

Cause: Accounts payable staff entered the invoices based on the creation date; however, the approval date should have been used.

Recommendation: We recommend the Minnesota Department of Health strengthen procedures in place to ensure payments are made in accordance with federal cash management regulations and Minnesota Management and Budget's policy.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-014 Reporting – Federal Funding Accountability and Transparency Act (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: 93.268 Immunization Cooperative Agreements

93.268 COVID-19 – Immunization Cooperative Agreements

Award Number and Year: NH23IP922628-02, 2023; NH23IP922628-04, 2023

State Agency: Minnesota Department of Health

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.

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, 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).

Condition: The Minnesota Department of Health has not submitted required FFATA reports.

Questioned Costs: None.

Context: A subaward is any award provided by a pass-through entity to a subrecipient for the subrecipient to administer part of a federal award received by the pass-through entity.

Effect: The Minnesota Department of Health is not in compliance with FFATA reporting requirements.

Cause: The Minnesota Department of Health informed us their staff was unaware of the change in the Notice of Agreement requiring FFATA reporting.

Recommendation: We recommend the Minnesota Department of Health implement procedures to complete reports required by FFATA. In addition, we recommend the Minnesota Department of Health work with the federal government on how best to correct reporting.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-015 Allowable Costs/Cost Principles – Public Assistance Cost Allocation Plan Amendments

Prior Year Finding Number: 2022-012

Repeat Finding Since: 2022

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: 93.658 Foster Care Title IV-E

93.659 Adoption Assistance

93.778 Medical Assistance Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
93.658	2301MNFOST	2023
93.659	2301MNADPT	2023
93.778	2205MNIMPL	2022
93.778	2305MN5ADM & 2305MNIMPL	2023

State Agency: Minnesota Department of Human Services

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 45 U.S. *Code of Federal Regulations* § 95.519 states that if costs under a Public Assistance program are not claimed in accordance with the approved cost allocation plan (except as otherwise provided in § 95.517), or if the state failed to submit an amended cost allocation plan as required by § 95.509, the costs improperly claimed will be disallowed.

Condition: One cost center included in the Central Office Cost Allocation System (COCAS) was not listed in the Public Assistance Cost Allocation Plan (PACAP) amendments, resulting in the State of Minnesota being reimbursed for costs from a cost center not included in the PACAP.

Questioned Costs: \$42,768 related to Medical Assistance Program.

Context: The State of Minnesota maintains the COCAS, which is used to allocate the Minnesota Department of Human Services' central services costs in accordance with the PACAP in effect during each quarter. In the fourth quarter, \$85,536 of expenditures were allocated to one cost center, which was removed from the PACAP and was replaced by another. The federal reimbursement rate for these expenditures is 50 percent (\$42,768) and is reimbursed under Medical Assistance Program. This issue was noted specific to Medical Assistance Program; however, other federal programs could be impacted because the internal controls in place did not allow the Minnesota Department of Human Services' staff to prevent or detect and correct the error.

Effect: The Minnesota Department of Human Services is not in compliance with Title 45 U.S. *Code of Federal Regulations* § 95.519.

Cause: The Minnesota Department of Human Services believed the cost center to be obsolete but failed to inactivate the cost center in the COCAS. In addition, the Minnesota Department of Human Services did not correct the fourth quarter error because the grant affected and reimbursement rate were the same.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure all cost centers in the COCAS are included in the PACAP amendment for each quarter.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-016 Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Prior Year Finding Number: 2022-011

Repeat Finding Since: 2021

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
93.658 Foster Care Title IV-E
93.658 COVID-19 – Foster Care Title IV-E
93.667 Social Services Block Grant
93.767 Children’s Health Insurance Program
93.778 Medical Assistance Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
93.558	2101MNTANF	2021
93.558	2201MNTANF	2022
93.558	2301MNTANF	2023
93.575/93.575 COVID-19	2001MNCCDF	2020
93.575/93.575 COVID-19	2101MNCCDF	2021
93.575/93.575 COVID-19	2201MNCCDF	2022
93.575/93.575 COVID-19	2301MNCCDF	2023
93.658/93.658 COVID-19	2201MNFOST	2022
93.658/93.658 COVID-19	2301MNFOST	2023
93.667	2201MNSORS	2022
93.667	2301MNSOSR	2023
93.767	2105MN5021	2021
93.767	2205MN5021	2022
93.778	2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT	2022
93.778	2305MN5ADM, 2305MN5MAP, & 2305MNIMPL	2023

State Agency: Minnesota Department of Human Services

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.

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, 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).

Condition: The Minnesota Department of Human Services has not submitted required FFATA reports since April 2020.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

Questioned Costs: None.

Context: The issue was noted during the audit of Temporary Assistance for Needy Families, Child Care and Development Fund Cluster, Foster Care Title IV-E, Social Services Block Grant, Children's Health Insurance Program, and Medical Assistance Program; however, it impacts federal programs agency-wide.

Effect: The Minnesota Department of Human Services is not in compliance with FFATA reporting requirements.

Cause: The Minnesota Department of Human Services informed us that, due to staffing constraints, they did not have sufficient time available to meet FFATA reporting requirements in addition to meeting all 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 required by FFATA. In addition, we recommend the Minnesota Department of Human Services work with the federal government on how best to correct reporting.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-017 Reporting – Title IV-E Programs Quarterly Financial Report (Form CB-496)

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 Health and Human Services

Program: 93.658 Foster Care Title IV-E
93.658 COVID-19 – Foster Care Title IV-E
93.659 Adoption Assistance
93.659 COVID-19 – Adoption Assistance

Award Number and Year:

Assistance Listing Number	Award Number	Year
93.658/93.658 COVID-19	2201MNFOST	2022
93.658/93.658 COVID-19	2301MNFOST	2023
93.659/93.659 COVID-19	2201MNADPT	2022
93.659/93.659 COVID-19	2301MNADPT	2023

State Agency: Minnesota Department of Human Services

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 45 U.S. *Code of Federal Regulations* § 201.5(a)(3) requires quarterly reporting of expenditures. Title IV-E Programs Quarterly Financial Report (Form CB-496) is required to be submitted on a quarterly basis by the U.S. Department of Health and Human Services Administration for Children and Families (ACF).

Condition: The following was identified during review of Form CB-496 reports:

- Reported Foster Care in-placement administrative costs were understated in one quarter with a portion of eligible county agency costs omitted. The reported claim amount was understated by \$913,222, with a federal share of \$456,611;
- Reported Adoption Assistance payments were understated in three quarters with a portion attributed to a temporary supplemental rate increase which was omitted. For the year, the reported claim amounts were understated by \$7,195,626, with a federal share of \$4,014,440;
- Reported Adoption Assistance administrative costs were understated in three quarters with two central office cost allocation programs omitted. For the year, the reported claim amounts were understated by \$1,877,616, with a federal share of \$938,808; and
- The methodology used to allocate Title IV-E-related county agency administrative costs between Foster Care and Adoption Assistance on the Form CB-496 reports was not applied consistently and did not result in an equitable distribution reflective of the individual program activities. For the year, the reported amount for these costs across both programs was \$59,821,004, with \$37,836,640 allocated to Foster Care and \$21,984,364 allocated to Adoption Assistance. The reported federal share of these costs totaled \$30,009,845, with \$18,977,549 allocated to Foster Care and \$11,032,296 allocated to Adoption Assistance.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

Questioned Costs: None.

Context: The information reported on Form CB-496 reports is used by the ACF to award funds, determine the allowability of reported expenditures, and to provide reports to the United States Congress. Accurate reporting is necessary to ensure that the resulting grant funds received by the state are accurate and to allow for proper oversight.

Regarding the allocation of administrative costs between Foster Care and Adoption Assistance, the federal share for these costs under both programs is equal, so the allocation would not have an effect on total federal funding.

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

Effect: Misstatements in the submission of federal program costs on Form CB-496 reports can impair program oversight and can result in the grantee receiving either more or less federal funding than allowed based on the actual underlying activity.

Cause: The Minnesota Department of Human Services' controls over preparation of Form CB-496 reports were not sufficient to identify the omitted costs.

Regarding the allocation of county agency administrative costs between Foster Care and Adoption Assistance, the Minnesota Department of Human Services indicated that the formulas and ratios used by the social services accounting system had not been reviewed in some time. These formulas and ratios were intended to both differentiate between costs that benefit the two programs and determine the applicable federal reimbursement payments to counties for the administrative Title IV-E spending. After performing a review during the year, the formulas and ratios were adjusted from the perspective of ensuring accurate federal reimbursement payments to counties; however, they did not consider the effect those adjustments had on federal financial reporting.

Recommendation: We recommend the Minnesota Department of Human Services submit the necessary prior quarter adjustments for the identified misstatements, continue to develop review procedures to ensure that submitted Form CB-496 reports are accurate and complete, and review and correct the allocation of reported county agency administrative costs between the Title IV-E programs.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-018 Subrecipient Monitoring – Risk Assessment and Monitoring Procedures

Prior Year Finding Number: 2022-013

Repeat Finding Since: 2021

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Agriculture

U.S. Department of Health and Human Services

Program: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance 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
93.667 Social Services Block Grant

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.561	212MN127Q7503	2021
10.561	222MN128Q3903, 222MN101S2514, 222MN101S2519, & 222MN101S2520	2022
10.561	232MN128Q3903, 232MN127Q7503, 232MN101S2514, 232MN101S2514, 232MN101S2519, & 232MN101S2520	2023
93.558	2101MNTANF	2021
93.558	2201MNTANF	2022
93.558	2301MNTANF	2023
93.575/93.575 COVID-19	2001MNCCDF	2020
93.575/93.575 COVID-19	2101MNCCDF	2021
93.575/93.575 COVID-19	2201MNCCDF	2022
93.575/93.575 COVID-19	2301MNCCDF	2023
93.667	2201MNSOSR	2022
93.667	2301MNSOSR	2023

State Agency: Minnesota Department of Human Services

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 requirements such as 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 following exceptions were noted in the sample tested for subrecipient monitoring:

- The Minnesota Department of Human Services does not perform formal risk assessments on subrecipients or document the response to risk assessments for State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, Child Care and Development Block Grant, and Social Services Block Grant;

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Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

- The Minnesota Department of Health did not perform a formal risk assessment or monitoring procedures on one of the subrecipients tested for Temporary Assistance for Needy Families; and
- The Minnesota Department of Health did not review a single audit report of a subrecipient who submitted their single audit to the Federal Audit Clearinghouse after the single audit deadline.

Questioned Costs: None.

Context: The Minnesota Department of Human Services provides funding to counties that have statutory responsibilities to administer federal programs. Funds were awarded to the Minnesota Department of Human Services, which allocated a portion of the funds to the Minnesota Department of Health to be expended.

The sample sizes were 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 risk assessments and limited monitoring procedures are performed over counties, human service entities, and tribes because they are entities the Department interacts with numerous times throughout the year. The Minnesota Department of Health informed us that not performing the formal risk assessment was an oversight. In addition, the Minnesota Department of Health noted monitoring procedures were not performed on one subrecipient because it received less than \$750,000 from the State of Minnesota. For another subrecipient, the Minnesota Department of Health attempted to contact the cognizant state agency regarding the timing of the completion of the subrecipient audit but could not provide documentation of the attempt due to the Minnesota Department of Health's email data retention schedule.

Recommendation: We recommend the Minnesota Department of Human Services and the Minnesota Department of Health implement and document risk assessments and further monitoring procedures over subrecipients.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-019 Special Tests and Provisions – MCO, PIHP, and PAHP Independent Audit

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: 93.767 Children's Health Insurance Program
93.767 COVID-19 – Children's Health Insurance Program
93.778 Medical Assistance Program
93.778 COVID-19 – Medical Assistance Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
93.767/93.767 COVID-19	2105MN5021	2021
93.767/93.767 COVID-19	2205MN5201	2022
93.778/93.778 COVID-19	2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT	2022
93.778/93.778 COVID-19	2305MN5ADM, 2305MN5MAP, & 2305MNIMPL	2023

State Agency: Minnesota Department of Human Services

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 42 U.S. *Code of Federal Regulations* § 438.602 (e) and (g) require the state periodically, but no less frequently than once every three years, conduct, or contract for, an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each managed care organization (MCO), prepaid inpatient health plan (PIHP), and prepaid ambulatory health plan (PAHP) and post the results of these audits on its website (Title 42 U.S. *Code of Federal Regulations* § 438, Subpart H, as adopted in the Children's Health Insurance Program at 42 U.S. *Code of Federal Regulations* § 457.1285).

Condition: The Minnesota Department of Human Services has not conducted, or contracted for, an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each MCO, PIHP, and PAHP and posted the results of these audits on its website.

Questioned Costs: None.

Context: The Minnesota Department of Human Services contracts with the Minnesota Department of Health to perform a Quality Assurance Examination (QA Exam), which effectively reduces the MCOs' public programs regulatory oversight burden, but it is not an audit of accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each MCO, PIHP, and PAHP.

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 in compliance with Title 42 U.S. *Code of Federal Regulations* § 438.602 (e) and (g).

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Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Cause: The Minnesota Department of Human Services informed us they wrongly assumed the encounter and financial data audits were being conducted by the Minnesota Department of Health as part of the triennial compliance audits of the MCOs.

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure independent audits of MCOs are performed and posted on its website.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-020 Special Tests and Provisions – Security Review of MAXIS Information System

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 Agriculture

Program: 10.551 Supplemental Nutrition Assistance Program

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

10.561 COVID-19 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Award Number and Year:

Assistance Listing Number	Award Number	Year
10.551	212MN101S6018	2021
10.551	222MN101S6018 & 22MN3552792501	2022
10.551	232MN101S6018 & 23MN35052792501	2023
10.561/10.561 COVID-19	212MN127Q7503	2021
10.561/10.561 COVID-19	222MN128Q3903, 222MN101S2514, 222MN101S2519, & 222MN101S2520	2022
10.561/10.561 COVID-19	232MN128Q3903, 232MN127Q7503, 232MN101S2514, 232MN101S2514, 232MN101S2519, & 232MN101S2520	2023

State Agency: Minnesota Department of Human Services

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 7 U.S. *Code of Federal Regulations* § 277.18(m)(3) requires the Minnesota Department of Human Services to review the security of information systems involved in the administration of the Supplemental Nutrition Assistance Program (SNAP) Cluster on a biennial basis. At a minimum, this review shall include an evaluation of physical and data security, operating procedures, and personnel practices. State agencies shall maintain reports of their biennial information security reviews, together with pertinent supporting documentation, for Federal review upon request.

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local agencies to support the eligibility determination process. The Minnesota Department of Human Services, working with Minnesota Information Technology Services (MNIT), did not complete a recent information system security review of the MAXIS application and environment, which helps identify new, and validate any existing, risks and vulnerabilities.

Questioned Costs: None.

Context: The Minnesota Department of Human Services, working with MNIT, has a process for completing system security reviews and annual risk assessments for information systems. The Minnesota Department of Human Services informed us that it has started its security review of MAXIS.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

Effect: The Minnesota Department of Human Services is not in compliance with Title 7 U.S. *Code of Federal Regulations* § 277.18(m)(3). In addition, failure to perform regular system security reviews could allow security gaps or vulnerabilities of the system to go undetected, which can increase the risk of a security breach or fraud.

Cause: The Minnesota Department of Human Services informed us its security review of MAXIS is incomplete due to department resource constraints.

Recommendation: We recommend the Minnesota Department of Human Services work with MNIT to complete the security review of MAXIS on a biennial basis.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-021 **Eligibility**

Prior Year Finding Number: 2022-014

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: 2001MNTANF, 2020; 2101MNTANF, 2021; 2101MNTANFC6, 2021;
2201MNTANF, 2022; 2301MNTANF, 2023

State Agency: Minnesota Department of Human Services

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.

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 sample of cases reviewed by the Minnesota Department of Human Services Office of Internal Control and Accountability noted not all documentation was available, updated, or input correctly to support participant eligibility. The identified errors noted clients received benefits for incorrect amounts (over and under issuance of benefits) as well as benefits that should not have been paid due to case file information being incorrect, not updated, or not received to process eligibility for the benefit month.

Questioned Costs: \$34,749.

Context: The Minnesota Department of Human Services Office of Internal Control and Accountability performs case reviews over a sample of MAXIS cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Office of Internal Control and Accountability reviewed a sample of 238 cases for TANF participant eligibility and noted errors or issues in 139 cases. The Minnesota Department of Human Services Office of Internal Control and Accountability sent Corrective Action Plans to counties, who in turn were able to update case file information, which reduced the errors or issues to 94 cases. The known questioned costs represent the net overpayments for the cases and benefit month reviewed by the Office of Internal Control and Accountability but do not take into consideration the possible impact on additional benefit months.

Effect: The Minnesota Department of Human Services is not in compliance with its State Plan for TANF and Minn. Stat. § 256J.10. In addition, errors in eligibility-determining factors increase 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 potential issues, such as outdated or expired information, and implement

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Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

automated verifications as much as possible. In addition, we recommend the Minnesota Department of Human Services continue to 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, 2023

2023-022 Special Test and Provisions – Child Support Non-Cooperation

Prior Year Finding Number: 2022-016

Repeat Finding Since: 2015

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: 2001MNTANF, 2020; 2101MNTANF, 2021; 2101MNTANFC6, 2021;
2201MNTANF, 2022; 2301MNTANF, 2023

State Agency: Minnesota Department of Human Services

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 45 U.S. *Code of Federal Regulations* § 264.30, states:

"What procedures exist to ensure cooperation with the child support enforcement requirements?

- (a) (1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified, or enforced, to the child support enforcement agency (i.e., the IV-D agency).
- (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child.
- (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly.
- (c) The IV-A agency must then take appropriate action by:
 - (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or
 - (2) Denying the family any assistance under the program."

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local counties to support the eligibility determination process. Part of eligibility is cooperating with child support requirements. Counties must reduce benefits when a case is in non-cooperation status per the child support agency. In a sample of 40 cases tested, 13 cases had identified errors related to improper reduction of benefits or improper timing of reduced benefits for cases in non-cooperation status.

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

Context: Child support non-cooperation is determined at the county level, and the Providing Resources to Improve Support in Minnesota (PRISM) system maintains the information and recipient status. When the Child Support Officer (CSO) at the county level updates PRISM to show non-cooperation, it interfaces with MAXIS. From this interface, MAXIS receives a Worker's Daily Report (DAIL) message which notifies counties of child support non-cooperation. Counties are responsible for updating the recipient's record in MAXIS, including entering child support sanctions or closing a case on the seventh occurrence of noncompliance.

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Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

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 in compliance with Title 45 U.S. *Code of Federal Regulations* § 264.30. Benefit overpayments could be paid when child support non-cooperation is not properly processed for a benefit month.

Cause: The Minnesota Department of Human Services informed us that errors occur due to staff turnover at the county level, county staff working on multiple programs with different requirements, and the large amount of data input into MAXIS to determine eligibility.

Recommendation: We recommend the Minnesota Department of Human Services review its guidance for child support non-cooperation to ensure counties are properly reducing benefits in MAXIS.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-023 Eligibility

Prior Year Finding Number: 2022-017

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

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

Award Number and Year: 2001MNCCDF, 2020; 2101MNCCDF, 2021; 2201MNCCDF, 2022; 2301MNCCDF, 2023

State Agency: Minnesota Department of Human Services

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 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 sample of the cases reviewed by the Minnesota Department of Human Services Office of Internal Control and Accountability noted not all documentation was available, updated, or input correctly to support participant eligibility. The identified errors noted clients received benefits for incorrect amounts as well as benefits that should not have been paid due to case file information being incorrect, not updated, or not received to process eligibility for the benefit month.

Questioned Costs: \$25,560.

Context: The Minnesota Department of Human Services Office of Internal Control and Accountability performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Office of Internal Control and Accountability reviewed a sample of 276 MEC² cases for CCDF participant eligibility and noted errors or issues in 121 MEC² cases. 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 Office of Internal Control and Accountability relies on local counties to implement procedures and controls over eligibility determinations. The known questioned costs represent the net overpayments for the cases and benefit month reviewed by the Office of Internal Control and Accountability but do not take into consideration the possible impact on additional benefit months.

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

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Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

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 to develop system requirements which could include income calculations and authorized hours based on data entry. In addition, we recommend the Minnesota Department of Human Services implement more notification prompts for potential issues, such as outdated or missing information, and implement automated applications and verifications as much as possible. Furthermore, we recommend the Minnesota Department of Human Services continue to 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, 2023

2023-024 Special Tests and Provisions – American Rescue Plan Act Stabilization Funds

Prior Year Finding Number: 2022-018

Repeat Finding Since: 2022

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: 93.575 COVID-19 – Child Care and Development Block Grant

Award Number and Year: 2001MNCCDF, 2020; 2101MNCCDF, 2021; 2201MNCCDF, 2022; 2301MNCCDF, 2023

State Agency: Minnesota Department of Human Services

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.

The American Rescue Plan Act (ARPA) of 2021 (Public Law 117-2), Section 2202 (d)(2)(D), states: the lead agency shall “(i) make available on the lead agency’s website an application for qualified child care providers that includes certifications that, for the duration of the subgrant ... (III) the provider will provide relief from copayments and tuition payments for the families enrolled in the provider’s program, to the extent possible, and prioritize such relief for families struggling to make either type of payment[.]”

Condition: In a sample of 40 ARPA stabilization payments tested, 31 payments were made to providers whose application did not include the certifications that the child care provider will provide relief from copayments and tuition payments.

Questioned Costs: None.

Context: The U.S. Department of Health and Human Services published Stabilizing Child Care and COVID-19 FAQs, in which it stated ARPA stabilization funds could not be used for family copayments or tuition. The Minnesota Department of Human Services removed the attestation (certification) from the applications in December 2021. The statement was added back to the applications in April 2023.

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 in compliance with the American Rescue Plan Act (Public Law 117-2), Section 2202 (d)(2)(D).

Cause: The Minnesota Department of Human Services informed us that it removed the attestation (certification) from the applications as a result of the U.S. Department of Health and Human Services’ FAQs because it caused confusion to the providers. The FAQs did not remove the requirement for the certification in the applications, but rather indicates that ARPA stabilization funds cannot be used to cover family copayments or tuition. In addition, the Minnesota Department of Human Services indicated the U.S. Department of Health and Human Services verbally approved the removal of the certification in the application, but were unable to provide documentation in support of the approval.

Recommendation: We recommend the Minnesota Department of Human Services continue to include certifications that the provider will provide relief from copayments and tuition to the extent possible, as required by ARPA, in all applications for the ARPA stabilization grant applications.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-025 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

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: 93.640 Basic Health Program (Affordable Care Act)

Award Number and Year: Not Applicable

State Agency: Minnesota Department of Human Services

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 42 U.S. *Code of Federal Regulations* § 600.705(d)(4) states that Basic Health Program (BHP) trust funds may not be used for coverage for individuals not eligible for BHP.

Condition: The Minnesota Department of Human Services maintains the computer system, METS, which is used to support the eligibility determination process. Eligibility was not accurately determined, and capitation payments were made to managed care organizations for enrollees who were not eligible for Minnesota's Basic Health Program, MinnesotaCare, or were not eligible for the program category for which their capitation payment was made.

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

Context: For one of the 60 enrollees tested, eligibility was not accurately determined for MinnesotaCare due to the household projected annual income being calculated inaccurately. This enrollee was not eligible for MinnesotaCare. For four of the 60 enrollees tested, the enrollees were placed in the MinnesotaCare "Adults without Children" program category, but should have been placed in the MinnesotaCare "Parents" program category. These enrollees were eligible for MinnesotaCare, but they were ineligible for the program category in which they were placed.

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

Effect: BHP trust funds were used for coverage for individuals not eligible for MinnesotaCare or who were placed in the incorrect MinnesotaCare program category.

Cause: The Minnesota Department of Human Services informed us the household projected annual income was calculated inaccurately due to the member relationship being set up in METS as "another relative" rather than "spouse" for one enrollee. In addition, a program deficiency in METS caused the system to place the four eligible enrollees into the incorrect MinnesotaCare program category.

Recommendation: We recommend the Minnesota Department of Human Services review METS for system requirements and error check functions, and update as necessary, to ensure that member relationships and MinnesotaCare program categories in METS are accurate.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-026 Subrecipient Monitoring

Prior Year Finding Number: 2022-019

Repeat Finding Since: 2022

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: 93.658 Foster Care Title IV-E

93.658 COVID-19 – Foster Care Title IV-E

Award Number and Year: 2201MNFOST, 2022; 2301MNFOST, 2023

State Agency: Minnesota Department of Human Services

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 subaward 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 perform risk assessments or perform adequate monitoring procedures on its subrecipients. In addition, the Minnesota Department of Human Services did not have agreements with its county and tribal agency subrecipients to communicate the terms and conditions of the Foster Care Title IV-E grant.

Questioned Costs: None.

Context: After suspending monitoring procedures during the coronavirus pandemic, the Minnesota Department of Human Services resumed case reviews for county and tribal agency subrecipients in the fall of 2022. This review was performed for a limited number of agencies; however, in a sample of nine subrecipients tested none had completed case reviews for the audit period.

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 in compliance with Title 2 U.S. *Code of Federal Regulations* §§ 200.303 and 200.332.

Cause: The Minnesota Department of Human Services informed us there is a broad Minnesota statutory authority which governs Foster Care Title IV-E; therefore, agreements with the subrecipients have not been considered necessary. In addition, the Minnesota Department of Human Services indicated that case reviews were limited with time being dedicated to developing new systems and procedures for the review process and expanding the number of staff trained to perform reviews.

Recommendation: We recommend the Minnesota Department of Human Services implement and document risk assessments and perform monitoring procedures over subrecipients. In addition, we recommend the Minnesota Department of Human Services create agreements with its subrecipients for Foster Care Title IV-E.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-027 Reporting – Form CB-496, Part 4

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: 93.659 Adoption Assistance

93.659 COVID-19 – Adoption Assistance

Award Number and Year: 2201MNADPT, 2022

State Agency: Minnesota Department of Human Services

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.

Section 473(a)(8)(B) of the Social Security Act requires annual reporting of savings. Part 4: Annual Adoption Savings Calculation and Account Report of the Title IV-E Programs Quarterly Financial Report (Part 4 of Form CB-496) is required by the U.S. Department of Health and Human Services Administration for Children and Families (ACF) to be submitted within 30 days of the end of each federal fiscal year.

Condition: The Minnesota Department of Human Services did not submit Part 4 of Form CB-496 for federal fiscal year 2022 by the due date of October 30, 2022.

Questioned Costs: None.

Context: Part 4 of Form CB-496 is used to report any annual calculated adoption savings and the expenditure of identified adoption savings in accordance with section 473(a)(8)(B) of the Social Security Act. Instructions for completing all parts of Form CB-496, including reporting deadlines, are published online by the ACF. The Minnesota Department of Human Services submitted Part 4 of Form CB-496 on March 17, 2023.

Effect: The Minnesota Department of Human Services is not in compliance with the annual reporting requirements established by section 473(a)(8)(B) of the Social Security Act.

Cause: The Minnesota Department of Human Services informed us that the deadline was missed due to a combination of turnover in the division responsible for completion of the report and a lack of documented procedures for completion of Part 4 of Form CB-496.

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure Part 4 of Form CB-496 is submitted by the report deadline.

View of Responsible Official: Acknowledge

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Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-028 Eligibility

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 Health and Human Services

Program: 93.767 Children's Health Insurance Program

93.767 COVID-19 – Children's Health Insurance Program

Award Number and Year: 2205MN5021, 2022; 2105MN5021, 2021

State Agency: Minnesota Department of Human Services

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 42 U.S. *Code of Federal Regulations* § 457.965 requires the state agency to determine and verify eligibility of enrollees for the Children's Health Insurance Program (CHIP). In addition, Title 42 U.S. *Code of Federal Regulations* §§ 435.917 and 457.340(d), and Minnesota Rule, 9505.0090, require the state to make eligibility determinations timely.

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local agencies to support the eligibility determination process. The following exceptions were noted in a sample of 51 case files tested:

- One case file had the spouse's income entered under the recipient's income panel in error; and
- Four case files for pregnant women were not processed within the required 15 working days.

Questioned Costs: None.

Context: The State of Minnesota and agencies split the eligibility determination process. Pursuant to Minnesota statutes, the agencies perform the "intake function" needed for this program, while the Minnesota Department of Human Services is responsible for review of the case files, including verifying the information in MAXIS is current and agrees with documentation on file. The Minnesota Department of Human Services is responsible for benefit payments.

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 in compliance with Title 42 U.S. *Code of Federal Regulations* § 457 and Minnesota Rule 9505.0090. In addition, errors in eligibility-determining factors increase the risk that a program participant will receive benefits when they are not eligible or are paid at the incorrect benefit amount.

Cause: CHIP applications were not processed timely due to human error. Income entered in the wrong panel was also due to human error.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure applications are processed timely. In addition, we recommend the Minnesota Department of Human Services continue to work with local agencies to improve controls at the agency level.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-029 Eligibility

Prior Year Finding Number: 2022-021

Repeat Finding Since: 2019

Type of Finding: Internal Control Over Compliance

Severity of Deficiency: Significant Deficiency

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

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Award Number and Year: 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, and 2205MNINCT, 2022;
2305MN5ADM, 2305MN5MAP, and 2305MNIMPL, 2023

State Agency: Minnesota Department of Human Services

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.

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local agencies to support the eligibility determination process. In a sample of 60 case files tested, three were not updated to include the current asset information.

Questioned Costs: None.

Context: The State of Minnesota and agencies split the eligibility determination process. Pursuant to Minnesota statutes, the agencies perform the “intake function” needed for this program, while the Minnesota Department of Human Services is responsible for review of the case files, including verifying the information in MAXIS is current and agrees with documentation on file. The Minnesota Department of Human Services is responsible for benefit payments.

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

Effect: Outdated information 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 oversight at the agency level and the large amount of data input into MAXIS to determine eligibility.

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure the information in MAXIS is current. In addition, we recommend the Minnesota Department of Human Services continue to work with agencies to improve controls at the agency level.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-030 Special Tests and Provisions – Security Review of MMIS and MAXIS Information Systems

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: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Award Number and Year: 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, and 2205MNINCT, 2022;
2305MN5ADM, 2305MN5MAP, and 2305MNIMPL, 2023

State Agency: Minnesota Department of Human Services

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 45 U.S. *Code of Federal Regulations* § 95.621(f)(3) requires the Department of Human Services to review the automated data processing (ADP) system security on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. In addition, Title 45 U.S. *Code of Federal Regulations* § 95.621(f)(6) notes the Department of Human Services shall maintain reports of their biennial ADP system security reviews.

Condition: The Minnesota Department of Human Services maintains the computer systems, MMIS and MAXIS, which are used to support the eligibility determination process. The Minnesota Department of Human Services, working with Minnesota Information Technology Services (MNIT), did not complete recent information system security reviews of MMIS or MAXIS applications and environments, which help identify new, and validate any existing, risks and vulnerabilities.

Questioned Costs: None.

Context: The Minnesota Department of Human Services, working with MNIT, has a process for completing system security reviews and annual risk assessments for information systems. The Minnesota Department of Human Services informed us that it has started its security reviews of MMIS and MAXIS.

Effect: The Minnesota Department of Human Services is not in compliance with Title 45 U.S. *Code of Federal Regulations* § 95.621(f)(3) and (6). In addition, failure to perform regular system security reviews could allow security gaps or vulnerabilities of the system to go undetected, which can increase the risk of a security breach or fraud.

Cause: The Minnesota Department of Human Services informed us its security reviews of MMIS and MAXIS are incomplete due to department resource constraints.

Recommendation: We recommend the Minnesota Department of Human Services work with MNIT to complete the security reviews of MMIS and MAXIS on a biennial basis.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-031 Reporting – Federal Funding Accountability and Transparency Act (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 Justice

Program: 16.575 Crime Victim Assistance

Award Number and Year: 2019V2GX033, 2019; 2020V2GX0018, 2020; 15POVC21GC00579ASSI, 2021

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.

Under the requirements of the Federal Funding Accountability and Transparency Act (pub. L. No. 109-282), as amended by Section 6202 of Pub. L., No. 110-252, that are codified in 2 *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).

Condition: In the sample selected for FFATA testing, it was noted for four subrecipient subawards that the information submitted in the FSRS could not be reconciled to the appropriate grant agreements. Additionally, no subaward information was submitted between May 2022 and November 2023.

Transactions Tested	Report not timely	Subaward amount incorrect
33	33	4
Dollar Amount of Tested Transactions	Report not timely	Subaward amount incorrect
\$ 4,169,803	\$ 4,169,803	\$ 75,941

Questioned Costs: None.

Context: Key data elements of FFATA reporting include subawardee name, subawardee DUNS and Unique Entity Identifier numbers, amount of subaward, subaward obligation/action date, date of report submission, subaward number, and subaward project description.

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 Public Safety is not in compliance with FFATA reporting requirements.

Cause: Two subawards were reported improperly because the reports being relied upon for reporting by the Minnesota Department of Public Safety – Office of Justice Programs were not capturing updated grant information. Additionally, two subawards terminated their grants early, and no modifications were submitted to the FSRS decreasing the award amounts. The Minnesota Department of Public Safety is performing FFATA reporting on an annual basis. Controls were not in place to ensure accurate and timely reporting.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Recommendation: We recommend the Minnesota Department of Public Safety implement procedures to ensure reports required by FFATA are accurately completed and submitted in a timely manner. In addition, we recommend the Minnesota Department of Public Safety work with the federal government on how best to correct reporting.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

2023-032 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 Justice

Program: 16.575 Crime Victim Assistance

Award Number and Year: 2019V2GX033, 2019; 2020V2GX0018, 2020; 15POVC21GC00579ASSI, 2021

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(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."

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(f) states, "Verify that every subrecipient is audited as required by Subpart F 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 § 200.501."

Condition: Of the 11 subrecipients selected for testing, the following exceptions were noted:

- No documented evidence of a review being performed for two subrecipient audit reports;
- One subrecipient audit report was not reviewed until 37 days after the management decision deadline;
- One subrecipient audit report was reviewed; however, the date of review was not documented so timeliness could not be determined; and
- Two reviews of subrecipient reports did not result in the issuance of a management decision when federal program or cross-cutting findings were reported.

Questioned Costs: None.

Context: Both the Minnesota Department of Public Safety and overall State of Minnesota policies and procedures over subrecipient monitoring require reviewing audit reports of subrecipients and issuing a management decision letter to subrecipients with federal findings. The Minnesota Department of Public Safety provided federal funds to subrecipients resulting in 88 audit reports to review. Of these 88 reports, the Minnesota Department of Public Safety was appointed the cognizant agency at the state level for 18, yet was still responsible for reviewing the remaining 70 reports.

The sample size was based on 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, 2023

Effect: The Minnesota Department of Public Safety is not in compliance with subrecipient monitoring requirements. Not reviewing subrecipient audit reports and issuing the appropriate management decisions increases the risk that subrecipients may not administer subawards in compliance with the terms and conditions of the subawards.

Cause: Due to lack of available staff time, the tracking of these reviews was not performed, and management decisions were not issued when required.

Recommendation: We recommend the Minnesota Department of Public Safety strengthen procedures in place to ensure that all reviews of subrecipient audits are documented and the appropriate management decisions are issued timely.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-033 Special Tests and Provisions – Equal Employment Opportunity Program (EEOP)

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 Justice

Program: 16.575 Crime Victim Assistance

Award Number and Year: 2019V2GX033, 2019; 2020V2GX0018, 2020; 15POVC21GC00579ASSI, 2021

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 28 U.S. *Code of Federal Regulations* § 42 Subpart E, Equal Employment Opportunity Program Guidelines, requires recipients of grant awards under the Omnibus Crime Control and Safe Streets Act to comply with regulations pertaining to EEOPs.

Condition: The Minnesota Department of Public Safety's EEOP is missing the following specific elements:

- An analysis for the preceding fiscal year of seniority practices and provisions, upgrading and promotion procedures, transfer procedures (lateral or vertical), formal and informal training programs, and all recruitment and employment selection procedures;
- The number of (by race, sex, and national origin, if available):
 - disciplinary actions taken and types of sanctions imposed;
 - individuals applying for employment within the preceding fiscal year, applicants who were offered employment, and actually hired;
 - employees in each job category who made application for promotion or transfer within the preceding fiscal year and who were promoted or transferred; and
 - employees terminated within the preceding fiscal year which were voluntary and involuntary terminations; and
- Available community and area labor characteristics within the relevant geographic area including total population, workforce and existing unemployment by race, sex, and national origin.

Questioned Costs: None.

Context: Federal award agreements with the U.S. Department of Justice require the Minnesota Department of Public Safety – Office of Justice Programs to have and certify an EEOP in accordance with federal regulations. The Minnesota Department of Public Safety uses the Affirmative Action Plan to capture the equal employment opportunity information. The Affirmative Action Plan is available on the Minnesota Department of Public Safety website.

Effect: The Minnesota Department of Public Safety is not in compliance with Title 28 U.S. *Code of Federal Regulations* § 42 Subpart E.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2023

Cause: The Minnesota Department of Public Safety does not track the data necessary for inclusion in the EEOP because equal employment opportunity information has been included in the Department of Public Safety's Affirmative Action Plan.

Recommendation: We recommend the Minnesota Department of Public Safety implement a procedure to track all required information necessary for inclusion in their EEOP/Affirmative Action Plan.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

2023-034 National Student Loan Database System (NSLDS) Enrollment Reporting
(Published in CLA Report as 2023-001)

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 Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2022 to June 30, 2023

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status.

Condition: During our testing of 60 students, we noted four students from Century College and one student from Ridgewater College where the change in enrollment status was not reported within 60 days.

Questioned Costs: None.

Context: During our testing, it was noted the institutions does not have a process in place to ensure the timeliness of NSLDS reporting.

Effect: The colleges did not comply with Department of Education (ED) regulations by reporting student enrollment status changes timely.

Cause: The colleges did not have a process in place to ensure the student who graduated or withdrew were reported timely.

Recommendation: We recommend the colleges reevaluate their procedures and review policies surrounding reporting status changes to NSLDS to ensure timely reporting.

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, 2023

2023-035 Perkins Recordkeeping
(Published in CLA Report as 2023-002)

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: U.S. Department of Education

Program: 84.038 Student Financial Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2022 to June 30, 2023

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 674.19(e) states that Institutions 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. An original electronically signed MPN must be retained by the institution for three years after all the loans made on the MPN are satisfied.

Condition: During our testing of 40 retired or assigned loans, we noted for Mesabi Range College (now known as Minnesota North College), one MPN was unable to be located. The specific loan was paid in full and the original MPN was sent to the borrower with the paid in full communication.

Questioned Costs: None.

Context: The MPN for one student was not retained as required by the regulations.

Effect: The college was not in compliance with the Perkins recordkeeping regulations.

Cause: Minnesota North College was not aware of the requirement to retain a copy of the MPN for at least three years after the loans was satisfied.

Recommendation: We recommend the college implement procedures moving forward to ensure that all necessary MPN's are retained in accordance with the Perkins recordkeeping 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, 2023

2023-036 Cash Management G5 Drawdowns

(Published in CLA Report as 2023-003)

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 Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2022 to June 30, 2023

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 668.166(b) states that an institution may maintain for up to seven days an amount of excess cash that does not exceed 1% of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Department of Education (ED) any amount of excess cash over the 1% tolerance and any amount of excess cash remaining in its account after the seven-day tolerance period.

Condition: During our testing of federal G5 drawdowns, we noted there were amounts overdrawn on G5 by St. Cloud State University.

Questioned Costs: \$4,851,385.

Context: During our testing, we noted there were \$4,851,385 of Pell funds overdrawn by St. Cloud State University during fall 2022 term. All required funds were returned to Department of Education on October 12, 2022.

Effect: The university is not in compliance with ED requirements that excess cash needs to be returned to the Department of Education within seven days.

Cause: The university accidentally drew down the same amount twice for the Fall term.

Recommendation: We recommend the university review their policies and procedures surrounding reconciliations to ensure disbursements are completely reconciled to G5 monthly.

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, 2023

2023-037 Non-Aid Eligible Programs
(Published in CLA Report as 2023-004)

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: Student Financial Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2022 to June 30, 2023

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 668.32 states that a person must be enrolled as a regular student in an eligible program to receive Federal Student Aid (FSA) funds. A regular student is enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certificate offered by an eligible institution.

Condition: During our testing, we noted Northland Community and Technical College provided Pell grants, Federal Supplemental Educational Opportunity Grant (FSEOG), and Direct Loans to 4 students in a non-aid eligible program totaling \$26,481.

Questioned Costs: \$26,481.

Context: During our testing, we noted four students who received Title IV aid were not enrolled in an aid eligible program. The funds have been properly returned to the Department of Education.

Effect: The college is not in compliance with ED requirements regarding distribution of the Title IV funds to students not enrolled in an eligible program.

Cause: The college was not aware this program was not approved for federal aid.

Recommendation: We recommend the college review their policies and procedures surrounding aid disbursements of Title IV aid to ensure students are enrolled in an aid eligible program.

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, 2023

2023-038 Tier One Arrangements

(Published in CLA Report as 2023-005)

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: Student Financial Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2022 to June 30, 2023

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 668.164(e) states that a school must provide to ED an up-to-date URL for the contract for publication in a centralized database accessible to the public. Unless the school has a Tier Two arrangement under the threshold, the URL must also include the contract data.

Condition: During our testing of Tier One Arrangements, we noted Central Lakes College, Century College, Dakota County Technical College, Fond du Lac Tribal and Community College, Inver Hills Community College, Metropolitan State University, Pine Technical and Community College, Riverland Community College and Saint Paul College did not provide the URL for their Tier One Arrangement to the Department of Education.

Questioned Costs: None.

Context: During our testing, we noted the colleges and university had uploaded the Tier One agreement to their individual website; however, they did not provide the URL to the Department of Education.

Effect: The colleges and university are not in compliance with Department of Education requirements regarding Tier One arrangements.

Cause: The colleges and university were not aware of the requirements by the Department of Education.

Recommendation: We recommend the colleges and university review their policies and procedures surrounding their Tier One agreement to ensure they are in compliance with the Department of Education requirements.

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, 2023

2023-039 Reporting

(Published in CLA Report as 2023-006)

Prior Year Finding Number: 2022-027 (Published in CLA Report as 2022-003)

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: 84.425 Higher Education Emergency Relief Funds

Award Number and Year: Grant award number not provided, July 1, 2022 to June 30, 2023

State Agency: Minnesota State Colleges and Universities

Criteria: There are three components to reporting for the Higher Education Emergency Relief Funds (HEERF): 1) public reporting on the (a)(1) Student Aid Portion; 2) public reporting on the (a)(1) Institutional Portion (a)(2) and (a)(3) subprograms (Quarterly Reporting Form), as applicable; and 3) the annual report. The CARES Act 18004(e) and the CRRSAA 314(e) requires an institution receiving funds under HEERF I and HEERF II to submit a report to the secretary, at such time in such a manner as the secretary may require. While American Rescue Plan (ARP) does not explicitly identify procedures by which institutions must report on their uses of HEERF grant funds, Department of Education (ED) exercises this reporting authority under 2 CFR section 200.328 and 2 CFR section 200.329. Student and institutional reports are to be posted quarterly and be updated no later than 10 days after the end of each calendar quarter. The annual report for 2022 was due on March 24, 2023.

Condition: During our testing of 8 annual reports, it was noted for Northland Community and Technical College and South Central College that the reports were not submitted timely. During our testing of 21 quarterly reports, it was noted that Anoka Ramsey Community College, Dakota County Technical College, Inver Hills Community College, and Pine Technical and Community College each had 1 report not submitted timely.

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 some of the colleges and university 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 university did not comply with ED regulations by reporting information timely.

Cause: The colleges and university did not have someone tracking the requirements to ensure that they posted the reporting timely.

Recommendation: We recommend the colleges and university review their reporting procedures to ensure reports are being uploaded and submitted timely.

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, 2023

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**Representation of the
Minnesota Department of Commerce**

Corrective Action Plan
For the Year Ended June 30, 2023

Finding Number: 2023-002

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Program: 93.568 Low Income Home Energy Assistance

93.568 COVID-19 Low-Income Home Energy Assistance

Name of Contact Person Responsible for Corrective Action:

Amy Trumper – Chief Financial Officer

Corrective Action Planned:

Commerce will incorporate an additional staff member review to ensure reporting accuracy.

Anticipated Completion Date:

April 15, 2024

**Representation of the
Minnesota Department of Education**

Corrective Action Plan
For the Year Ended June 30, 2023

Finding Number: 2023-003

Finding Title: Subrecipient Monitoring – Risk Assessment

Program: 10.553 - School Breakfast Program

10.555 - National School Lunch Program

10.555 - COVID-19 – National School Lunch Program

10.556 - Special Milk Program for Children

10.559 - Summer Food Service Program for Children

10.582 - Fresh Fruit and Vegetable Program

10.558 - Child and Adult Care Food Program

Name of Contact Person Responsible for Corrective Action:

Emily Honer, Director of Nutrition Program Services

Corrective Action Planned:

The Minnesota Department of Education (MDE) – Nutrition Program Services will develop and implement procedures for completing risk assessments and monitoring including risk criteria to be used for federal programs passed through to subrecipients. The monitoring procedures will include MDE's oversight of the risk assessment process.

Anticipated Completion Date:

October 1, 2024, will be the anticipated implementation date, with one full year of each program meaning September 30, 2025, will be one full year completed.

Finding Number: 2023-004

Finding Title: Subrecipient Monitoring – Timely Issuance of Management Decision

Program: 10.553 - School Breakfast Program

10.555 - National School Lunch Program

10.555 - COVID-19 – National School Lunch Program

10.556 - Special Milk Program for Children

10.559 - Summer Food Service Program for Children

10.582 - Fresh Fruit and Vegetable Program

10.558 - Child and Adult Care Food Program

Name of Contact Person Responsible for Corrective Action:

Emily Honer, Director of Nutrition Program Services

Richard Rodriguez, Management Analyst

Corrective Action Planned:

Nutrition Program Services will ensure management decision letters are issued timely by implementing monthly audit check-ins with the team who completes these.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-005

Finding Title: Subrecipient Monitoring – Subrecipient Audit Reports for Non-Local Educational Agencies (LEAs)

Program: 10.553 - School Breakfast Program

10.555 - National School Lunch Program

10.555 - COVID-19 – National School Lunch Program

10.556 - Special Milk Program for Children

10.559 - Summer Food Service Program for Children

10.582 - Fresh Fruit and Vegetable Program

10.558 - Child and Adult Care Food Program

84.425C COVID-19 - Governor's Emergency Education Relief (GEER) Fund

Name of Contact Person Responsible for Corrective Action:

Emily Honer, Director of Nutrition Program Services

Richard Rodriguez, Management Analyst

Sean Fahnhorst, Director of Agency Finance

Corrective Action Planned:

Nutrition Program Services will ensure management decision letters are issued in a timely manner by implementing monthly audit check-ins with the team who completes these. MDE will develop procedures to ensure proper action is taken when single audits are not performed or provided by subrecipients.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-006

Finding Title: Reporting – Financial Reporting on FNS-777

Program: 10.553 - School Breakfast Program

10.555 - National School Lunch Program

10.555 - COVID-19 – National School Lunch Program

10.556 - Special Milk Program for Children

10.559 - Summer Food Service Program for Children

Name of Contact Person Responsible for Corrective Action:

Carolyn Hoel, State Program Adm. Manager

Mary Kuehn, Financial Coordinator

Corrective Action Planned:

MDE will retain copies of the original data from the SWIFT system used to support the amounts reported to FNS in the Financial Status Report (FNS-777) for the use of program funds for the National School Lunch Program, School Breakfast Program, Special Milk Program for Children, and Summer Food Service Program for Children.

Anticipated Completion Date:

April 30, 2024

Finding Number: 2023-007

Finding Title: Reporting – Summer Food Sponsor Site Data

Program: 10.559 – Summer Food Service Program for Children

Name of Contact Person Responsible for Corrective Action:

Emily Honer, Director of Nutrition Program Services

Richard Rodriguez, Management Analyst

Corrective Action Planned:

MDE will retain copies of the original Summer Food Sponsor data that it submits to the USDA for the Summer Food Service Program for Children.

Anticipated Completion Date:

March 31, 2024

Finding Number: 2023-008

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Program: 10.553 - School Breakfast Program

10.555 - National School Lunch Program

10.555 - COVID-19 – National School Lunch Program

10.556 - Special Milk Program for Children

10.559 - Summer Food Service Program for Children

10.582 – Fresh Fruit and Vegetable Program

Name of Contact Person Responsible for Corrective Action:

Carolyn Hoel, State Program Adm. Manager

Emily Honer, Director of Nutrition Program Services

Corrective Action Planned:

MDE will complete and submit reports for subaward information in the FFATA Subaward Reporting System (FSRS) for the Child Nutrition Cluster starting in fiscal year 2024.

Anticipated Completion Date:

October 31, 2024

Finding Number: 2023-009

Finding Title: Special Tests and Provisions – Noncompliance with Physical Inventory Requirement

Program: 10.553 - School Breakfast Program

10.555 - National School Lunch Program

10.556 - Special Milk Program for Children

10.559 - Summer Food Service Program for Children

10.582 – Fresh Fruit and Vegetable Program

Name of Contact Person Responsible for Corrective Action:

Emily Honer, Director of Nutrition Program Services

Melissa Elder, Nutrition Program Consultant

Corrective Action Planned:

Nutrition Program Services has already implemented this change. Although the audit looked at the SFY23 timeframe, in December 2023 the School Nutrition Business Supervisor who oversees USDA Food Distribution Program implemented a mid-year physical inventory and warehouse inspection. The division will incorporate this into the workplan for ongoing implementation.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2023-010

Finding Title: Level of Effort

Program: 84.425U COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Name of Contact Person Responsible for Corrective Action:

Sean Fahnhorst, MDE Director of Agency Finance

Jeff Schnobrich, MMB Executive Budget Officer

Corrective Action Planned:

Minnesota sought a waiver of the ARP's Maintenance of Effort requirement for FY 2023 for E-12 Education and Higher Education. We do not know when the U.S. Department of Education will decide, but the U.S. Department of Education approved Minnesota's FY 2022 waiver request in November 2023.

Anticipated Completion Date:

November 30, 2024

Finding Number: 2023-011

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Program: 84.425U COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Name of Contact Person Responsible for Corrective Action:

Carolyn Hoel, State Program Adm. Manager

Corrective Action Planned:

MDE will complete and submit reports in the FFATA Subaward Reporting System for the missing thirteen subawards. Additionally, MDE will complete FFATA requirements for the current year and future years, as needed.

Anticipated Completion Date:

August 31, 2024

Finding Number: 2023-012

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

Program: 21.027 – Coronavirus State and Local Fiscal Recovery Funds

Name of Contact Person Responsible for Corrective Action:

Sean Fahnhorst, Director of Agency Finance

Pam Schneider, Accounting Operations Manager

Corrective Action Planned:

MDE will verify that entities were not debarred, suspended, or otherwise excluded from participation in federal assistance programs or activities and retain this documentation. MDE is implementing a new grants management software system that will require this verification by grants staff or require self-certification by awardees and retain this information.

Anticipated Completion Date:

August 31, 2024



**Representation of the
Minnesota Department of Management and Budget**

Corrective Action Plan
For the Year Ended June 30, 2023

Finding Number: 2023-001

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 Botnen, COVID Response Accountability Office Director

Shawn Kremer, Department of Public Safety Chief Financial Officer

Corrective Action Planned:

The \$230,000,000 subrecipient expenditure misclassification occurred as a result of staffing changes for the SEFA reporting. Staff that led SEFA reporting last year retired and the reporting transferred from the COVID-19 Response Accountability Office to Fiscal Services. During this transition, there was a misunderstanding of how to classify the UI trust fund repayment due to a difference in reporting from Treasury's portal and the SEFA, resulting in the subrecipient misclassification on the SEFA. Going forward, all remaining State Fiscal Recovery Fund expenditures will be reported in the expenditure category of provision of government services, which is not reported as subrecipient expenditures in the Treasury portal and also not allowed to be reported as subrecipients on the SEFA.

Discussions held with Department of Public Safety by Minnesota Management and Budget for the \$1,132,000 decrease in expenditures determined the transaction to be unusual in nature and a unique circumstance where the Department of Public Safety did not receive the funds timely, which resulted in the transaction being recorded in fiscal year 2023 instead of the prior year. The Department of Public Safety has reviewed the ELM training modules Completing the Single Audit Report and Interagency Federal Subgrant Training provided by Minnesota Management and Budget. The Department of Public Safety has drafted an internal operating procedure for Single Audit reporting and will implement additional review procedures to ensure that only current year activity is included in the Schedule of Expenditures of Federal Awards.

Anticipated Completion Date:

June 30, 2024

**Representation of the
Minnesota Department of Health**

Corrective Action Plan
For the Year Ended June 30, 2023

Finding Number: 2023-001

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: The Department of Health (MDH) has already begun to train its staff and will expand its training of staff on the full Schedule of Expenditures of Federal Awards (SEFA) reporting process. In addition to training, MDH will implement more frequent monitoring of SEFA expenditures throughout the year, modify procedures to the SEFA variance analysis worksheet to identify any significant changes to the SEFA, and add additional review to ensure that the SEFA is complete and accurate.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-013

Finding Title: Cash Management – Amounts Provided to Subrecipients

**Program: Immunization Cooperative Agreements (Assistance Listing # 93.268)
COVID-19 Immunization Cooperative Agreements (Assistance Listing # 93.268)**

Name of Contact Person Responsible for Corrective Action:

Joshua Bunker, CFO

Corrective Action Planned: The department will ensure staff enter invoices based upon the approval date rather than creation date to ensure payments are made in accordance with federal cash management regulations and Minnesota Management and Budget's policy.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-014

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Program: Immunization Cooperative Agreements (Assistance Listing # 93.268)

COVID-19 Immunization Cooperative Agreements (Assistance Listing # 93.268)

Name of Contact Person Responsible for Corrective Action:

Joshua Bunker, CFO

Corrective Action Planned: The department has identified FFATA reporting requirements and is working to document and implement a centralized process.

Anticipated Completion Date:

December 31, 2024



**Representation of the
Minnesota Department of Human Services
Corrective Action Plan
For the Year Ended December 31, 2023**

Finding Number: 2023-001

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:

There were several root causes of this audit finding so our planned corrective action will be multi-faceted.

1. The Department of Human Services (DHS) SEFA preparer now has a better understanding of the appropriate treatment of payments to Minnesota State as non-subrecipient payments given Minnesota State is a component unit of the State. We will add an additional step to our review of the Schedule of Expenditures of Federal Awards (SEFA) that includes running a query of payments to Minnesota State and adjusting any payments that are initially categorized as sub-recipient. We will also work with DHS Contracts & Legal Compliance on the preventative measure of using a non-subrecipient account code for contracts with Minnesota State.
2. Several errors were due to miscoded transactions between the three IV-E federal programs: Adoption Assistance, Guardianship Assistance, and Foster Care. The SEFA preparer is reliant on the accuracy of the funding source and related federal award when transactions are initially entered. The Financial Operations Division has asked for an internal auditor to be assigned to conduct a consulting engagement and recommend additional internal controls we can put in place to improve the accuracy of the CB-496 and IV-E sections of the SEFA. The results of that engagement will give us a better idea of the work that needs to happen upstream to improve SEFA reporting.
3. The SEFA preparer is reliant on the accuracy of the account code that is attached to expenditures when they are made. The Financial Operations Division will work with staff that select the account code for payments to daycare providers funded by the Child Care Development Block Grant on the preventative measure of using a non-subrecipient account code for these payments. The Financial Operations Division will continue to work with Contracts & Legal Compliance on emphasizing the difference between subrecipient, contractor, and beneficiary and the importance of coding payments appropriately.
4. We acknowledge that there were several errors due to accruals being recorded twice or accruals being reversed twice. At this point, we don't know the root cause of these errors so our next step will be to

determine why these errors happened and what internal controls we can put in place to prevent them from happening again.

5. The DHS SEFA preparer now has a better understanding of how to present expenditures when DHS grants or remits federal funds to another state agency, mainly the need to report other agencies' sub-recipient payments on DHS's schedule as sub-recipient payments and other agencies' non-subrecipient payments as non-subrecipient payments. Due to the lack of access DHS has to other state agencies' accounting records, we will ask subrecipient agencies to provide detailed reports of their expenditures to ensure expenditures are categorized and presented correctly.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-015

Finding Title: Allowable Costs/Cost Principles – Public Assistance Cost Allocation Plan Amendments

Programs: 93.658 Foster Care Title IV-E

93.659 Adoption Assistance

93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Jackie Miller, Budget Operations Manager, Financial Operations Division

Corrective Action Planned:

While this error did not result in the Department of Human Services inaccurately calculating or inappropriately charging costs to any federal awards, we acknowledge that an error of this nature has the potential to have that effect. As identified by the auditors, the root cause of this error was a failure to inactivate a cost center in our IT system. We will implement an additional control that compares the active cost centers in our written cost allocation plan to the active cost centers in our IT system and ensure there is alignment.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-016

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Programs: 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

93.658 Foster Care Title IV-E

93.658 COVID-19 – Foster Care Title IV-E

93.667 Social Services Block Grant

93.767 Children's Health Insurance Program

93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Jackie Miller, Budget Operations Manager, Financial Operations Director

Corrective Action Planned:

We acknowledge that this is a long-standing repeat audit finding. We have previously not had the staff resources to tackle this issue which requires coordination across the agency to develop a process to systematically collect, store, and report the required FFATA data elements. That limitation has recently changed.

The Financial Operations Division (FOD) will work with the federal government to submit catch up FFATA files for May 2020 through September 2024 in the Federal Funding Accountability and Transparency Act Subaward Reporting System by October 31, 2024. Technical errors will be resolved and resubmitted by November 30, 2024.

FOD will implement procedures to begin required monthly report submissions by December 31, 2024. 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, 2024

Finding Number: 2023-017

Finding Title: Reporting – Title IV-E Programs Quarterly Financial Report (Form CB-496)

Programs: 93.658 Foster Care Title IV-E

93.658 COVID-19 – Foster Care Title IV-E

93.659 Adoption Assistance

93.659 COVID-19 – Adoption Assistance

Name of Contact Person Responsible for Corrective Action:

Carmen Patton-Minder, Director, Financial Operations Division

Corrective Action Planned:

The Financial Operations Divisions acknowledges that our internal controls over accounting for and reporting on the Title IV-E programs are deficient. We've experienced significant turnover with the team that is responsible for supporting these federal programs and we are actively working on rebuilding our knowledge and expertise. To help us with that effort, we've asked for an internal auditor to be assigned to conduct a consulting engagement and recommend additional internal controls we can put in place to improve the accuracy of the CB-496. The results of the engagement will give us a better idea of the work that needs to happen to resolve this audit finding and prevent similar errors from happening in the future. Part of that work will include documenting our processes to mitigate the risk of knowledge loss from future turnover.

Anticipated Completion Date:

June 30, 2025

Finding Number: 2023-018

Finding Title: Subrecipient Monitoring – Risk Assessment and Monitoring Procedures

Programs: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance 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

93.667 Social Services Block Grant

Name of Contact Person Responsible for Corrective Action:

Kathy Bruen, SNAP Program Manager
Pamela McCauley, TANF Program Manager
Laurie Possin, Child Care Assistance Program Manager
Andrew Richter, Communications Specialist

Corrective Action Planned:

The department will continue documenting existing risk management and monitoring practices related to our subrecipients, such as mandatory training and program case file eligibility reviews, and work to formalize a framework that aligns with 2 CFR Section 200.332. We will also review award information provided to these subrecipients and add applicable information as required.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-019

Finding Title: Special Tests and Provisions – MCO, PIHP, and PAHP Independent Audit

Programs: 93.767 Children’s Health Insurance Program
93.767 COVID-19 – Children’s Health Insurance Program
93.778 Medical Assistance Program
93.778 COVID-19 – Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Reginald Wardoku, Manager of Encounter Data Quality

Corrective Action Planned:

We have identified IPRO, our External Quality Review Organization who performs other similar activities required under the same federal regulation, to conduct encounter data audit and validation on behalf of the Department of Human Services using the recommended activities published by Centers for Medicare and Medicaid Services in September 2023.

Anticipated Completion Date:

September 1, 2024

Finding Number: 2023-020

Finding Title: Special Tests and Provisions – Security Review of MAXIS Information System

Programs: 10.551 Supplemental Nutrition Assistance Program
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.561 COVID-19 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Name of Contact Person Responsible for Corrective Action:

Chris Luhman, Information Security Director

Corrective Action Planned:

The MAXIS System Security Plan/Risk Assessment documentation is under final review. It is targeted to be finalized and certified by the anticipated completion date.

Anticipated Completion Date:

April 1, 2024

Finding Number: 2023-021

Finding Title: Eligibility

Program: 93.558 Temporary Assistance for Needy Families

Name of Contact Person Responsible for Corrective Action:

Pamela McCauley, TANF Program Manager

Corrective Action Planned:

The MAXIS system is designed to depend on frontline workers to update eligibility information during renewals and recertifications. TANF Leadership will work with MNIT to look at systems updates that can be implemented that will prompt staff to request updated information on expired documentation. The Department of Human Services (DHS) will also continue to work with counties to improve controls through county case file eligibility reviews. DHS will continue to provide eligibility findings from case reviews during monthly and quarterly meeting. Internal audits and TANF program staff will continue to meet with county leadership and frontline staff to provide trainings based on eligibility findings.

Anticipated Completion Date:

June 30, 2025

Finding Number: 2023-022

Finding Title: Special Test and Provisions – Child Support Non-Cooperation

Program: 93.558 Temporary Assistance for Needy Families

Name of Contact Person Responsible for Corrective Action:

Pamela McCauley, TANF Program Manager

Corrective Action Planned:

The Department of Human Services (DHS) has procedures in place to ensure cooperation with the child support enforcement requirements. Human error is expected but could be mitigated with a particular change to MAXIS. DHS will continue asking MNIT to assign resources to make this system change but cannot predict their timeline for doing so.

DHS will continue to train County agencies on addressing and imposing Child Support sanctions. TANF policy staff continue to track monthly compliance of child support sanctions. Additionally, TANF policy staff will meet with leadership and frontline staff of those counties that appear on monthly sanction reports to review sanction policy timelines.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-023

Finding Title: Eligibility

Program: 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

Name of Contact Person Responsible for Corrective Action:

Laurie Possin, Child Care Assistance Program Manager

Corrective Action Planned:

The Department of Human Services (DHS) will continue to review and update tools available to Child Care Assistance Program (CCAP) agencies, focusing on correct methods for calculating income, copayments, and authorized hours. Additionally, DHS will ensure that education and training target these error prone areas.

DHS will continue to provide technical assistance to agency workers through the Policy Quest portal and through the eligibility review process, using these opportunities to reinforce correct application of policy. DHS will continue to emphasize the importance of county case accuracy review processes that target primary areas of concern. All CCAP agencies will continue to be required to complete these reviews.

DHS gathered input from local agencies on how to reduce data entry errors. System and process changes are being reviewed and will be implemented as resources are available. DHS will continue to request system prompts that have the potential to reduce human error in calculating eligibility.

Anticipated Completion Date:

June 30, 2025

Finding Number: 2023-024

Finding Title: Special Tests and Provisions – American Rescue Plan Act Stabilization Funds

Program: 93.575 COVID-19 – Child Care and Development Block Grant

Name of Contact Person Responsible for Corrective Action:

Deb Swenson-Klatt, Manager, Child Development Services Unit, DHS Child Care Services Division

Corrective Action Planned:

The Child Development Services Unit has already completed work to address this finding: we have amended the application for Child Care Stabilization Base Grants to include language requiring providers to provide relief from co-payments and tuition payments for the families enrolled in the provider's program, to the extent possible, and prioritize such relief for families struggling to make either type of payment. We have also updated our program's Frequently Asked Questions webpage to clarify this requirement.

Anticipated Completion Date:

April 1, 2024

Finding Number: 2023-025

Finding Title: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

Program: 93.640 Basic Health Program (Affordable Care Act)

Name of Contact Person Responsible for Corrective Action:

Karen Giusto, Health Care Eligibility and Access, Health Care Eligibility Policy Manager

Tammy Smith, Health Care Eligibility Operations Director

Corrective Action Planned:

The Department of Human Services (DHS) will remind workers to double check relationships at renewal to assure the household projected annual income is correctly calculated.

DHS will determine the root cause of the errors for the incorrect payment category for which the capitation payment was made. If the source of errors are system errors that improperly put MinnesotaCare enrollees into the incorrect managed care capitation group, DHS will request an update to Minnesota Eligibility Technology System (METS) system functionality. If the source of the errors are worker errors, DHS will work with counties to improve controls.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-026

Finding Title: Subrecipient Monitoring

Program: 93.658 Foster Care Title IV-E

93.658 COVID-19 – Foster Care Title IV-E

Name of Contact Person Responsible for Corrective Action:

Bharti Wahi, Deputy Assistant Commissioner, Children and Family Services

Corrective Action Planned:

The department will continue documenting existing risk management and monitoring practices related to our subrecipients and work to formalize a framework that aligns with 2 CFR Section 200.332. We will also review award information provided to these subrecipients and add applicable information as required.

We conduct monitoring of cases annually (calendar year) of foster care maintenance payment eligibility in counties and tribes that have received Title IV-E federal reimbursement for foster care maintenance payments. The department will document our process for assessment of risk that includes reviewing components of federal Title IV-E compliance, including eligibility determination, compliance with safety requirements, and subsequent appropriateness of claiming. The department will examine how it communicates to subrecipients the federal fiscal and program requirements and make adjustments as needed to meet the recommendations of this finding.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-027

Finding Title: Reporting – Form CB-496, Part 4

Program: 93.659 Adoption Assistance

93.659 COVID-19 – Adoption Assistance

Name of Contact Person Responsible for Corrective Action:

Carmen Patton-Minder, Director, Financial Operations Division

Corrective Action Planned:

To prevent the report from being delinquent in the future, the Title IV-E team has developed a calendar outlining when reports are due. Additionally, the staff have added calendar reminders to their outlook calendars and have taken notes on how to complete the report. The team will be drafting a Standard Operating Procedure (SOP) on how to complete the CB-496 Part 4.

Anticipated Completion Date:

September 30, 2024

Finding Number: 2023-028

Finding Title: Eligibility

Program: 93.767 Children's Health Insurance Program

93.767 COVID-19 – Children's Health Insurance Program

Name of Contact Person Responsible for Corrective Action:

Troy Mangan, Health Care Eligibility and Access, Eligibility Supports Manager

Corrective Action Planned:

The Department of Human Services (DHS) Program Integrity and Oversight Unit will present at the Health Care Eligibility Leadership meeting and issue a Program Integrity HINTS, a statewide email announcement saved on a web archive, reminding workers of application processing timelines.

The DHS Program Integrity and Oversight Unit completed a statewide presentation on February 14, 2024, covering the importance of data entry accuracy. The presentation is archived and available for county and tribal nation eligibility workers.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-029

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Karen Giusto, Health Care Eligibility and Access, Health Care Eligibility Policy Manager

Troy Mangan, Health Care Eligibility and Access, Eligibility Supports Manager

Corrective Action Planned:

The Department of Human Services (DHS) will issue a bulletin outlining asset verification policies and issue related procedures. Statewide email announcements and statewide web presentations will be provided to county and tribal nation workers.

The DHS Program Integrity and Oversight Unit will issue a Program Integrity HINTS, a statewide email announcement saved on a web archive, reminding workers of asset verification policies and procedures.

Anticipated Completion Date:

December 31, 2024

Finding Number: 2023-030

Finding Title: Special Tests and Provisions – Security Review of MMIS and MAXIS Information Systems

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Chris Luhman, Information Security Director

Corrective Action Planned:

The MAXIS System Security Plan/Risk Assessment documentation is under final review. It is targeted to be finalized and certified by the anticipated completion date.

The MMIS System Security Plan/Risk Assessment has been started and is targeted to be finalized and certified by the anticipated completion date.

Anticipated Completion Date:

MAXIS- April 1, 2024

MMIS- June 7, 2024



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445 Minnesota Street • Suite 2300 • Saint Paul, Minnesota 55101-1515

Phone: 651.201.7300 • Fax: 651.296.5787 • TTY: 651.205.4827 • Toll Free 1.888.622.8799

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Representation of the Minnesota Department of Public Safety

Corrective Action Plan
For the Year Ended June 30, 2023

Finding Number: 2023-031

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Program: 16.575 Crime Victim Assistance

Name of Contact Person Responsible for Corrective Action:

Chris Anderson, OJP Crime Victim Services Grants Coordinator

Corrective Action Planned:

The Department of Public Safety – Office of Justice Programs (DPS-OJP) will create a written FFATA procedure for ALN 16.575 funds to include documentation, entry protocol, timing of updates, and staff responsible. DPS-OJP will explore SWIFT reports that will aid in identifying instances where FFATA will need to be updated for more accurate and timely data reporting.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-032

Finding Title: Subrecipient Monitoring

Program: 16.575 Crime Victim Assistance

Name of Contact Person Responsible for Corrective Action:

Jennifer Leholm, OJP Deputy Director of Operations

Corrective Action Planned:

DPS Grants Management Policy 3103 dated October 18, 2023, and the subsequent procedure places responsibility in individual DPS divisions for the issuance of management decision letters and related responses to grant-related audits. The procedure document details the process that will ensure adequate review of audited financial reports and issuance of management decisions, and final closure on corrective actions from subrecipient single audit report findings.

DPS-OJP will follow the OSA's recommendation to strengthen the procedures in place to ensure that all reviews of subrecipient audits are documented and the appropriate management decision letters are issued timely. DPS-OJP will work with DPS - Fiscal & Administrative Services to implement the OSA's recommendation to fortify current procedures for the division.

EQUAL OPPORTUNITY EMPLOYER

In addition, OJP is in the process of working with DPS - Human Resources to create a new position description to handle this responsibility for the division. Until that position is hired and on-boarded, Jennifer Leholm will be responsible to come into compliance with all outstanding audit reviews, management decisions, and audit remedies to date.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2023-033

Finding Title: Special Tests and Provisions – Equal Employment Opportunity Program (EEOP)

Program: 16.575 Crime Victim Assistance

Name of Contact Person Responsible for Corrective Action:

Lynn Mueller, Director of DPS Internal Affairs/Affirmative Action

Corrective Action Planned:

DPS is currently developing its Affirmative Action Plan for 2024-2026, which also captures equal employment opportunity data and information. DPS will include the following information in its 2024-2026 Affirmative Action Plan:

- an analysis for the preceding fiscal year of seniority practices and provisions, upgrading and promotion procedures, transfer procedures (lateral or vertical), and formal and informal training programs, and an analysis of all recruitment and employment selection procedures.
- the number of (by race, sex, and national origin, if available):
 - disciplinary actions taken and types of sanctions imposed;
 - individuals applying for employment within the preceding fiscal year, applicants who were offered employment, and actually hired;
 - employees in each job category who made application for promotion or transfer within the preceding fiscal year and who were promoted or transferred; and
 - employees terminated within the preceding fiscal year which were voluntary and involuntary terminations;
 - available community and area labor characteristics within the relevant geographic area including total population, workforce and existing unemployment by race, sex and national original.

Anticipated Completion Date:

June 30, 2024

**Representation of the
Minnesota Department of Natural Resources**

Corrective Action Plan
For the Year Ended June 30, 2023

Finding Number: 2023-001

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:

Dan Hade – DNR Budget Analyst

Corrective Action Planned:

- Insert instructions within the Minnesota Department of Natural Resources' (DNR's) Office of Management and Budget Services' (OMBS's) procedure for compiling the federal single audit. These instructions will direct that Payment in Lieu of Tax (PILT) entries should not include an account code that indicates a subrecipient. These instructions will further direct that OMBS will review with the Fish and Wildlife (FAW) Division's Federal Assistance Coordinator when a subrecipient account code is indicated.
- Insert a step in OMBS's federal single audit procedure to have the FAW Division's Federal Assistance Coordinator review journal entries related to ALN 15.605/605R; 15.611/611R; and 15.626 before the adjustments are sent to Minnesota Management and Budget. This additional step to existing OMBS review will ensure that both the OMBS Budget Analyst and the FAW Federal Assistance Coordinator have reviewed the information and proposed adjustments, decreasing the already small risk that errors of this nature will occur in the future.

Anticipated Completion Date:

May 13, 2024 – Corrective actions will be completed and integrated into our overall SEFA and federal indirect review processes before Single Audit Reporting for FY2024 begins in autumn 2024.



**Representation of
Minnesota State Colleges and Universities**

Corrective Action Plan
Year Ended June 30, 2023

United States Department of Education

Minnesota State Colleges and Universities respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 01, 2022 to June 30, 2023

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

2023-001 National Student Loan Database System (NSLDS) Enrollment Reporting

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the colleges reevaluate their procedures and review policies surrounding reporting status changes to NSLDS to ensure timely reporting.

Century College

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

Action taken in response to finding: Once Century College realized we were non-compliant with our NSLDS enrollment reporting, the Century College Registrar scheduled training sessions with our National Clearinghouse partner and other Registrar Office staff. Training occurred to better understand the reporting process, what action is needed for the Clearinghouse error reports and the timelines for correcting errors. Additional in-house training for Registrar Office staff has occurred to ensure multiple staff have the knowledge, skills and access to monitor, correct and manage the college's enrollment processing. The Registrar's Office now has an internal training guide to allow staff to reference the guide and use the guide for training staff.

Name(s) of the contact person(s) responsible for corrective action: Kirstin Fabozzi, Century College Registrar

Planned completion date for corrective action plan: January 2024

Ridgewater College

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

Action taken in response to finding: We run our reporting and transfer monitoring reports weekly to make sure necessary student(s) with a change in enrollment are being reviewed and reported within the required reporting window.

Name(s) of the contact person(s) responsible for corrective action: Madalynn Swanson and LeAnn Fischer

Planned completion date for corrective action plan: January 12, 2024

2023-002

Perkins Recordkeeping

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the college and university implement procedures moving forward to ensure that all necessary MPN's are retained in accordance with the Perkins recordkeeping regulations.

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

Action taken in response to finding: The college will implement procedures to ensure that all necessary MPN's are retained in accordance with the Perkins recordkeeping regulations.

Name(s) of the contact person(s) responsible for corrective action: Jodi Pontinen

Planned completion date for corrective action plan: June 30, 2024

2023-003

Cash Management G5 Drawdowns

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the university review their policies and procedures surrounding reconciliations to ensure disbursements are completely reconciled to G5 monthly.

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

Action taken in response to finding: The excess G5 draw was done in error, and the \$4,851,385.00 in excess was returned on October 12, 2022. The G5 confirmation number was R2210128427. Upon awareness of the error steps were put in place to have draws reviewed. In the future when funds are drawn down we will verify receipt of those funds before making additional requests of funds. This is further accomplished by a GL review one week (roughly) after to ensure that funds receipted match funds drawn.

Name(s) of the contact person(s) responsible for corrective action: Kelley Murphy – Director of Student Services

Planned completion date for corrective action plan: As stated above, the excess draw amount was returned on October 12, 2022.

2023-004

Non-Aid Eligible Programs

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the college review their policies and procedures surrounding aid disbursements of Title IV aid to ensure students are enrolled in an aid eligible program.

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

Action taken in response to finding: Northland has returned the funds through the G5 system, updated the student records in the college's student ledger, updated the student record for Pell and direct loans at COD, the \$600 in FSEOG that was initially transferred from FWS was pulled forward to use for FWS funds in 23/24, the student balances created by the return of funds were waived by the college, the FISAP for 24/25 was updated appropriately and resubmitted (reviewed by both the College President and CFO), balance confirmation for 22/23 of Pell and Direct Loans was completed at COD and confirmed on 2/21/2024.

In the future, Northland will work closely with academic leadership to make sure that degree programs are approved by not only the state, but HLC approval is also in place.

Name(s) of the contact person(s) responsible for corrective action: Lisa Bottem, Director of Financial Aid

Planned completion date for corrective action plan: Completed on February 21, 2024

2023-005

Tier One Arrangements

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the colleges and universities review their policies and procedures surrounding their Tier One agreement to ensure they are in compliance with the Department of Education requirements.

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

Action taken in response to finding: The colleges and universities will review their policies and procedures surrounding their Tier One agreement to ensure they are in compliance with the Department of Education requirements. They will ensure the URL is sent to Department of Education appropriately.

Name(s) of the contact person(s) responsible for corrective action: Institutional financial aid directors and business office managers

Planned completion date for corrective action plan: June 30, 2024

2023-006

Reporting

Higher Education Emergency Relief Funds – Assistance Listing No. 84.425

Recommendation: We recommend the colleges and universities review their reporting procedures to ensure reports are being uploaded and submitted timely.

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

Action taken in response to finding: The colleges, universities, and the system office will continue to work together to resolve the various reporting findings for fiscal year 2023. For 2023, only a few colleges and universities were named in this finding compared to 2021 where nearly all had at least one reporting issue. The finding in 2023 is also drastically less severe as the only issue noted was related to timeliness reporting. This shows Minnesota State colleges and universities made great progress in the past two years. We also convened bi-weekly conference calls with our external auditors and all of the college and university financial aid and finance divisions. This greatly improved the successful completion of the audit this past year and served to reduce the number of reporting issues identified. Minnesota State takes these findings very seriously and will continue our dedication in resolving these issues going forward to the best of our ability. Unfortunately, the system has experienced increased staff turnover this past year, but we will be intentional in ensuring all of our colleges and universities understand their role and expectations in resolving this finding. As the HEERF reporting tapers off in fiscal year 2024, and we have only a few schools remaining that will need to submit reports, we plan to follow up with each school individually to confirm they are submitting their reports on a timely basis.

Name(s) of the contact person(s) responsible for corrective action: College and university Financial Aid Directors, Chief Finance Officers, and system office management.

Planned completion date for corrective action plan: August 31, 2024

If the United States Department of Education has questions regarding this plan, please call Metody Popov at 651-201-1738.



State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2023

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State of Minnesota
Status of Prior Federal Audit Findings
Fiscal Year Ended June 30, 2023

ALN	Program Name	State Agency	Identified Problem in Prior Single Audit Report	Category of Corrective Action Taken*	SF-SAC Find Ref	Audit Report Fiscal Yr.
10.551	U.S. Department of Agriculture 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	2020-040	2020
10.555	National School Lunch Program (Child Nutrition Cluster)	Education	Noncompliance with restitution for food losses	1	2020-009	2020
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Health	Cash Management - Amounts Provided to Subrecipients	1	2022-010	2022
10.558	Child and Adult Care Food Program (Child Nutrition Cluster)	Education	Noncompliance with monitoring of subrecipient single audits	2	2020-006	2020
10.559	Summer Food Service Program for Children (Child Nutrition Cluster)	Education	Noncompliance with restitution for food losses	1	2020-009	2020
10.561	State Administrative Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2018-019	2018
10.561	State Administrative Matching Grant, Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-037	2020
10.561	State Administrative 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	2020-040	2020
21.019	U.S. Department of the Treasury COVID-19 – Coronavirus Relief Fund	Management and Budget	Noncompliance with subrecipient monitoring requirements	1	2021-020	2021
64.005	U.S. Department of Veterans Affairs Grants to States for Construction of State Home Facilities	Veterans Affairs	Review of Prevailing Wage Reports	2	2022-023	2022
64.005	Grants to States for Construction of State Home Facilities	Veterans Affairs	Procurement Documentation	1	2022-024	2022
84.010	U.S. Department of Education Title I Grants to Local Educational Agencies	Education	Noncompliance with subrecipient monitoring requirements	1	2021-003	2021
84.010	Title I Grants to Local Educational Agencies	Education	Noncompliance with earmarking requirements	1	2021-007	2021
84.010	Title I Grants to Local Educational Agencies	Education	Subrecipient Monitoring - Timely Issuance of Management Decision	1	2022-003	2022
84.010	Title I Grants to Local Educational Agencies	Education	Earmarking and Special Tests and Provisions - Hold-Harmless Calculations for Charter Schools	1	2022-004	2022
84.010	Title I Grants to Local Educational Agencies	Education	Reporting - Request for Advance or Reimbursement Form (SF-270) Financial Report	1	2022-005	2022
84.010	Title I Grants to Local Educational Agencies	Education	Reporting - Special Reporting for Federal Funding Accountability and Transparency Act (FFATA)	2	2022-006	2022
84.027	Special Education Grants to States	Education	Noncompliance with subrecipient monitoring requirements	1	2021-003	2021
84.173	Special Education Preschool Grants	Education	Noncompliance with subrecipient monitoring requirements	1	2021-003	2021
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund	Education	Noncompliance with subrecipient monitoring requirements	1	2021-003	2021
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund	Education	Noncompliance with federal subrecipient monitoring requirements	1	2021-004	2021
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund	Education	Subrecipient Monitoring - Timely Issuance of Management Decision	1	2022-003	2022
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund	Education	Level of Effort	4	2022-007	2022
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund	Education	Subrecipient Monitoring - Risk Assessment and Monitoring of Subrecipients	1	2022-008	2022
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund	Education	Subrecipient Monitoring - Subrecipient Audit Reports for Which the Minnesota Department of Education Was Not the Cognizant Agency	2	2022-009	2022
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	Noncompliance with subrecipient monitoring requirements	1	2021-003	2021
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	Noncompliance with federal subrecipient monitoring requirements	1	2021-004	2021
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	Subrecipient Monitoring - Timely Issuance of Management Decision	1	2022-003	2022
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	Level of Effort	4	2022-007	2022
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	Subrecipient Monitoring - Risk Assessment and Monitoring of Subrecipients	1	2022-008	2022
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education	Subrecipient Monitoring - Timely Issuance of Management Decision	1	2022-003	2022
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education	Level of Effort	2	2022-007	2022
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education	Subrecipient Monitoring - Risk Assessment and Monitoring of Subrecipients	1	2022-008	2022
93.044	U.S. Department of Health & Human Services 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	1	2020-037	2020
93.044	COVID-19 – 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	1	2020-037	2020
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-037	2020
93.045	COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-037	2020
93.053	Nutrition Services Incentive Program (Aging Cluster)	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-037	2020
93.423	1332 State Innovation Waivers	Commerce	Reporting	2	2022-002	2022
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	2015-013	2015
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal subrecipient monitoring requirements	2	2018-019	2018
93.558	Temporary Assistance for Needy Families	Human Services	Noncompliance with reporting requirements	2	2021-018	2021
93.558	Temporary Assistance for Needy Families	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.558	Temporary Assistance for Needy Families	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.558	Temporary Assistance for Needy Families	Human Services	Subrecipient Monitoring	2	2022-013	2022
93.558	Temporary Assistance for Needy Families	Human Services	Eligibility	2	2022-014	2022
93.558	Temporary Assistance for Needy Families	Human Services	Special Test and Provisions - Income Eligibility and Verification System (IEVS)	1	2022-015	2022
93.558	Temporary Assistance for Needy Families	Human Services	Special Test and Provisions - Child Support Non-Cooperation	2	2022-016	2022
93.563	Child Support Enforcement	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2018-019	2018
93.563	Child Support Enforcement	Human Services	Noncompliance with subrecipient monitoring requirements	1	2021-014	2021
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 subrecipient monitoring requirements	2	2021-014	2021
93.575	Child Care and Development Block Grant	Human Services	Noncompliance with reporting requirements	2	2021-018	2021
93.575	COVID-19 – Child Care and Development Block Grant	Human Services	Noncompliance with reporting requirements	2	2021-018	2021
93.575	Child Care and Development Block Grant	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.575	COVID-19 – Child Care and Development Block Grant	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.575	Child Care and Development Block Grant	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.575	COVID-19 – Child Care and Development Block Grant	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022

State of Minnesota
Status of Prior Federal Audit Findings
Fiscal Year Ended June 30, 2023

ALN	Program Name	State Agency	Identified Problem in Prior Single Audit Report	Category of Corrective Action Taken*	SF-SAC Find Ref	Audit Report Fiscal Yr.
93.575	Child Care and Development Block Grant	Human Services	Subrecipient Monitoring	2	2022-013	2022
93.575	COVID-19 – Child Care and Development Block Grant	Human Services	Subrecipient Monitoring	2	2022-013	2022
93.575	Child Care and Development Block Grant	Human Services	Eligibility	2	2022-017	2022
93.575	COVID-19 – Child Care and Development Block Grant	Human Services	Eligibility	2	2022-017	2022
93.575	COVID-19 – Child Care and Development Block Grant	Human Services	Special Tests and Provisions - American Rescue Plan Act Stabilization Funds	2	2022-018	2022
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	1	2018-019	2018
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Noncompliance with reporting requirements	1,3	2021-018	2021
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	1,3	2022-011	2022
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Subrecipient Monitoring	1,3	2022-013	2022
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Human Services	Eligibility	2	2022-017	2022
93.640	Basic Health Program	Human Services	Noncompliance with revalidation of provider requirements	1	2020-027	2020
93.658	Foster Care Title IV-E	Human Services	Noncompliance with federal subrecipient monitoring requirements	2	2020-037	2020
93.658	Foster Care Title IV-E	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.658	COVID-19 - Foster Care Title IV-E	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.658	Foster Care Title IV-E	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	2	2022-012	2022
93.658	COVID-19 - Foster Care Title IV-E	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.658	Foster Care Title IV-E	Human Services	Subrecipient Monitoring	2	2022-019	2022
93.658	COVID-19 - Foster Care Title IV-E	Human Services	Subrecipient Monitoring	2	2022-019	2022
93.659	Adoption Assistance	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2018-019	2018
93.659	Adoption Assistance	Human Services	Unallowable costs and activities	1	2019-030	2019
93.659	Adoption Assistance	Human Services	Unallowable costs and activities	1	2020-030	2020
93.659	Adoption Assistance	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-037	2020
93.667	Social Services Block Grant	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2018-019	2018
93.667	Social Services Block Grant	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	2020-037	2020
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements	1	2019-042	2019
93.767	Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements	1	2020-024	2020
93.767	COVID-19 – Children's Health Insurance Program	Human Services	Noncompliance with eligibility requirements	1	2020-024	2020
93.767	Children's Health Insurance Program	Human Services	Noncompliance with revalidation of provider requirements	1	2020-027	2020
93.767	COVID-19 – Children's Health Insurance Program	Human Services	Noncompliance with revalidation of provider requirements	1	2020-027	2020
93.767	Children's Health Insurance Program	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.767	Children's Health Insurance Program	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.767	COVID-19 – Children's Health Insurance Program	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.767	Children's Health Insurance Program	Human Services	Eligibility	1	2022-020	2022
93.767	COVID-19 – Children's Health Insurance Program	Human Services	Eligibility	1	2022-020	2022
93.778	Medical Assistance Program	Human Services	Noncompliance with revalidation of providers	1	2018-017	2018
93.778	Medical Assistance Program	Human Services	Noncompliance with federal subrecipient monitoring requirements	1	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 schedule of expenditures of federal awards requirements	1	2019-041	2019
93.778	Medical Assistance Program	Human Services	Noncompliance with revalidation of provider requirements	1	2020-027	2020
93.778	COVID-19 – Medical Assistance Program	Human Services	Noncompliance with revalidation of provider requirements	1	2020-027	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with schedule of expenditures of federal awards requirements	1	2020-035	2020
93.778	COVID-19 – Medical Assistance Program	Human Services	Noncompliance with schedule of expenditures of federal awards requirements	1	2020-035	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with subrecipient monitoring requirements	1	2020-037	2020
93.778	Medical Assistance Program	Human Services	Noncompliance with reporting requirements	2	2021-018	2021
93.778	Medical Assistance Program	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	2	2022-011	2022
93.778	COVID-19 – Medical Assistance Program	Human Services	Reporting - Federal Funding Accountability and Transparency Act (FFATA)	1,3	2022-011	2022
93.778	Medical Assistance Program	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	2	2022-012	2022
93.778	COVID-19 – Medical Assistance Program	Human Services	Allowable Costs/Cost Principles - Allocation of Cost to Cost Centers Not Included in the Public Assistance Cost Allocation Plan	1	2022-012	2022
93.778	Medical Assistance Program	Human Services	Eligibility	2	2022-021	2022
93.778	COVID-19 – Medical Assistance Program	Human Services	Eligibility	2	2022-021	2022
93.778	Medical Assistance Program	Human Services	Eligibility	1	2022-022	2022
93.778	COVID-19 – Medical Assistance Program	Human Services	Eligibility	1	2022-022	2022
U.S. Department of Homeland Security						
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 schedule of expenditures of federal awards requirements	1	2020-063	2020
97.036	COVID-19 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with subrecipient monitoring requirements	1	2021-017	2021
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with reporting requirements	2	2021-021	2021
97.036	COVID-19 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Public Safety	Noncompliance with reporting requirements	2	2021-021	2021
*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 Summary Schedule of Prior Audit Findings for further details.						

Representation of State of Minnesota

Summary Schedule of Prior Audit Findings for the year ended June 30, 2023

Finding Number: 2022-001

Year of Finding Origination: 2020 (Finding Numbers: 2021-001, 2020-035, 2020-063)

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

Summary of 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.

Summary of Corrective Action Previously Reported:

Minnesota Department of Education:

The Minnesota Department of Education will meet with Minnesota Management and Budget to discuss the “State Agency” grant account codes and how we can correctly apply them in order to have transactions accurately reflected in the SEFA. Staff will be trained on the correct use of “State Agency” grant account codes and how to apply them.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Minnesota Department of Health:

The Department of Health will review and document its steps for the accurate completion of federal expenditures and add additional review to ensure that the Schedule of Expenditures of Federal Awards (SEFA) is complete and accurate. These steps will include:

- Documenting and updating the SEFA reporting process.
- Training staff on the full SEFA reporting process, including description of how encumbrances (liabilities) impact the SEFA.
- Adding additional review steps prior to submitting to MMB.

Status: Not Corrected. The SEFA reporting process is documented and updated. Staff training on the full SEFA reporting process, including a description of how encumbrances (liabilities) impact the SEFA, has been implemented. Additional review steps prior to submitting to MMB have also been implemented.

Corrective action taken was not significantly different than the action previously reported.

Minnesota Department of Human Services:

The Department of Human Services (DHS) will establish additional controls to ensure that all federal expenditures are correctly reported in the Schedule of Expenditures of Federal Awards. These controls may include:

- Providing training to staff who are coding payments on how to differentiate between subrecipient and beneficiary payments and the reporting consequences of that differentiation,
- Tracking to prevent duplicate accrual adjustments,
- Stronger communication channels between staff who are authorizing expenditure corrections and those who are compiling the SEFA to ensure the consequences of the corrections for the SEFA are taken into consideration.

Status: Not Corrected. While we added additional procedural steps and internal controls to the SEFA reporting process, we've learned that these controls were not sufficient to completely mitigate the reporting risk. The Financial Operations Division will examine the root cause of the 2023 SEFA errors and implement additional controls, review, and training to resolve this finding and prevent these errors for reoccurring.

Corrective action taken was not significantly different than the action previously reported.

Minnesota Department of Public Safety:

The Department of Public Safety (DPS) will review and strengthen its internal controls procedures to ensure the total federal expenditures and amounts provided to subrecipients are accurately reported on the SEFA report. DPS will update its internal operating procedures to ensure that all federal expenditure reporting, including the Bilateral Invoice (BI) credits in the SEFA, undergoes a secondary review to ensure the data is accurately reported to Minnesota Management and Budget.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-002

Year of Finding Origination: 2022

Finding Title: Reporting

Program: 1332 State Innovation Waivers (Assistance Listing No. 93.423)

State Agency: Minnesota Department of Commerce

Summary of Condition: The Minnesota Department of Commerce did not include the federal share of expenditures in the amount of \$301,541,378 on an annual Federal Financial Report. The Minnesota Department of Commerce asserted this report was reviewed by someone independent of the preparer; however, documentation of the review was not maintained for this report, as well as for four performance reports tested. In addition, the Minnesota Department of Commerce did not report in accordance with the Transparency Act.

Summary of Corrective Action Previously Reported: The Department of Commerce will review and implement improved procedures to include all necessary information in reports and to submit required reports in accordance with the Transparency Act.

Status: Partially Corrected. Commerce submitted the federal share of expenditures on the annual Federal Financial Report. Documentation of report reviews was maintained. Compliance with Transparency Act reporting will occur when the next subaward agreement is signed prior to June 30, 2024.

Corrective action taken was not significantly different than previously reported.

Finding Number: 2022-003

Year of Finding Origination: 2021 (Finding Number: 2021-003)

Finding Title: Subrecipient Monitoring – Timely Issuance of Management Decision

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

COVID-19 – Governor’s Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C)

COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund (Assistance Listing No. 84.425D)

COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) (Assistance Listing No. 84.425U)

State Agency: Minnesota Department of Education

Summary of Condition: Of the nine subrecipients with audit findings that were selected for testing from the various Minnesota Department of Education administered federal programs, three did not have management decisions issued by the Minnesota Department of Education within six months of acceptance by the Federal Audit Clearinghouse.

Summary of Corrective Action Previously Reported: School Finance – Financial Management has refined the process and procedures to ensure management decision letters for Local Educational Agencies (LEA) are issued in a timely manner for all subrecipients with federal award findings on funding received from the U.S. Department of Education.

The Minnesota Department of Education has also recently developed and is implementing a new procedure for subrecipient monitoring. The procedure includes specific procedures and timelines. In addition, we are working on developing training on how to write a management decision letter. We have added an additional resource who will be responsible for managing and monitoring this activity on an on-going basis.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-004

Year of Finding Origination: 2021 (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 (Assistance Listing No. 84.010)

State Agency: Minnesota Department of Education

Summary of 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 three 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.

Summary of Corrective Action Previously Reported: The Minnesota Department of Education considers this finding resolved. The Minnesota Department of Education, in collaboration with MN.IT, reviewed the calculation procedures and the resulting revised process was used for the final calculations of federal fiscal year 2022 awards in December 2022. The resulting awards were published to all Local Educational Agencies in January 2023.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-005

Year of Finding Origination: 2022

Finding Title: Reporting – Request for Advance or Reimbursement Form (SF-270) Financial Report

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

State Agency: Minnesota Department of Education

Summary of Condition: The Minnesota Department of Education experienced technology issues in September of 2021 that caused duplicate payments to be recorded for and paid to school districts. The Minnesota Department of Education requested school districts repay any duplicate payments, which caused a temporary change in procedures for preparing Form SF-270 based on when the duplicate payments were repaid.

Summary of Corrective Action Previously Reported: This error occurred as a result of corrections being processed during a federal grant closeout. A drawdown adjustment should have occurred to decrease net draws from the current award and increase net draws from the federal grant award that was expiring. The Minnesota Department of Education did not complete the adjustment. This resulted in the Minnesota Department of Education drawing more funds than we had expenditures to support. The Minnesota Department of Education will provide additional training to team members in how to identify and treat error corrections when closing out grants.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-006

Year of Finding Origination: 2022

Finding Title: Reporting – Special Reporting for Federal Funding Accountability and Transparency Act (FFATA)

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

State Agency: Minnesota Department of Education

Summary of Condition: In the sample selected for FFATA testing, it was noted for two subrecipient subawards that the information submitted in FSRS could not be reconciled to the appropriate grant agreements. Additionally, this subaward information was to be submitted in FSRS by July 31, 2021, but was not submitted until September 2022.

Transactions Tested	Report not timely	Subaward amount incorrect
40	2	2

Dollar Amount of Tested Transactions	Report not timely	Subaward amount incorrect
\$ 39,885,232	\$ 1,593,599	\$ 511,353

Summary of Corrective Action Previously Reported: The Minnesota Department of Education has recently added an additional resource that will be responsible for the FFATA reporting. The new position will reside on the federal programs team and be responsible for this reporting. We are in the process transitioning the work and documenting the procedures to ensure compliance moving forward.

Status: Not Corrected. MDE has recently added an additional resource that will be responsible for the FFATA reporting. The new position will reside on the federal programs team and be responsible for this reporting. We are in the process transitioning the work and documenting the procedures to ensure compliance moving forward.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-007

Year of Finding Origination: 2022

Finding Title: Level of Effort

Program: COVID-19 – Governor's Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C)

COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund (Assistance Listing No. 84.425D)

COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) (Assistance Listing No. 84.425U)

State Agency: Minnesota Department of Education

Summary of Condition: State support was not maintained for elementary and secondary education in fiscal year 2022 at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending averaged over fiscal years 2017, 2018, and 2019.

Summary of Corrective Action Previously Reported: Since shortly after passage of the relevant federal legislation, the Minnesota Department of Education has worked with Minnesota Management and Budget to understand and project the state's maintenance of effort (MOE) using the "proportional MOE" definition in the legislation. Spending projections have consistently shown that Minnesota was unlikely to meet the proportional MOE due to declining enrollment and pandemic-related spending in other areas of the state budget; for that reason, the Minnesota Department of Education submitted a preliminary waiver request in December 2021.

Minnesota cannot meet the requirements of the proportional MOE at this point, given that FY 2022 is a closed year and no more spending can occur. Therefore, on March 14, 2023, the Minnesota Department of Education submitted the state's FY 2022 final expenditure data and a revised waiver request form and are awaiting the U.S. Department of Education's decision. The waiver submission argues:

- Minnesota did not supplant state spending with federal CRRSA or ARPA dollars, as evidenced by significant increases in E-12 spending during the pandemic, both in real dollars and per pupil funding
- Minnesota did experience declining public K-12 enrollment during the pandemic which impacted the total amount of state support for E-12 in FY 2022

- Minnesota paid back federal loans supporting the state's unemployment insurance program during the pandemic – the Trust Fund's balance was also replenished to maintain a safety net for families in future crisis
- If not for declining student enrollment and the need to support the state's UI Trust Fund during the pandemic, Minnesota would have met the E-12 MOE requirement.
- A waiver can be granted by the U.S. Department of Education if shown exceptional circumstances that caused a state to not meet the MOE. We believe these two arguments make our best case. Declining enrollment was a reason cited by the U.S. Department of Education when granting New Hampshire a waiver, so there is precedence for this action.

Status: No further action warranted related to COVID-19 – Governor's Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C) and COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund (Assistance Listing No. 84.425D). Waiver from the U.S. Department of Education was approved, and compliance requirements were removed in relation to these programs for 2023.

Status: Not Corrected related to COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) (Assistance Listing No. 84.425U). A waiver from the U.S. Department of Education was approved for FY 2022. However, at the time of the audit, the Minnesota Department of Education was still waiting on the U.S. Department of Education's decision on the FY 2023 waiver.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-008

Year of Finding Origination: 2021 (Finding Number: 2021-004)

Finding Title: Subrecipient Monitoring – Risk Assessment and Monitoring of Subrecipients

Program: COVID-19 – Governor's Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C)

COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund (Assistance Listing No. 84.425D)

COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) (Assistance Listing No. 84.425U)

State Agency: Minnesota Department of Education

Summary of Condition: For each program, 40 subrecipients were selected for risk assessment testing, as it related to subrecipient monitoring. Risk assessments were not completed as identified below for the respective program's sampled subrecipients.

- 37 subrecipients for Governor's Emergency Education Relief (GEER) Fund
- 40 subrecipients for Elementary and Secondary School Emergency Relief (ESSER) Fund
- 31 subrecipients for American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Additionally, the results of testing identified instances, as described below, in which no documentation of monitoring procedures was provided by the Minnesota Department of Education.

- One instance from the sample of nine subrecipients tested for Governor's Emergency Education Relief (GEER) Fund

- One instance from the sample of eight subrecipients tested for American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Finally, for Governor’s Emergency Education Relief (GEER) Fund, one additional subrecipient was identified during the course of the audit that was not included in the population of subrecipients provided by the Minnesota Department of Education.

Summary of Corrective Action Previously Reported: Procedures for risk assessments and monitoring were implemented in October 2022 and are currently in place for a majority of the funding strings within the programs identified. The risk assessment includes seven risk factors, each assigned points, used to determine which subrecipients will be monitored throughout the fiscal year. Subrecipients are monitored to ensure they adhere to regulations laid out in both federal and state law and guidance. All of these funding strings include monitoring for time and effort, procurement, and eligibility of expenditures. Program specific monitoring is added as required.

For those funding strings currently not included in the previous paragraph, Minnesota Department of Education will establish procedures that determine who will be monitored, when, and what regulations will be used as the basis for monitoring. Program specific monitoring will be added as required.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-009

Year of Finding Origination: 2022

Finding Title: Subrecipient Monitoring – Subrecipient Audit Reports for Which the Minnesota Department of Education Was Not the Cognizant Agency

Program: COVID-19 – Governor’s Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C)

State Agency: Minnesota Department of Education

Summary of Condition: The Minnesota Department of Education did not identify or review single audit reports for 12 non-local educational agency subrecipients for which it was not the cognizant agency.

Summary of Corrective Action Previously Reported: The Minnesota Department of Education has recently developed and is implementing a new procedure for subrecipient monitoring. The procedure includes specific procedures and timelines. In addition, we are working on developing training on how to write a management decision letter. We have added an additional resource who will be responsible for managing and monitoring this activity on an on-going basis.

Status: Not Corrected. MDE has recently developed and is implementing a new procedure for sub-recipient monitoring. The procedure includes specific procedures and timelines. In addition, we are working on developing training on how to write a management decision letter. We have added an additional resource who will be responsible for managing and monitoring this activity on an on-going basis.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-010

Year of Finding Origination: 2022

Finding Title: Cash Management – Amounts Provided to Subrecipients

Program: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (Assistance Listing No. 10.557)

State Agency: Minnesota Department of Health

Summary of Condition: During the testing of amounts provided to subrecipients for compliance with federal cash management requirements, three of the 40 payments tested were not paid timely (within 30 days) as required by Minnesota Management and Budget's cash management policy.

Summary of Corrective Action Previously Reported: The department is developing a content management system to manage and track payment of invoices through workflow controls. This system will enable better monitoring of invoices that are approaching payment due dates to ensure all invoices are paid within 30-days.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-011

Year of Finding Origination: 2021 (Prior Finding Number: 2021-018)

Finding Title: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Program: 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)

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

COVID-19 – Foster Care Title IV-E (Assistance Listing No. 93.658)

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 Minnesota Department of Human Services has not submitted required reports under FFATA since April 2020.

Summary of Corrective Action Previously Reported: Resolving this audit finding has been more challenging than DHS initially anticipated. DHS does not currently have a systematic way to collect and store some of the key data elements that need to be reported to comply with FFATA requirements. In addition, the federal switch from DUNS numbers to Unique Entity Identifiers for identifying subrecipients has made finding a resolution more difficult.

The DHS Financial Operations Division (FOD) will work with divisions across DHS to develop processes to systematically collect, store, and report the required data elements.

By October 31, 2023, FOD will work with the federal government to submit past due FFATA files. DHS will resolve and resubmit technical errors by November 30, 2023.

FOD will implement procedures to begin required monthly report submissions by December 31, 2023. Technical errors resulting in rejection from the FSRS system will be resolved and resubmitted no later than the next month's submission.

Status: Fully Corrected related to Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Assistance Listing No. 93.596) and COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778).

Corrective action taken was significantly different than the action previously reported.

The Minnesota Department of Human Services chose not to pass funds through to subrecipients for these programs.

Status: Not Corrected related to 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), Foster Care Title IV-E (Assistance Listing No. 93.658), COVID-19 – Foster Care Title IV-E (Assistance Listing No. 93.658), Children's Health Insurance Program (Assistance Listing No. 93.767), and Medical Assistance Program (Assistance Listing No. 93.778). Staffing constraints were a significant hurdle to DHS resolving this audit finding during calendar year 2023. We recently hired an employee with the skills needed to implement a repeatable reporting process and are hopeful that a process will be implemented by the end of the calendar year.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-012

Year of Finding Origination: 2022

Finding Title: Allowable Costs/Cost Principles – Allocation of Costs to Cost Centers Not Included in the Public Assistance Cost Allocation Plan

Program: 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)

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

COVID-19 – Foster Care Title IV-E (Assistance Listing No. 93.658)

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: There were two cost centers included in the Central Office Cost Allocation System (COCAS) that were not listed in the Public Assistance Cost Allocation Plan amendments, resulting in the State of Minnesota being reimbursed for costs from cost centers not included in the Public Assistance Cost Allocation Plan.

Summary of Corrective Action Previously Reported: This error occurred during a large clean up and removal of inactive cost centers. Moving forward, DHS Financial Operations Division will delay the removal of inactive cost centers from the Public Assistance Cost Allocation Plan until we have greater confidence that all related transactions have been processed and costs have stopped flowing through the cost centers. The specific errors identified by the auditors were corrected in our September 30,

2022, Public Assistance Cost Allocation Plan amendment by adding the cost centers in question back into the plan.

Status: Fully Corrected related to 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), COVID-19 – Foster Care Title IV-E (Assistance Listing No. 93.658), Children’s Health Insurance Program (Assistance Listing No. 93.767), COVID-19 – Children’s Health Insurance Program (Assistance Listing No. 93.767), and COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778). Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Status: Not Corrected related to Foster Care Title IV-E (Assistance Listing No. 93.658) and Medical Assistance Program (Assistance Listing No. 93.778). We have put procedures in place to compare the costs centers in our IT system COCAS with those in our written PACAP document. There may be a timing issue here of us receiving the finding in March 2023 and needing some time to create and implement a new internal control. We will review the new internal control and ensure it is operating as designed.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-013

Year of Finding Origination: 2021 (Prior Finding Number 2021-014)

Finding Title: Subrecipient Monitoring

Program: 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)

State Agency: Minnesota Department of Human Services

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

- The Minnesota Department of Human Services does not perform formal risk assessments on its county subrecipients or document the response to risk assessments for the Temporary Assistance for Needy Families and the Child Care and Development Block Grant programs.
- For one of ten subrecipient agreements tested, a current year agreement was not in place for Temporary Assistance for Needy Families.
- Six of the nine grant agreement coversheets used by the Minnesota Department of Health for the Temporary Assistance for Needy Families program was missing the federal award date.

Summary of Corrective Action Previously Reported: The department will document existing risk management and monitoring practices, such as system recertifications, mandatory training, and program case file eligibility reviews, and take any additional actions needed. We will also review award information provided to these subrecipients and add applicable information as required.

Status: Fully Corrected related to Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Assistance Listing No. 93.596).

Corrective action taken was significantly different than the action previously reported.

The Minnesota Department of Human Services chose not to pass funds through to subrecipients for this program.

Status: Not Corrected related to Temporary Assistance for Needy Families (Assistance Listing No. 93.558), Child Care and Development Block Grant (Assistance Listing No. 93.575), and COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575). The department will document existing risk management and monitoring practices, such as system recertifications, mandatory training, and program case file eligibility reviews, and is working to align these into a framework that meets 2 CFR section 200.332. We will also review award information provided to subrecipients.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-014

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

Finding Title: Eligibility

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

State Agency: Minnesota Department of Human Services

Summary of 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 sample of the cases reviewed by Minnesota Department of Human Services Internal Audit noted not all documentation was available, updated, or input correctly to support participant eligibility. The identified errors noted clients received benefits for incorrect amounts (over and under issuance) as well as benefits that should not have been paid due to case file information being incorrect, not updated, or not received to process eligibility for the benefit month.

Summary of Corrective Action Previously Reported: The MAXIS system is designed to depend on frontline workers to update eligibility information during renewals and recertifications. TANF Leadership will work with MNIT to look at systems updates that can be implemented that will prompt staff to request updated information on expired documentation. DHS will also continue to work with counties to improve controls through county case file eligibility reviews.

Status: Not Corrected. TANF Leadership has worked with MNIT to look at systems updates that can be implemented that will prompt staff to request updated information on expired documentation. MNIT timelines are driving when these changes will be made in MAXIS. DHS has and will continue to work with counties to improve controls through county case file eligibility reviews.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-015

Year of Finding Origination: 2022

Finding Title: Special Test and Provisions – Income Eligibility and Verification System (IEVS)

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

State Agency: Minnesota Department of Human Services

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local counties to support the eligibility determination process, including IEVS match impact for each benefit month. A sample of 25 cases were tested, and four of the cases did not include sufficient documentation showing the county case worker properly considered the IEVS match in the determination of eligibility and the amount of Temporary Assistance for Needy Families benefits for the benefit month tested. In addition, documentation was not maintained to support that the

Minnesota Department of Human Services notified counties with IEVS discrepancies greater than 20 percent.

Summary of Corrective Action Previously Reported: The Income Eligibility Verification System (IEVS) is a larger issue that crosses multiple programs. MAXIS is an antiquated system that does not receive IEVS data in a timely manner, which complicates the case management process for Eligibility Workers. DHS leadership is working on mapping out the multiple types of IEVS information and will draft recommendations to management on how to streamline where income and eligibility information comes from, evaluate the accuracy of that information, and determine the frequency with which eligibility staff receive the information. This work will also include evaluating the ability to interface with other State systems such as DEED's employment and income information.

SNAP and TANF Program staff will update any internal policies to reflect the need to maintain a record of IEVS match communications sent to Counties. The retention record will follow the current standard of 10 years after a case is closed.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-016

Year of Finding Origination: 2015 (Finding Number 2015-013)

Finding Title: Special Test and Provisions – Child Support Non-Cooperation

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

State Agency: Minnesota Department of Human Services

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local counties to support the eligibility determination process. Part of eligibility is cooperating with child support requirements. Counties must reduce benefits when a case is in non-cooperation status per the child support agency. In a sample of 35 cases tested, six cases had identified errors related to improper reduction of benefits or improper timing of reduced benefits for cases in non-cooperation status.

Summary of Corrective Action Previously Reported: The Department of Human Services (DHS) has procedures in place to ensure cooperation with the child support enforcement requirements. DHS will continue to train County agencies on addressing and imposing Child Support sanctions that interface from the PRISM system to the MAXIS system. TANF policy staff continue to track monthly compliance of child support sanctions since the sanction waiver ended in September 2021.

Additionally, TANF policy staff will meet with leadership and frontline staff of those counties that appear on monthly sanction reports to review sanction policy timelines.

Status: Not Corrected. TANF policy staff have identified a MAXIS system change that would improve internal controls related to this finding, but currently no MNIT resources have been assigned to the request for that change. DHS will continue to train County agencies on addressing and imposing Child Support sanctions that interface from the PRISM system to the MAXIS system and track monthly compliance of child support sanctions. Additionally, TANF policy staff will meet with leadership and frontline staff of those counties that appear on monthly sanction reports to review sanction policy timelines.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-017

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

Finding Title: Eligibility

Program: 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)

State Agency: Minnesota Department of Human Services

Summary of 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 sample of the cases reviewed by Minnesota Department of Human Services Internal Audit noted not all documentation was available, updated, or input correctly to support participant eligibility. The identified errors noted clients received benefits for incorrect amounts as well as benefits that should not have been paid due to case file information being incorrect, not updated, or not received to process eligibility for the benefit month.

Summary of Corrective Action Previously Reported: The Department of Human Services (DHS) will continue to review and update tools available to Child Care Assistance Program (CCAP) agencies, focusing on correct methods for calculating income, copayments, and authorized hours, and on ensuring that provider health and safety requirements are met. Additionally, DHS will ensure that education and training target these error prone areas.

DHS will continue to provide technical assistance to agency workers through the Policy Quest portal and through the eligibility review process, using these opportunities to reinforce correct application of policy.

DHS will continue to emphasize the importance of county case accuracy review processes that target primary areas of concern. All CCAP agencies will continue to be required to complete these reviews. DHS will also pursue system prompts and use of reporting or data review to assist local agencies with accuracy of the information they manage.

Status: Not Corrected. CCAP staff have identified a list of MEC² system changes meant to enhance internal controls, but have not been able to implement those changes due to limited MNIT resources.

DHS will continue to emphasize the importance of county case accuracy review processes that target primary areas of concern.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-018

Year of Finding Origination: 2022

Finding Title: Special Tests and Provisions – American Rescue Plan Act Stabilization Funds

Program: COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575)

State Agency: Minnesota Department of Human Services

Summary of Condition: In a sample of 40 ARPA stabilization payments tested, 29 payments were made to providers whose application did not include the certifications that the childcare provider will provide relief from copayments and tuition payments.

Summary of Corrective Action Previously Reported: The Child Development Services Unit will amend the application for Child Care Stabilization Base Grants to include language requiring providers to provide relief from co-payments and tuition payments for the families enrolled in the provider's program, to the extent possible, and prioritize such relief for families struggling to make either type of payment. We will also update our program's Frequently Asked Questions webpage to clarify this requirement.

Status: Partially Corrected. The Child Development Services Unit has amended the application for the Child Care Stabilization Base Grants to include language requiring providers to provide relief for co-payments and tuition payments for the families enrolled in the provider's programs, to the extent possible, and prioritize such relief for families struggling to make either type of payment. The unit also updated the program's Frequently Asked Questions webpage to clarify this requirement. These changes were implemented in April 2023.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-019

Year of Finding Origination: 2022

Finding Title: Subrecipient Monitoring

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

COVID-19 – Foster Care Title IV-E (Assistance Listing No. 93.658)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Minnesota Department of Human Services did not perform risk assessments or perform adequate monitoring procedures on its subrecipients. In addition, the Minnesota Department of Human Services did not have agreements with their subrecipients to communicate the terms and conditions of the Foster Care Title IV-E grant.

Summary of Corrective Action Previously Reported: The department will document existing risk management and monitoring practices related to our subrecipients and take any additional actions needed. We will also review award information provided to these subrecipients and add applicable information as required. We conduct monitoring of cases annually (calendar year) of foster care maintenance payment eligibility in counties and tribes that have received Title IV-E federal reimbursement for foster care maintenance payments. The department will document our process for assessment of risk that includes reviewing components of federal Title IV-E compliance, including eligibility determination, compliance with safety requirements, and subsequent appropriateness of claiming. The department will communicate to subrecipients the federal fiscal and program requirements through agreements as well through traditional communication methods.

Status: Not Corrected. The department has documented existing risk management and monitoring practices, such as training, review of the Child Foster Care Report, and program case file eligibility reviews, and is working to align these into a framework that meets 2 CFR section 200.332.

The department is examining and evaluating methods used to communicate to subrecipients the federal fiscal and program requirements and will enhance those methods through agreements as well through traditional communication methods.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-020

Year of Finding Origination: 2022

Finding Title: Eligibility

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 Minnesota Department of Human Services maintains the computer system, METS, which is used by local counties to support the eligibility determination process. The following exceptions were noted in a sample of 46 case files tested:

- One case file had an update to the household address which prompted a premature re-assessment,
- 23 case files in which income was not electronically verified in accordance with the Minnesota State Verification Plan, attested income was used rather than provided payroll documentation, or adverse changes were made to the income during the public health emergency, and
- One case file included an individual with separate health coverage, which was not reflected in the case file.

Summary of Corrective Action Previously Reported: The Department of Human Services (DHS) Health Care Eligibility and Access Division, Program Integrity Unit will continue to conduct a broad outreach campaign designed to improve controls at the county and tribal level based on the errors noted. Several Program Integrity HINTS tied to the specific audit issues found are scheduled for release in 2023, including: Verify Assets at Renewal; Verify and Maintain Income Documentation; Case Note Income Details; Double Check Income Frequency; Case Note End of Unemployment and Other Health Insurance. CMS has verbally indicated that our current procedure to check multiple electronic data sources (IRS, DEED, SSA and Equifax) and determine reasonable compatibility when no contradictory income evidence is found is what they expect states to do. DHS will be asking CMS about our verification plan for individuals who report \$0 income and have no SSN.

DHS appreciates the findings in this audit as it will help us continue to improve our eligibility process. Our latest federal Payment Error Rate Measurement (PERM) audit results show that DHS is below the national CHIP error rate and has one of the lowest MA error rates in the nation. The PERM audit includes a review of 135 CHIP cases versus the 46 CHIP cases reviewed in this audit.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-021

Year of Finding Origination: 2019 (Finding Number 2019-034)

Finding Title: Eligibility

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 Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local counties to support the eligibility determination process. In a sample of 92 case files tested, 32 control errors were identified, and 13 had compliance errors. The identified errors related to completeness of the application and incorrect or unsupported income or asset information.

Summary of Corrective Action Previously Reported: The Department of Human Services (DHS) Health Care Eligibility and Access Division, Program Integrity Unit will continue to conduct a broad outreach campaign designed to improve controls at the county and tribal level based on the errors noted. Several Program Integrity HINTS tied to the specific audit issues found are scheduled for release in 2023, including: Verify Assets at Renewal; Verify and Maintain Income Documentation; Case Note Income Details; Double Check Income Frequency; Case Note End of Unemployment and Other Health Insurance.

DHS appreciates the findings in this audit as it will help us continue to improve our eligibility process. Our latest federal Payment Error Rate Measurement (PERM) audit results show that DHS has an MA eligibility error rate of 0.73%, well below the 11.89% national MA error rate. The PERM audit includes a review of 274 MA cases versus the 238 MA cases reviewed in this audit.

Status: Partially Corrected. The Eligibility Policy Manual (EPM) Mandatory Verifications and Income Verification both indicate that self-attestation of income can be accepted when data is not available. EPM Income Verification also indicates, "An individual who reports having no income is not required to provide verification or an explanation, unless electronic sources or other information the agency has indicated there is inconsistent information." DHS Federal Relations Division has a pending amendment to our CMS approved verification plan for our procedures for determining reasonable compatibility for applicants who report zero income and have a Social Security number. CMS has verbally indicated that our current procedure to check multiple electronic data sources (IRS, DEED, SSA and Equifax) and determine reasonable compatibility when no contradictory income evidence is found is what they expect states to do. DHS Federal Relations Division has requested guidance from the Centers for Medicare and Medicaid Services (CMS) over federal policy on self-attestation and determining reasonable compatibility for applicants who report zero income and do not have a Social Security Number or authorization to work in the United States.

DHS issues monthly Program Integrity HINTS via email and the web to county and tribal workers. HINTS and all audit findings are posted on ONEsource, the health care worker procedure manual. Program integrity presentations are also made at the Health Care Eligibility Leadership Committee, the Minnesota Association of Financial Assistance Supervisors, and the annual Minnesota Financial Worker and Case Aide Association. Program Integrity HINTS are emailed to workers and posted online monthly. The monthly "Program Integrity Minute" presentations are presented live via webinar, recorded and posted online, and all presentation materials are archived online for workers.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-022

Year of Finding Origination: 2019 (Finding Number 2019-034)

Finding Title: Eligibility

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 Minnesota Department of Human Services maintains the computer system, METS, which is used by local counties to support the eligibility determination process. In a sample of 146 case files tested, 36 control errors were identified, and 24 had compliance errors. The identified errors related to income information that was not verified, calculated, or entered properly into the system.

Summary of Corrective Action Previously Reported: The Department of Human Services (DHS) Health Care Eligibility and Access Division, Program Integrity Unit will continue to conduct a broad outreach

campaign designed to improve controls at the county and tribal level based on the errors noted. Several Program Integrity HINTS tied to the specific audit issues found are scheduled for release in 2023, including: Verify Assets at Renewal; Verify and Maintain Income Documentation; Case Note Income Details; Double Check Income Frequency; Case Note End of Unemployment and Other Health Insurance.

DHS appreciates the findings in this audit as it will help us continue to improve our eligibility process. Our latest federal Payment Error Rate Measurement (PERM) audit results show that DHS has an MA eligibility error rate of 0.73%, well below the 11.89% national MA error rate. The PERM audit includes a review of 274 MA cases versus the 238 MA cases reviewed in this audit.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-023

Year of Finding Origination: 2022

Finding Title: Review of Prevailing Wage Reports

Program: Grants to States for Construction of State Home Facilities (Assistance Listing No. 64.005)

State Agency: Minnesota Department of Veteran Affairs

Summary of Condition: There is no documentation of procedures in place to provide assurance that the weekly payroll reports submitted by contractors and subcontractors are reviewed for accuracy with regards to proper pay-period, project, and consistent prevailing wage rate to ensure compliance with federal prevailing wage rate standards.

Summary of Corrective Action Previously Reported: The Minnesota Department of Veterans Affairs will consult with partner agencies on an internal control for reviewing the payroll reports.

Status: Not Corrected. In coordination with the Departments of Administration and Labor & Industry, the Minnesota Department of Veterans Affairs will follow the enterprise-wide model for the review of the payroll reports for assessment of accurate prevailing wage application, and defer compliance with applicable regulations to the Departments of Administration and Labor & Industry.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2022-024

Year of Finding Origination: 2022

Finding Title: Procurement Documentation

Program: Grants to States for Construction of State Home Facilities (Assistance Listing No. 64.005)

State Agency: Minnesota Department of Veterans Affairs

Summary of Condition: When testing contracts for compliance with federal procurement requirements, documentation supporting compliance with the Solid Waste Disposal Act, the Clean Air Act, and the Federal Water Pollution Control Act could not be located by staff at the Minnesota Department of Administration. The external construction consultants were contacted to locate the documentation of compliance in the specifications, contracts, or other documents in their files.

Summary of Corrective Action Previously Reported: The Minnesota Department of Veterans Affairs will explore options with our partner agencies to ensure that the state has comprehensive policies and procedures in place to ensure compliance with federal procurement requirements, including maintaining appropriate support documenting compliance.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2021-003

Year of Finding Origination: 2021

Finding Title: Subrecipient Monitoring – Review of Subrecipient Audit and Issuance of Management Decision

Program: Title I Grants to Local Educational Agencies (Assistance Listing No. 84.010) * see note below
Special Education Grants to States (Assistance Listing No. 84.027)

Special Education Preschool Grants (Assistance Listing No. 84.173)

COVID-19 – Governor's Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C) * see note below

COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund (Assistance Listing No. 84.425D) * see note below

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

Summary of 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.

Summary of Corrective Action Previously Reported: School Finance – Financial Management team has developed procedures and is currently sending out management decision letters to these LEAs. The letters clearly state the status of the corrective action plan in compliance with Uniform Guidance. Due to the timing of the audit finding, we had to develop a process and procedures mid-year without much time to send out the management letters, however, the management decision letters were sent out with only a few not considered timely. We have refined our procedure so that management decision letters will be timely.

* Title I Grants to Local Educational Agencies (Assistance Listing No. 84.010), COVID-19 – Governor's Emergency Education Relief (GEER) Fund (Assistance Listing No. 84.425C), COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund (Assistance Listing No. 84.425D) subrecipient monitoring are reported within the Summary Schedule of Prior Audit Findings as finding 2022-003.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2021-014

Year of Finding Origination: 2018 (Finding Number 2018-019)

Finding Title: Subrecipient Monitoring

Program: Temporary Assistance for Needy Families (Assistance Listing No. 93.558) * see note below

Child Support Enforcement (Assistance Listing No. 93.563)

Child Care and Development Block Grant (Assistance Listing No. 93.575) * see note below

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

State Agency: Minnesota Department of Human Services

Summary of 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.

Summary of Corrective Action Previously Reported: The contract templates have a federal funding clause containing the required information to be provided to the subrecipient. This clause acts as a prompt to the program areas to provide this information to the subrecipient. County risk assessments were not documented, but monitoring and oversight activities, such as system recertifications, mandatory training, and county case file eligibility reviews, were completed. We are working on documenting all the monitoring and oversight activities being completed, and addressing any gaps noted.

* Temporary Assistance for Needy Families (Assistance Listing No. 93.558), 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) subrecipient monitoring are reported within the Summary Schedule of Prior Audit Findings as finding 2022-013.

Status: Fully Corrected related to Child Support Enforcement (Assistance Listing No. 93.563). Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2021-017

Year of Finding Origination: 2021

Finding Title: Subrecipient Monitoring

**Program: COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
(Assistance Listing No. 97.036)**

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

Summary of 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.

Summary of Corrective Action Previously Reported: DHS has subsequently sent notices to all impacted subrecipients to inform them of the applicable federal requirements and as of September 23, 2022, the issue has been corrected.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2021-020

Year of Finding Origination: 2021

Finding Title: Subrecipient Monitoring

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

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

Summary of 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 the COVID-19 – Coronavirus Relief Fund on its SEFA.

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2021-021

Year of Finding Origination: 2020 (Finding Number 2020-060)

Finding Title: Reporting – Accuracy of Progress Reports

Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing No. 97.036)

COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing No. 97.036)

State Agency: Minnesota Department of Public Safety

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

Summary of Corrective Action Previously Reported: The HSEM Public Assistance staff redeveloped Quarterly Progress Reports procedures in response to the 2022 Single Audit failed test data. These procedures were approved by FEMA and have been in use since September 2022. Additional staff were brought into HSEM Public Assistance to assist with the Quarterly Progress Reports. This procedure is “QPR Procedures Revised 11.16.2022.” In order to properly address the backup documentation requirements associated with the Quarterly Progress Reports, the QPR Procedures Revised has been updated (“QPR Procedures Revised 3.15.2023”), adding the responsibility to HSEM Public Assistance staff to maintain supporting documentation in accordance with DPS-HSEM retention schedule.

Status: Not Corrected. The HSEM Public Assistance office has drafted a revised Quarterly Progress Reports procedure (QPR Procedure Revised 3.20.2024) which the various process steps and responsibilities of HSEM staff, Fiscal & Administrative Services (FAS) staff and FEMA Region V Public Assistance. The financial expenditures and federal drawdown information and the Quarterly Progress Reports information are filed at different time periods and the data may not match between SWIFT and the EM Grants Pro system based on the when data is submitted to FEMA Region V Public Assistance for the Quarterly Progress Reports and when the federal drawdown is completed. HSEM and FAS will be working on incorporating additional comments in the EM Grants Pro system and the QPR Procedure Revised 3.20.2024 to provide more clarity and support the data being reported. HSEM will have these additional processes in place and the QPR Procedure updated by October 1, 2024.

Corrective action taken was not significantly different than the action previously reported.

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: Minnesota Department of Education 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. In addition to our procedure, we have updated forms to include this change.

Additionally, Nutrition Program Services has updated their procedures for the non-LEA programs of SFSP and CACFP. Federal regulations recently changed which will require a Management Plan from these non-LEA subrecipients.

Minnesota Department of Education has recently developed and is implementing a new procedure for sub-recipient monitoring. The procedure includes specific procedures and timelines. In addition, we are working on developing training on how to write a management decision letter. We have added an additional resource who will be responsible for managing and monitoring this activity on an on-going basis.

In addition to updating the Cognizant Agency Policy as previously reported, additional work was completed in this area. Nutrition program services is updating their procedures; Minnesota Department of Education is implementing new procedures and committed an additional resource to these activities.

Status: Partially Corrected. 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. In addition to our procedure, we have updated forms to include this change. Additionally, Nutrition Program Services has updated their procedures for the non-LEA programs of SFSP and CACFP. Federal regulations recently changed which will require a Management Plan from these non-LEA subrecipients. MDE has recently developed and is implementing a new procedure for sub-recipient monitoring. The procedure includes specific procedures and timelines. In addition, we are working on developing training on how to write a management decision letter, but the training has not been completed yet, estimated October 2023. We have added an additional resource who will be responsible for managing and monitoring this activity on an on-going basis.

Corrective action taken was not significantly different than the action previously reported.

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: Minnesota Department of Education considers this fully resolved in FY23. Minnesota Department of Education developed a new process for determining the value the USDA Foods for restitution. Final damage/lost report was just received from the warehouse for SY22. Once the final value is determined, the amount to be recovered will be sent for approval.

Additionally, in FY2023 the State of Minnesota terminated the former contract and procured a new food warehouse contract. The Minnesota Department of Administration worked with Minnesota Department of Education to ensure language was correct with federal regulations on food losses. We have not had damaged foods reported to us from any stakeholder that would be the vendor's responsibility to reimburse. We have had food losses that were the responsibility of USDA and we have refused acceptance of those food items and/or sent them back and reported to USDA. This tells us the new procedure is working correctly.

In addition to developing and implementing a new procedure, Minnesota Department of Education entered into a new vendor contract that includes contract language that lines up with federal regulations on food losses.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

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 has drafted and will issue an 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 communication will occur after the end of the Public Health Emergency (PHE).

Certain METS updates have been completed which address these issues. However, the pregnant woman/auto newborn project continues to be delayed due to the PHE.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

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: DHS completed the revalidation for all 9 of these providers as of September 23, 2022.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

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: A notice has been sent out to all counties involved with the MnPD program. Each county was asked to review their case and determine whether the rate of payment remains correct. Additionally, FOD has provided the Counties quarterly payment requests to Community Support Programs (CSP) for review. CSP has reviewed each of the payments and cross referenced with original documentation, as well as, current documentation/data available in SSIS. If there were discrepancies that county was contacted to provide verification.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

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: 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 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 Financial Operations Division developed a query that pulls all the transactions that should be included on the SEFA schedules. FOD staff compare the results of the query to the preliminary MMB SEFA report from SWIFT and submit adjustments to MMB to tie the expenditures between the two reports and ensure all required expenditures are included on the SEFA.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

Finding Number: 2020-037

Year of Finding Origination: 2018 (Finding Number 2018-019)

Finding Title: Noncompliance With Federal Subrecipient Monitoring Requirements

Program: State Administrative Matching Grants for the 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)

Foster Care Title IV-E (Assistance Listing No. 93.658) * See note below

Adoption Assistance (Assistance Listing No. 93.659)

Social Services Block Grant (Assistance Listing No. 93.667)

Medical Assistance Program (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 pass-through 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: DHS continues to make control improvements to the process used, including notification to DHS program areas 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. 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.

* Foster Care Title IV-E subrecipient monitoring is reported within the Summary Schedule of Prior Audit finding as finding 2022-019.

Status: Fully Corrected related to 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), Adoption Assistance

(Assistance Listing No. 93.659), Social Services Block Grant (Assistance Listing No. 93.667), and Medical Assistance Program (Assistance Listing No. 93.778). Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.

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 Administrative Matching Grants for the 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: The MAXIS Risk Assessment has been completed as of October 5, 2022.

Status: Not Corrected. The MAXIS SSP/RA work that was done during 2022 was not fully completed under the updated process and documentation controls due to resource constraints. The work previously done was incorporated into the updated process and the MAXIS SSP/RA is currently under final review. It will be finalized and certified by 4/1/2024.

Corrective action taken was not significantly different than the action previously reported.

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 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.

Summary of Corrective Action Previously Reported: The Department of Public Safety (DPS) will review and strengthen its internal controls procedures to ensure the total federal expenditures and amounts provided to subrecipients are accurately reported on the SEFA report. DPS will update its internal operating procedures to ensure that all federal expenditure reporting, including the Bilateral Invoice (BI) credits in the SEFA, undergoes a secondary review to ensure the data is accurately reported to Minnesota Management and Budget. Internal operating procedure will be revised and internal controls put into place for running of the All Expenditure Report to include the BI credits in the SEFA reporting by December 31, 2023.

Status: Fully Corrected. Corrective action was taken.

Corrective action taken was not significantly different than the action previously reported.



**Representation of
Minnesota State Colleges and Universities**

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

United States Department of Education

Minnesota State Colleges and Universities respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023.

Audit period: July 01, 2022 to June 30, 2023

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

2022 – 001 National Student Loan Database System (NSLDS) Error Correcting

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.

Status: Corrective action was taken.

2022 – 002 Fiscal Operations Report and Application to Participate (FISAP)

Condition: During our testing of reporting, we noted the FISAP information for Minnesota West Community and Technical College failed to report the institutional dollars spend for Federal Work Study, and therefore shows that the College is not meeting the proper 25 percent match requirements.

Status: Corrective action was taken.

2022 – 003 Reporting

Condition: During our testing, for some of the colleges and universities, we noted:

- 1 of the 8 annual reports tested, the supporting documentation did not agree to what was included in the report
- 1 of the 8 annual reports tested were not submitted timely
- 3 of the 23 quarterly institutional reports tested were not published timely
- 3 of the 23 quarterly student reports tested were not published timely
- 6 of the 23 quarterly student reports tested were missing portions of the required disclosures
- 3 of the 23 quarterly student reports tested, the supporting documentation did not agree to what was included in the report
- 1 of the 23 quarterly student reports tested was not posted to the website
- 1 of the 23 quarterly student reports was not dated the appropriate quarter month end

Reason for finding's recurrence: There was significantly more reporting needed for HEERF funds, coupled with sometime limited or late guidance, which resulted in this finding for fiscal year 2021 and 2022. Therefore, resolving this finding occurred after the fiscal year 2021 ended and continued during the following two years. Due to the complexity of the Minnesota State system and some school staff turnover, some of the findings carried into fiscal year 2023 as well.

Corrective Action: The colleges, universities, and the system office will continue to work together to resolve the various reporting findings for fiscal year 2023. For 2023, only a few colleges and universities were named in this finding compared to 2021 where nearly all had at least one reporting issue. The finding in 2023 is also drastically less severe as the only issue noted was related to timeliness reporting. This shows Minnesota State colleges and universities made great progress in the past two years. We also convened bi-weekly conference calls with our external auditors and all of the college and university financial aid and finance divisions. This greatly improved the successful completion of the audit this past year and served to reduce the number of reporting issues identified. Minnesota State takes these findings very seriously and will continue our dedication in resolving these issues going forward to the best of our ability. Unfortunately, the system has experienced increased staff turnover this past year, but we will be intentional in ensuring all of our colleges and universities understand their role and expectations in resolving this finding. As the HEERF reporting tapers off in fiscal year 2024, and we have only a few schools remaining that will need to submit reports, we plan to follow up with each school individually to confirm they are submitting their reports on a timely basis.

If the United States Department of Education has questions regarding this schedule, please call Metody Popov at 651-201-1738.