



MINNESOTA

FINANCIAL AND COMPLIANCE REPORT ON FEDERALLY ASSISTED PROGRAMS

For the year ended June 30, 2022





State of Minnesota

Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2022

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



State of Minnesota

2022
Financial and
Compliance Report on
Federally Assisted
Programs

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

2022 Financial and Compliance Report on Federally Assisted Programs
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Date: March 21, 2023

To: The Honorable Tim Walz, Governor

From: Commissioner Jim Schowalter 

Cc: Chief of Staff Chris Schmitter

RE: 2022 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, 2022. 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, 2022.

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 2022, the state of Minnesota expended approximately \$ 24.2 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, 2022.

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, 2022 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
Mr. James Schowalter, 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, 2022, 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, 2022, 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 the 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, 2023, 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.

A handwritten signature in black ink, appearing to read "Julie Blaha". The signature is fluid and cursive, with a large initial "J" and "B".

Julie Blaha
State Auditor

March 21, 2023





**Report on Internal Control Over Financial Reporting of the
Schedule of Expenditures of Federal Awards and on
Compliance and Other Matters Based on an Audit of the
Schedule of Expenditures of Federal Awards Performed
in Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schedule of Expenditures of Federal Awards (SEFA) and related notes of the State of Minnesota as of and for the year ended June 30, 2022, and have issued our report thereon dated March 21, 2023.

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 an opinion on the effectiveness of the State of Minnesota's internal control over financial reporting of the SEFA. Accordingly, we do not express an opinion on the effectiveness of the State of Minnesota's internal control over financial reporting of the SEFA.

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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the State of Minnesota's SEFA will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 2022-001, 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. The State of Minnesota's response was not subjected to the other 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

March 21, 2023



**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor’s Report

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

Report on Compliance for Each Major Federal Program

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, 2022, except for the major programs listed below:

| Program/Cluster Title | Percent of Program | Assistance Listing Number | Administered by |
|---|---------------------------|--|---|
| COVID-19 – Education Stabilization Fund | 33 | 84.425C, 84.425E, 84.425F, 84.425K, 84.425L, 84.425M, 84.425N, 84.425P, 84.425S, | 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 federal 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, 2022.

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, 2022.

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, 2022.

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, 2022.

Qualified Opinion on Medicaid 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 Medicaid Cluster for the year ended June 30, 2022.

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 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, 2022.

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 Temporary Assistance for Needy Families as described in finding numbers 2022-014 for Eligibility and 2022-016 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 CCDF Cluster as described in finding number 2022-017 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.

Matter 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 Foster Care Title IV-E as described in finding number 2022-019 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 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 Children's Health Insurance Program as described in finding number 2022-020 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.

Matter Giving Rise to Qualified Opinion on Medicaid Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Minnesota did not comply with requirements regarding Medicaid Cluster as described in finding numbers 2022-021 and 2022-022 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, 2022, and the Metropolitan Council and Minnesota Comprehensive Health Association component units for the year ended December 31, 2021, which expended \$801,771,445; \$1,202,654,022; \$4,793,999; \$35,881,743; \$630,114,426; and \$86,063,828, 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, 2022. Our compliance audit, described in the *Qualified and Unmodified Opinions* section, did not include the operations of these component units because they each had a separate single audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for 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 other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as identified below. Our opinion on each major federal program is not modified with respect to these matters.

Finding Numbers:

| | | | | |
|----------|----------|----------|----------|----------|
| 2022-002 | 2022-003 | 2022-004 | 2022-006 | 2022-007 |
| 2022-008 | 2022-009 | 2022-010 | 2022-011 | 2022-012 |
| 2022-013 | 2022-015 | 2022-018 | 2022-025 | 2022-026 |
| 2022-027 | | | | |

Government Auditing Standards requires the auditor to perform limited procedures on the State of Minnesota’s response to the noncompliance findings identified in our compliance 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 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:

| | | | | |
|----------|----------|----------|----------|----------|
| 2022-014 | 2022-016 | 2022-017 | 2022-019 | 2022-020 |
| 2022-021 | 2022-022 | | | |

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

Significant Deficiency Finding Numbers:

| | | | | |
|----------|----------|----------|----------|----------|
| 2022-002 | 2022-003 | 2022-004 | 2022-005 | 2022-006 |
| 2022-007 | 2022-008 | 2022-009 | 2022-010 | 2022-011 |
| 2022-012 | 2022-013 | 2022-015 | 2022-018 | 2022-023 |
| 2022-024 | 2022-025 | 2022-026 | 2022-027 | |

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 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.

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

March 21, 2023

State of Minnesota
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | 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 | \$ 1,246,894,552 | \$ - |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | Human Services | \$ 87,070,746 | \$ 74,333,454 |
| 10.561 | COVID-19-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | Human Services | \$ 3,430,362 | \$ - |
| | Program 10.561 Total: | | \$ 90,501,108 | \$ 74,333,454 |
| | Supplemental Nutrition Assistance Program (SNAP) Cluster Total: | | \$ 1,337,395,660 | \$ 74,333,454 |
| Forest Service Schools and Roads Cluster | | | | |
| 10.665 | Schools and Roads - Grants to States | MN Management & Budget | \$ 8,056,060 | \$ 8,056,060 |
| | Forest Service Schools and Roads Cluster Total: | | \$ 8,056,060 | \$ 8,056,060 |
| Food Distribution Cluster | | | | |
| 10.565 | Commodity Supplemental Food Program | Health | \$ 1,082,388 | \$ 1,023,365 |
| 10.568 | Emergency Food Assistance Program (Administrative Costs) | Human Services | \$ 1,304,047 | \$ 1,037,723 |
| 10.568 | COVID-19-Emergency Food Assistance Program (Administrative Costs) | Human Services | \$ 2,145,574 | \$ 2,145,574 |
| | Program 10.568 Total: | | \$ 3,449,621 | \$ 3,183,297 |
| | Food Distribution Cluster Total: | | \$ 4,532,009 | \$ 4,206,662 |
| Child Nutrition Cluster | | | | |
| 10.553 | School Breakfast Program | Education | \$ 118,488,486 | \$ 118,380,003 |
| 10.555 | National School Lunch Program | Education | \$ 429,165,582 | \$ 428,939,628 |
| 10.555 | COVID-19-National School Lunch Program | Education | \$ 20,712,350 | \$ 20,690,848 |
| | Program 10.555 Total: | | \$ 449,877,932 | \$ 449,630,476 |
| 10.556 | Special Milk Program for Children | Education | \$ 490,601 | \$ 490,601 |
| 10.559 | Summer Food Service Program for Children | Education | \$ 100,171,823 | \$ 98,884,166 |
| 10.582 | Fresh Fruit and Vegetable Program | Education | \$ 3,284,958 | \$ 3,133,495 |
| | Child Nutrition Cluster Total: | | \$ 672,313,800 | \$ 670,518,741 |
| 10.001 | Agricultural Research Basic and Applied Research | MnSCU | \$ 20,481 | \$ - |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Agriculture | \$ 1,697,678 | \$ - |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Animal Health Board | \$ 1,141,007 | \$ - |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | MnSCU | \$ 73,233 | \$ - |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | Natural Resources | \$ 91,919 | \$ - |
| 10.025 | <i>Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)</i> | Agriculture | \$ 50,000 | \$ - |
| | Program 10.025 Total: | | \$ 3,053,837 | \$ - |
| 10.028 | Wildlife Services | Natural Resources | \$ 143,110 | \$ - |
| 10.069 | Conservation Reserve Program | Natural Resources | \$ 34,849 | \$ - |
| 10.093 | Voluntary Public Access and Habitat Incentive Program | Natural Resources | \$ 542,294 | \$ - |
| 10.156 | Federal-State Marketing Improvement Program | Agriculture | \$ 84,479 | \$ - |
| 10.170 | Specialty Crop Block Grant Program - Farm Bill | Agriculture | \$ 1,395,340 | \$ 1,055,610 |
| 10.171 | Organic Certification Cost Share Programs | Agriculture | \$ 271,235 | \$ - |
| 10.215 | Sustainable Agriculture Research and Education | MnSCU | \$ 3,657 | \$ - |
| 10.221 | Tribal Colleges Education Equity Grants | MnSCU | \$ 82,119 | \$ - |
| 10.222 | Tribal Colleges Endowment Program | MnSCU | \$ 73,329 | \$ - |
| 10.227 | 1994 Institutions Research Program | MnSCU | \$ 193,392 | \$ - |
| 10.307 | Organic Agriculture Research and Extension Initiative | | | |
| 10.307 | <i>Pass-Through from the University of Minnesota (H007907601)</i> | MnSCU | \$ 59,515 | \$ - |
| 10.310 | Agriculture and Food Research Initiative (AFRI) | MnSCU | \$ 131,872 | \$ - |
| 10.319 | Farm Business Management and Benchmarking Competitive Grants Program | MnSCU | \$ 105,822 | \$ - |
| 10.326 | Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA) | MnSCU | \$ 145,191 | \$ - |
| 10.443 | Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers | MnSCU | \$ 2,155 | \$ - |
| 10.475 | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | Agriculture | \$ 2,010,132 | \$ - |
| 10.479 | Food Safety Cooperative Agreements | Agriculture | \$ 230,764 | \$ - |
| 10.500 | Cooperative Extension Service | MnSCU | \$ 336,114 | \$ - |
| 10.522 | Food and Agriculture Service Learning Program | MnSCU | \$ 15,765 | \$ - |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|-------------------------------------|---|------------------------|-------------------------------|---|
| 10.525 | Farm and Ranch Stress Assistance Network Competitive Grants Program | Agriculture | \$ 116,928 | \$ 57,828 |
| 10.537 | Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants | Human Services | \$ 61,462 | \$ - |
| 10.541 | Child Nutrition-Technology Innovation Grant | Education | \$ 15,734 | \$ - |
| 10.542 | Pandemic EBT Food Benefits | Human Services | \$ 211,963,440 | \$ - |
| 10.557 | WIC Special Supplemental Nutrition Program for Women, Infants, and Children (4) | Health | \$ 87,710,330 | \$ 28,202,027 |
| 10.557 | COVID-19-WIC Special Supplemental Nutrition Program for Women, Infants, and Children | Health | \$ 5,071,595 | \$ 9,682 |
| | Program 10.557 Total: | | \$ 92,781,925 | \$ 28,211,709 |
| 10.558 | Child and Adult Care Food Program | Education | \$ 191,183,150 | \$ 189,470,355 |
| 10.558 | Child and Adult Care Food Program | MnSCU | \$ 24,338 | \$ - |
| 10.558 | COVID-19-Child and Adult Care Food Program | Education | \$ 4,850,753 | \$ 4,803,453 |
| | Program 10.558 Total: | | \$ 196,058,241 | \$ 194,273,808 |
| 10.560 | State Administrative Expenses for Child Nutrition | Education | \$ 5,161,066 | \$ - |
| 10.572 | WIC Farmers' Market Nutrition Program (FMNP) | Agriculture | \$ 351,444 | \$ - |
| 10.574 | Team Nutrition Grants | Education | \$ 174,197 | \$ - |
| 10.575 | Farm to School Grant Program | Agriculture | \$ 19,421 | \$ - |
| 10.575 | Farm to School Grant Program | Education | \$ 4,170 | \$ - |
| | Program 10.575 Total: | | \$ 23,591 | \$ - |
| 10.576 | Senior Farmers Market Nutrition Program | Agriculture | \$ 129,895 | \$ - |
| 10.578 | WIC Grants to States (WGS) | Health | \$ 42,282 | \$ 41,789 |
| 10.579 | Child Nutrition Discretionary Grants Limited Availability | Education | \$ 71,406 | \$ 61,023 |
| 10.589 | Child Nutrition Direct Certification Performance Awards | Education | \$ 1,803 | \$ - |
| 10.649 | COVID-19-Pandemic EBT Administrative Costs | Education | \$ 707,129 | \$ 707,129 |
| 10.649 | COVID-19-Pandemic EBT Administrative Costs | Human Services | \$ 3,506,037 | \$ - |
| | Program 10.649 Total: | | \$ 4,213,166 | \$ 707,129 |
| 10.664 | Cooperative Forestry Assistance | Natural Resources | \$ 1,153,387 | \$ 674,696 |
| 10.675 | Urban and Community Forestry Program | Natural Resources | \$ 340,764 | \$ 302,530 |
| 10.676 | Forest Legacy Program | Natural Resources | \$ 60,845 | \$ - |
| 10.678 | Forest Stewardship Program | Natural Resources | \$ 196,025 | \$ 33,632 |
| 10.680 | Forest Health Protection | Agriculture | \$ 128,827 | \$ - |
| 10.680 | Forest Health Protection | MnSCU | \$ 18,136 | \$ - |
| 10.680 | Forest Health Protection | Natural Resources | \$ 229,568 | \$ 42,594 |
| 10.680 | <i>Pass-Through from the COOP Forest Assistance STS (Unknown)</i> | Agriculture | \$ 493,453 | \$ - |
| | Program 10.680 Total: | | \$ 869,984 | \$ 42,594 |
| 10.698 | State & Private Forestry Cooperative Fire Assistance | Natural Resources | \$ 67,464 | \$ 65,000 |
| 10.707 | Research Joint Venture and Cost Reimbursable Agreements | MnSCU | \$ 4,166 | \$ - |
| 10.855 | Distance Learning and Telemedicine Loans and Grants | MnSCU | \$ 86,952 | \$ - |
| 10.890 | Rural Development Cooperative Agreement Program | MnSCU | \$ 6,367 | \$ - |
| 10.902 | Soil and Water Conservation | MnSCU | \$ 611 | \$ - |
| 10.902 | Soil and Water Conservation | Water & Soil Resources | \$ 418,621 | \$ - |
| | Program 10.902 Total: | | \$ 419,232 | \$ - |
| 10.912 | Environmental Quality Incentives Program | | | |
| 10.912 | <i>Pass-Through from the University of Minnesota (NR183A750008G011)</i> | MnSCU | \$ 2,648 | \$ - |
| 10.924 | Conservation Stewardship Program | MnSCU | \$ 65,105 | \$ - |
| 10.924 | Conservation Stewardship Program | Water & Soil Resources | \$ 11,614 | \$ - |
| | Program 10.924 Total: | | \$ 76,719 | \$ - |
| 10.931 | Agricultural Conservation Easement Program | MnSCU | \$ 6,400 | \$ - |
| 10.933 | Wetland Mitigation Banking Program | Water & Soil Resources | \$ 189,872 | \$ - |
| | U.S. Department of Agriculture Total: | | \$ 2,545,880,386 | \$ 982,642,265 |
| U.S. Department of Commerce | | | | |
| Economic Development Cluster | | | | |
| 11.300 | Investments for Public Works and Economic Development Facilities | MnSCU | \$ 145,000 | \$ - |
| 11.307 | COVID-19-Economic Adjustment Assistance | DEED | \$ 5,737,046 | \$ - |
| | Economic Development Cluster Total: | | \$ 5,882,046 | \$ - |
| 11.008 | NOAA Mission-Related Education Awards | MnSCU | \$ 69,033 | \$ - |

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, 2022

| ALN | Federal Program Name or Pass-Through Entity (Identifying Number) | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--|---|--------------------------|-------------------------------|---|
| 11.407 | Interjurisdictional Fisheries Act of 1986 | Natural Resources | \$ 24,995 | \$ 24,995 |
| 11.419 | Coastal Zone Management Administration Awards | Natural Resources | \$ 990,613 | \$ 461,892 |
| 11.467 | Meteorologic and Hydrologic Modernization Development | MnSCU | \$ 1,577 | \$ - |
| U.S. Department of Commerce Total: | | | \$ 6,968,264 | \$ 486,887 |
| U.S. Department of Defense | | | | |
| 12.002 | Procurement Technical Assistance for Business Firms | Administration | \$ 634,782 | \$ - |
| 12.113 | State Memorandum of Agreement Program for the Reimbursement of Technical Services | Pollution Control Agency | \$ 119,249 | \$ - |
| 12.400 | Military Construction, National Guard | Military Affairs | \$ 10,847,921 | \$ - |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects | Military Affairs | \$ 61,691,400 | \$ - |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects | Water & Soil Resources | \$ 2,436,500 | \$ - |
| Program 12.401 Total: | | | \$ 64,127,900 | \$ - |
| 12.404 | National Guard Challenge Program | Military Affairs | \$ 1,612,009 | \$ 1,612,009 |
| 12.630 | Basic, Applied, and Advanced Research in Science and Engineering | MnSCU | \$ 66,677 | \$ - |
| 12.902 | Information Security Grants | MnSCU | \$ 183,364 | \$ - |
| 12.903 | GenCyber Grants Program | MnSCU | \$ 209,928 | \$ - |
| 12.905 | CyberSecurity Core Curriculum | MnSCU | \$ 198,511 | \$ - |
| U.S. Department of Defense Total: | | | \$ 78,000,341 | \$ 1,612,009 |
| U.S. Department of Housing and Urban Development | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| 14.218 | Community Development Block Grants/Entitlement Grants | MnSCU | \$ 10,000 | \$ - |
| CDBG - Entitlement Grants Cluster Total: | | | \$ 10,000 | \$ - |
| 14.228 | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DEED | \$ 12,179,815 | \$ 11,971,595 |
| 14.228 | COVID-19-Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | DEED | \$ 5,874,967 | \$ 5,616,635 |
| Program 14.228 Total: | | | \$ 18,054,782 | \$ 17,588,230 |
| 14.231 | Emergency Solutions Grant Program | Human Services | \$ 1,813,273 | \$ 1,726,795 |
| 14.231 | COVID-19-Emergency Solutions Grant Program | Human Services | \$ 13,275,581 | \$ 12,809,456 |
| Program 14.231 Total: | | | \$ 15,088,854 | \$ 14,536,251 |
| 14.900 | Lead-Based Paint Hazard Control in Privately-Owned Housing | Health | \$ 714,308 | \$ 502,833 |
| U.S. Department of Housing and Urban Development Total: | | | \$ 33,867,944 | \$ 32,627,314 |
| U.S. Department of the Interior | | | | |
| Fish and Wildlife Cluster | | | | |
| 15.605 | Sport Fish Restoration | Natural Resources | \$ 14,651,283 | \$ - |
| 15.611 | Wildlife Restoration and Basic Hunter Education | Natural Resources | \$ 17,554,865 | \$ - |
| 15.626 | Enhanced Hunter Education and Safety | Natural Resources | \$ 203,714 | \$ - |
| Fish and Wildlife Cluster Total: | | | \$ 32,409,862 | \$ - |
| 15.027 | Assistance to Tribally Controlled Community Colleges and Universities | MnSCU | \$ 159,401 | \$ - |
| 15.605 | R&D-Sport Fish Restoration | Natural Resources | \$ 245,000 | \$ - |
| 15.608 | Fish and Wildlife Management Assistance | MnSCU | \$ 15,739 | \$ - |
| 15.608 | Fish and Wildlife Management Assistance | Natural Resources | \$ 384,300 | \$ 40,419 |
| Program 15.608 Total: | | | \$ 400,039 | \$ 40,419 |
| 15.611 | R&D-Wildlife Restoration and Basic Hunter Education | Natural Resources | \$ 1,139,576 | \$ - |
| 15.615 | Cooperative Endangered Species Conservation Fund | Natural Resources | \$ 56,991 | \$ - |
| 15.622 | Sportfishing and Boating Safety Act | Natural Resources | \$ 7,208 | \$ - |
| 15.634 | State Wildlife Grants | Natural Resources | \$ 1,315,762 | \$ 39,050 |
| 15.637 | Migratory Bird Joint Ventures | | | |
| 15.637 | <i>Pass-Through from the Pheasants Forever (R29G60JVWETL)</i> | Natural Resources | \$ 57,182 | \$ - |
| 15.647 | Migratory Bird Conservation | Natural Resources | \$ 12,000 | \$ - |
| 15.657 | Endangered Species Recovery Implementation | Natural Resources | \$ 1,360 | \$ - |
| 15.658 | Natural Resource Damage Assessment and Restoration | Natural Resources | \$ 201,469 | \$ - |
| 15.658 | Natural Resource Damage Assessment and Restoration | Pollution Control Agency | \$ 307,323 | \$ - |
| Program 15.658 Total: | | | \$ 508,792 | \$ - |
| 15.662 | Great Lakes Restoration | MN Zoological Board | \$ 79,083 | \$ - |
| 15.662 | Great Lakes Restoration | MnSCU | \$ 54,868 | \$ - |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|-----------------------------------|--|-------------------|-------------------------------|---|
| 15.662 | Great Lakes Restoration Program 15.662 Total: | Natural Resources | \$ 902,929 | \$ 17,177 |
| | | | \$ 1,036,880 | \$ 17,177 |
| 15.666 | Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention | Agriculture | \$ 110,085 | \$ - |
| 15.684 | White-nose Syndrome National Response Implementation | Natural Resources | \$ 9,121 | \$ - |
| 15.904 | Historic Preservation Fund Grants-In-Aid | Administration | \$ 1,053,139 | \$ 165,390 |
| 15.916 | Outdoor Recreation Acquisition, Development and Planning | Natural Resources | \$ 1,055,130 | \$ 1,055,130 |
| 15.923 | National Center for Preservation Technology and Training | MnSCU | \$ 4,986 | \$ - |
| 15.978 | Upper Mississippi River Restoration Long Term Resource Monitoring | Natural Resources | \$ 651,119 | \$ - |
| 15.980 | National Ground-Water Monitoring Network | Natural Resources | \$ 70,282 | \$ - |
| | U.S. Department of the Interior Total: | | \$ 40,303,915 | \$ 1,317,166 |
| U.S. Department of Justice | | | | |
| 16.017 | Sexual Assault Services Formula Program | Public Safety | \$ 402,748 | \$ 394,909 |
| 16.021 | Justice Systems Response to Families | Trial Courts | \$ 81,281 | \$ - |
| 16.029 | Office on Violence Against Women Special Projects | Trial Courts | \$ 1,172 | \$ - |
| 16.034 | COVID-19-Coronavirus Emergency Supplemental Funding Program | Public Safety | \$ 3,782,154 | \$ 3,048,809 |
| 16.320 | Services for Trafficking Victims | Health | \$ 400,372 | \$ 34,158 |
| 16.525 | Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus | MnSCU | \$ 72,777 | \$ - |
| 16.540 | Juvenile Justice and Delinquency Prevention | Public Safety | \$ 230,614 | \$ 126,273 |
| 16.543 | Missing Children's Assistance | Public Safety | \$ 345,038 | \$ - |
| 16.554 | National Criminal History Improvement Program (NCHIP) | Public Safety | \$ 1,750,317 | \$ - |
| 16.575 | Crime Victim Assistance | Public Safety | \$ 33,401,183 | \$ 32,120,258 |
| 16.576 | Crime Victim Compensation | Public Safety | \$ 731,760 | \$ - |
| 16.582 | Crime Victim Assistance/Discretionary Grants | Public Safety | \$ 75,341 | \$ 73,739 |
| 16.585 | Drug Court Discretionary Grant Program | Trial Courts | \$ 655,597 | \$ 33,343 |
| 16.588 | Violence Against Women Formula Grants | Public Safety | \$ 2,227,677 | \$ 1,942,352 |
| 16.590 | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | Corrections | \$ 226,998 | \$ - |
| 16.590 | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | Trial Courts | \$ 126,478 | \$ - |
| | Program 16.590 Total: | | \$ 353,476 | \$ - |
| 16.593 | Residential Substance Abuse Treatment for State Prisoners | Public Safety | \$ 189,567 | \$ - |
| 16.606 | State Criminal Alien Assistance Program | Corrections | \$ 1,523,771 | \$ - |
| 16.609 | Project Safe Neighborhoods | Public Safety | \$ 53,510 | \$ 44,597 |
| 16.710 | Public Safety Partnership and Community Policing Grants | Public Safety | \$ 1,058,375 | \$ - |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program | Public Safety | \$ 2,946,876 | \$ 2,658,832 |
| 16.741 | DNA Backlog Reduction Program | Public Safety | \$ 1,357,300 | \$ - |
| 16.742 | Paul Coverdell Forensic Sciences Improvement Grant Program | Public Safety | \$ 127,509 | \$ 118,063 |
| 16.745 | Criminal and Juvenile Justice and Mental Health Collaboration Program | Corrections | \$ 70,121 | \$ - |
| 16.750 | Support for Adam Walsh Act Implementation Grant Program | Public Safety | \$ 90,931 | \$ - |
| 16.754 | Harold Rogers Prescription Drug Monitoring Program | Pharmacy Board | \$ 219,796 | \$ - |
| 16.754 | Harold Rogers Prescription Drug Monitoring Program | Public Safety | \$ 165,489 | \$ - |
| | Program 16.754 Total: | | \$ 385,285 | \$ - |
| 16.812 | Second Chance Act Reentry Initiative | Corrections | \$ 410,590 | \$ - |
| 16.831 | Children of Incarcerated Parents | Health | \$ 212,547 | \$ 136,699 |
| 16.833 | National Sexual Assault Kit Initiative | Public Safety | \$ 853,377 | \$ 459,065 |
| 16.838 | Comprehensive Opioid, Stimulant, and Substance Abuse Program | Public Safety | \$ 1,490,039 | \$ 1,264,935 |
| 16.838 | <i>Pass-Through from the Institute for Intergovernmental Research (2019-ODMAP-0028)</i> | Health | \$ 284,109 | \$ 196,052 |
| | Program 16.838 Total: | | \$ 1,774,148 | \$ 1,460,987 |
| 16.839 | STOP School Violence | Public Safety | \$ 49,719 | \$ - |
| | U.S. Department of Justice Total: | | \$ 55,615,133 | \$ 42,652,084 |
| U.S. Department of Labor | | | | |
| WIOA Cluster | | | | |
| 17.258 | WIOA Adult Program | DEED | \$ 7,953,141 | \$ 6,895,100 |
| 17.259 | WIOA Youth Activities | DEED | \$ 9,846,050 | \$ 8,592,075 |

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, 2022

| ALN | Federal Program Name or Pass-Through Entity (Identifying Number) | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--|---|--------------------|-------------------------------|---|
| 17.278 | WIOA Dislocated Worker Formula Grants | DEED | \$ 8,739,403 | \$ 6,709,092 |
| | WIOA Cluster Total: | | \$ 26,538,594 | \$ 22,196,267 |
| Employment Service Cluster | | | | |
| 17.207 | Employment Service/Wagner-Peyser Funded Activities | DEED | \$ 15,693,258 | \$ - |
| 17.801 | Jobs for Veterans State Grants | DEED | \$ 2,866,517 | \$ - |
| | Employment Service Cluster Total: | | \$ 18,559,775 | \$ - |
| 17.002 | Labor Force Statistics | DEED | \$ 1,519,814 | \$ - |
| 17.005 | Compensation and Working Conditions | Labor and Industry | \$ 135,136 | \$ - |
| 17.225 | Unemployment Insurance (5) | DEED | \$ 998,798,140 | \$ - |
| 17.225 | ARRA-Unemployment Insurance (5) | DEED | \$ 189,650 | \$ - |
| 17.225 | COVID-19-Unemployment Insurance (5) | DEED | \$ 908,267,818 | \$ - |
| | Program 17.225 Total: | | \$ 1,907,255,608 | \$ - |
| 17.235 | Senior Community Service Employment Program | DEED | \$ 1,816,445 | \$ 1,678,378 |
| 17.245 | Trade Adjustment Assistance | DEED | \$ 7,157,284 | \$ - |
| 17.268 | H-1B Job Training Grants | DEED | \$ 293,727 | \$ 274,849 |
| 17.270 | Reentry Employment Opportunities | DEED | \$ 46,552 | \$ - |
| 17.271 | Work Opportunity Tax Credit Program (WOTC) | DEED | \$ 303,291 | \$ - |
| 17.273 | Temporary Labor Certification for Foreign Workers | DEED | \$ 182,430 | \$ - |
| 17.277 | WIOA National Dislocated Worker Grants / WIA National Emergency Grants | DEED | \$ 494,185 | \$ 464,578 |
| 17.277 | COVID-19-WIOA National Dislocated Worker Grants / WIA National Emergency Grants | DEED | \$ 1,010,652 | \$ 966,423 |
| | Program 17.277 Total: | | \$ 1,504,837 | \$ 1,431,001 |
| 17.281 | WIOA Dislocated Worker National Reserve Technical Assistance and Training | DEED | \$ 2,322,156 | \$ - |
| 17.285 | Apprenticeship USA Grants | Labor and Industry | \$ 752,896 | \$ 388,682 |
| 17.503 | Occupational Safety and Health State Program | Labor and Industry | \$ 4,328,718 | \$ - |
| 17.504 | Consultation Agreements | Labor and Industry | \$ 1,088,380 | \$ - |
| 17.600 | Mine Health and Safety Grants | MnSCU | \$ 74,859 | \$ - |
| 17.720 | Disability Employment Policy Development | DEED | \$ 2,227,660 | \$ 1,645,870 |
| 17.720 | Disability Employment Policy Development | MnSCU | \$ 3,065 | \$ - |
| | Program 17.720 Total: | | \$ 2,230,725 | \$ 1,645,870 |
| | U.S. Department of Labor Total: | | \$ 1,976,111,227 | \$ 27,615,047 |
| U.S. Department of State | | | | |
| 19.432 | Academic Exchange Programs - Educational Advising and Student Services | MnSCU | \$ 7,000 | \$ - |
| | U.S. Department of State Total: | | \$ 7,000 | \$ - |
| U.S. Department of Transportation | | | | |
| Transit Services Programs Cluster | | | | |
| 20.513 | Enhanced Mobility of Seniors and Individuals with Disabilities | Transportation | \$ 2,238,047 | \$ 1,784,404 |
| | Transit Services Programs Cluster Total: | | \$ 2,238,047 | \$ 1,784,404 |
| Highway Safety Cluster | | | | |
| 20.600 | State and Community Highway Safety | Public Safety | \$ 5,740,723 | \$ 1,559,278 |
| 20.616 | National Priority Safety Programs | Public Safety | \$ 3,806,268 | \$ 1,477,590 |
| | Highway Safety Cluster Total: | | \$ 9,546,991 | \$ 3,036,868 |
| Highway Planning and Construction Cluster | | | | |
| 20.205 | Highway Planning and Construction | Transportation | \$ 749,535,373 | \$ 213,706,296 |
| | Program 20.205 Total: | | \$ 757,382,706 | \$ 213,882,659 |
| 20.219 | Recreational Trails Program | Natural Resources | \$ 2,568,868 | \$ 1,854,133 |
| 20.224 | Federal Lands Access Program | Transportation | \$ 973,903 | \$ 973,903 |
| | Highway Planning and Construction Cluster Total: | | \$ 753,078,144 | \$ 216,534,332 |
| Federal Transit Cluster | | | | |
| 20.526 | Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | Transportation | \$ 266,224 | \$ 266,224 |
| | Federal Transit Cluster Total: | | \$ 266,224 | \$ 266,224 |
| Federal Motor Carrier Safety Assistance Cluster | | | | |
| 20.218 | Motor Carrier Safety Assistance | Public Safety | \$ 7,613,357 | \$ - |
| 20.237 | Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements | Public Safety | \$ 277,894 | \$ - |
| | Federal Motor Carrier Safety Assistance Cluster Total: | | \$ 7,891,251 | \$ - |

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, 2022

| ALN | Federal Program Name or Pass-Through Entity (Identifying Number) | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|---|--|------------------------|-------------------------------|---|
| 20.106 | Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (7) | Transportation | \$ 720,062 | \$ - |
| 20.200 | R&D-Highway Research and Development Program | Transportation | \$ 6,071,305 | \$ - |
| 20.205 | R&D-Highway Planning and Construction | Transportation | \$ 7,847,333 | \$ 176,363 |
| | Program 20.205 Total: | | \$ 757,382,706 | \$ 213,882,659 |
| 20.215 | Highway Training and Education | Transportation | \$ 918,425 | \$ 439,602 |
| 20.215 | R&D-Highway Training and Education | Transportation | \$ 112,500 | \$ - |
| | Program 20.215 Total: | | \$ 1,030,925 | \$ 439,602 |
| 20.232 | Commercial Driver's License Program Implementation Grant | Public Safety | \$ 10,152 | \$ - |
| 20.301 | Railroad Safety | Transportation | \$ 5,395 | \$ - |
| 20.505 | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | Transportation | \$ 26,575 | \$ 12,723 |
| 20.509 | Formula Grants for Rural Areas and Tribal Transit Program | Transportation | \$ 9,542,298 | \$ 9,088,414 |
| 20.509 | COVID-19-Formula Grants for Rural Areas and Tribal Transit Program | Transportation | \$ 6,521,341 | \$ 3,433,647 |
| | Program 20.509 Total: | | \$ 16,063,639 | \$ 12,522,061 |
| 20.514 | Public Transportation Research, Technical Assistance, and Training | Transportation | \$ 46,000 | \$ 46,000 |
| 20.528 | Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program | Public Safety | \$ 191,688 | \$ - |
| 20.530 | Public Transportation Innovation | Transportation | \$ 306,633 | \$ 306,219 |
| 20.608 | Minimum Penalties for Repeat Offenders for Driving While Intoxicated | Public Safety | \$ 6,795,334 | \$ 2,958,620 |
| 20.614 | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements | Public Safety | \$ 93,590 | \$ - |
| 20.615 | E-911 Grant Program | Public Safety | \$ 1,356,971 | \$ 1,000,273 |
| 20.700 | Pipeline Safety Program State Base Grant | Public Safety | \$ 1,578,466 | \$ - |
| 20.703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | Public Safety | \$ 327,486 | \$ 206,867 |
| 20.720 | State Damage Prevention Program Grants | Public Safety | \$ 109,492 | \$ - |
| 20.721 | PHMSA Pipeline Safety Program One Call Grant | Public Safety | \$ 53,590 | \$ - |
| 20.725 | PHMSA Pipeline Safety Underground Natural Gas Storage Grant | Public Safety | \$ 6,677 | \$ - |
| 20.933 | National Infrastructure Investments | Transportation | \$ 4,906,705 | \$ 4,761,721 |
| | U.S. Department of Transportation Total: | | \$ 820,568,675 | \$ 244,052,277 |
| U.S. Department of the Treasury | | | | |
| 21.019 | COVID-19-Coronavirus Relief Fund (9) | MN Management & Budget | \$ 4,177,121 | \$ 1,820,904 |
| 21.027 | COVID-19-Coronavirus State and Local Fiscal Recovery Funds | MN Management & Budget | \$ 2,372,957,223 | \$ - |
| | U.S. Department of the Treasury Total: | | \$ 2,377,134,344 | \$ 1,820,904 |
| Federal Financial Institutions Examination Council | | | | |
| 38.006 | State Appraiser Agency Support Grants | Commerce | \$ 9,156 | \$ - |
| | Federal Financial Institutions Examination Council Total: | | \$ 9,156 | \$ - |
| U.S. General Services Administration | | | | |
| 39.003 | Donation of Federal Surplus Personal Property | Administration | \$ 524,420 | \$ - |
| | U.S. General Services Administration Total: | | \$ 524,420 | \$ - |
| U.S. National Aeronautics and Space Administration | | | | |
| 43.001 | Science | MnSCU | \$ 31,772 | \$ - |
| 43.008 | Office of Stem Engagement (OSTEM) | MnSCU | \$ 84,151 | \$ - |
| | U.S. National Aeronautics and Space Administration Total: | | \$ 115,923 | \$ - |
| U.S. National Foundation Arts and Humanities | | | | |
| 45.025 | Promotion of the Arts Partnership Agreements | Arts Board | \$ 853,324 | \$ 78,180 |
| 45.025 | COVID-19-Promotion of the Arts Partnership Agreements | Arts Board | \$ 825,500 | \$ 825,500 |
| | Program 45.025 Total: | | \$ 1,678,824 | \$ 903,680 |
| 45.149 | Promotion of the Humanities Division of Preservation and Access | MnSCU | \$ 810 | \$ - |
| 45.310 | Grants to States | Education | \$ 2,940,217 | \$ 1,801,667 |
| 45.310 | Grants to States | MnSCU | \$ 27,277 | \$ - |
| 45.310 | COVID-19-Grants to States | Education | \$ 2,211,572 | \$ 2,001,073 |
| | Program 45.310 Total: | | \$ 5,179,066 | \$ 3,802,740 |
| | U.S. National Foundation Arts and Humanities Total: | | \$ 6,858,700 | \$ 4,706,420 |
| U.S. National Science Foundation | | | | |
| 47.041 | R&D-Engineering | MnSCU | \$ 523 | \$ - |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--|--|--------------------------|-------------------------------|---|
| 47.049 | R&D-Mathematical and Physical Sciences | MnSCU | \$ 92,165 | \$ - |
| 47.050 | R&D-Geosciences | MnSCU | \$ 13,055 | \$ - |
| 47.070 | R&D-Computer and Information Science and Engineering | MnSCU | \$ 10,000 | \$ - |
| 47.074 | R&D-Biological Sciences | MnSCU | \$ 261,091 | \$ - |
| 47.076 | R&D-STEM Education (formerly Education and Human Resources) | MnSCU | \$ 5,213,358 | \$ 26,735 |
| 47.076 | <i>Pass-Through from the University of Minnesota (1712619)</i> | MnSCU | \$ 76,456 | \$ - |
| | Program 47.076 Total: | | \$ 5,289,814 | \$ 26,735 |
| | U.S. National Science Foundation Total: | | \$ 5,666,648 | \$ 26,735 |
| U.S. Small Business Administration | | | | |
| 59.037 | Small Business Development Centers | DEED | \$ 1,607,001 | \$ 1,607,001 |
| 59.037 | Small Business Development Centers | MnSCU | \$ 424,372 | \$ - |
| 59.037 | COVID-19-Small Business Development Centers | DEED | \$ 712,051 | \$ 581,197 |
| | Program 59.037 Total: | | \$ 2,743,424 | \$ 2,188,198 |
| 59.061 | State Trade Expansion | DEED | \$ 34,920 | \$ - |
| 59.075 | COVID-19-Shuttered Venue Operators Grant Program | MN Zoological Board | \$ 7,195,416 | \$ - |
| 59.077 | Community Navigator Pilot Program | MnSCU | \$ 63,358 | \$ - |
| | U.S. Small Business Administration Total: | | \$ 10,037,118 | \$ 2,188,198 |
| U.S. Department of Veterans Affairs | | | | |
| 64.005 | Grants to States for Construction of State Home Facilities | Veterans Affairs | \$ 30,716,228 | \$ - |
| 64.027 | Post-9/11 Veterans Educational Assistance | MnSCU | \$ 288,199 | \$ - |
| 64.028 | Post-9/11 Veterans Educational Assistance | MnSCU | \$ 72,990 | \$ - |
| 64.203 | Veterans Cemetery Grants Program | Veterans Affairs | \$ 2,855,993 | \$ - |
| | U.S. Department of Veterans Affairs Total: | | \$ 33,933,410 | \$ - |
| U.S. Environmental Protection Agency | | | | |
| Drinking Water State Revolving Fund Cluster | | | | |
| 66.468 | Drinking Water State Revolving Fund | | | |
| 66.468 | <i>Pass-Through from the Public Facilities Authority (2021)</i> | Health | \$ 17,013 | \$ 10,513 |
| | Drinking Water State Revolving Fund Cluster Total: | | \$ 17,013 | \$ 10,513 |
| 66.032 | State Indoor Radon Grants | Health | \$ 295,361 | \$ - |
| 66.034 | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | Pollution Control Agency | \$ 635,968 | \$ - |
| 66.040 | Diesel Emissions Reduction Act (DERA) State Grants | Pollution Control Agency | \$ 317,538 | \$ 215,725 |
| 66.204 | Multipurpose Grants to States and Tribes | Agriculture | \$ 65,039 | \$ - |
| 66.204 | Multipurpose Grants to States and Tribes | Health | \$ 63,000 | \$ - |
| 66.204 | Multipurpose Grants to States and Tribes | Pollution Control Agency | \$ 30,893 | \$ - |
| | Program 66.204 Total: | | \$ 158,932 | \$ - |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | Health | \$ 28,164 | \$ - |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | Pollution Control Agency | \$ 372,710 | \$ - |
| | Program 66.419 Total: | | \$ 400,874 | \$ - |
| 66.432 | State Public Water System Supervision | Health | \$ 3,079,584 | \$ 640,575 |
| 66.444 | Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d)) | Health | \$ 151,738 | \$ - |
| 66.454 | Water Quality Management Planning | Pollution Control Agency | \$ 285,635 | \$ - |
| 66.460 | Nonpoint Source Implementation Grants | Pollution Control Agency | \$ 2,839,554 | \$ 2,839,554 |
| 66.461 | Regional Wetland Program Development Grants | MnSCU | \$ 5,664 | \$ - |
| 66.461 | Regional Wetland Program Development Grants | Natural Resources | \$ 61,682 | \$ 24,848 |
| 66.461 | Regional Wetland Program Development Grants | Water & Soil Resources | \$ 179,177 | \$ - |
| | Program 66.461 Total: | | \$ 246,523 | \$ 24,848 |
| 66.469 | Geographic Programs - Great Lakes Restoration Initiative | Health | \$ 82,312 | \$ 62,514 |
| 66.469 | Geographic Programs - Great Lakes Restoration Initiative | Natural Resources | \$ 3,037,927 | \$ 176,749 |
| 66.469 | Geographic Programs - Great Lakes Restoration Initiative | Pollution Control Agency | \$ 1,351,082 | \$ 43,582 |
| | Program 66.469 Total: | | \$ 4,471,321 | \$ 282,845 |
| 66.472 | Beach Monitoring and Notification Program Implementation Grants | Health | \$ 235,597 | \$ 3,418 |
| 66.605 | Performance Partnership Grants | Agriculture | \$ 641,698 | \$ - |
| 66.605 | Performance Partnership Grants | Health | \$ 571,626 | \$ - |
| 66.605 | Performance Partnership Grants | Pollution Control Agency | \$ 14,403,128 | \$ 9,481 |
| | Program 66.605 Total: | | \$ 15,616,452 | \$ 9,481 |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--|---|--------------------------|-------------------------------|---|
| 66.608 | Environmental Information Exchange Network Grant Program and Related Assistance | Health | \$ 113,109 | \$ - |
| 66.802 | Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements | Pollution Control Agency | \$ 853,678 | \$ - |
| 66.804 | Underground Storage Tank (UST) Prevention, Detection, and Compliance Program | Pollution Control Agency | \$ 540,731 | \$ - |
| 66.805 | Leaking Underground Storage Tank Trust Fund Corrective Action Program | Pollution Control Agency | \$ 2,170,510 | \$ - |
| 66.809 | Superfund State and Indian Tribe Core Program Cooperative Agreements | Pollution Control Agency | \$ 132,326 | \$ - |
| 66.817 | State and Tribal Response Program Grants | Pollution Control Agency | \$ 761,449 | \$ - |
| 66.818 | Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements | DEED | \$ 631,075 | \$ 476,312 |
| U.S. Environmental Protection Agency Total: | | | \$ 33,954,968 | \$ 4,503,271 |
| U.S. Department of Energy | | | | |
| 81.041 | State Energy Program | Commerce | \$ 1,389,440 | \$ 307,988 |
| 81.042 | Weatherization Assistance for Low-Income Persons | Commerce | \$ 10,776,741 | \$ 9,220,653 |
| 81.119 | State Energy Program Special Projects | Commerce | \$ 71,000 | \$ 68,545 |
| U.S. Department of Energy Total: | | | \$ 12,237,181 | \$ 9,597,186 |
| U.S. Department of Education | | | | |
| TRIO Cluster | | | | |
| 84.042 | TRIO Student Support Services | MnSCU | \$ 9,352,870 | \$ - |
| 84.044 | TRIO Talent Search | MnSCU | \$ 938,099 | \$ - |
| 84.047 | TRIO Upward Bound | MnSCU | \$ 7,954,118 | \$ - |
| 84.066 | TRIO Educational Opportunity Centers | MnSCU | \$ 951,032 | \$ - |
| 84.217 | TRIO McNair Post-Baccalaureate Achievement | MnSCU | \$ 262,120 | \$ - |
| TRIO Cluster Total: | | | \$ 19,458,239 | \$ - |
| Student Financial Assistance Cluster | | | | |
| 84.007 | Federal Supplemental Educational Opportunity Grants | MnSCU | \$ 8,459,694 | \$ - |
| 84.033 | Federal Work-Study Program | MnSCU | \$ 5,440,702 | \$ - |
| 84.038 | Federal Perkins Loan Program Federal Capital Contributions (2) | MnSCU | \$ 13,244,215 | \$ - |
| 84.063 | Federal Pell Grant Program | MnSCU | \$ 177,373,006 | \$ - |
| 84.268 | Federal Direct Student Loans (3) | MnSCU | \$ 326,017,068 | \$ - |
| 84.379 | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | MnSCU | \$ 334,238 | \$ - |
| 84.408 | Postsecondary Education Scholarships for Veteran's Dependents | MnSCU | \$ 7,616 | \$ - |
| 93.364 | Nursing Student Loans (2) | MnSCU | \$ 13,971 | \$ - |
| Student Financial Assistance Cluster Total: | | | \$ 530,890,510 | \$ - |
| Special Education (IDEA) Cluster | | | | |
| 84.027 | Special Education Grants to States | Education | \$ 204,068,329 | \$ 185,433,196 |
| 84.027 | Special Education Grants to States | MnSCU | \$ 17,872 | \$ - |
| 84.027X | COVID-19-Special Education Grants to States | Education | \$ 17,632,467 | \$ 17,632,467 |
| Program 84.027 Total: | | | \$ 221,718,668 | \$ 203,065,663 |
| 84.173 | Special Education Preschool Grants | Education | \$ 7,444,465 | \$ 6,361,889 |
| 84.173X | COVID-19-Special Education Preschool Grants | Education | \$ 1,127,913 | \$ 1,127,913 |
| Program 84.173 Total: | | | \$ 8,572,378 | \$ 7,489,802 |
| Special Education (IDEA) Cluster Total: | | | \$ 230,291,046 | \$ 210,555,465 |
| 84.002 | Adult Education - Basic Grants to States | Education | \$ 6,212,192 | \$ 5,106,228 |
| 84.010 | Title I Grants to Local Educational Agencies | Education | \$ 178,844,149 | \$ 177,117,047 |
| 84.011 | Migrant Education State Grant Program | Education | \$ 1,655,746 | \$ 1,310,184 |
| 84.012 | Educationally Deprived Children State Administration | MnSCU | \$ 48,001 | \$ - |
| 84.013 | Title I State Agency Program for Neglected and Delinquent Children and Youth | Education | \$ 582,955 | \$ - |
| 84.021 | Overseas Programs - Group Projects Abroad | MnSCU | \$ 43,468 | \$ - |
| 84.031 | Higher Education Institutional Aid | MnSCU | \$ 3,317,193 | \$ - |
| 84.048 | Career and Technical Education -- Basic Grants to States | MnSCU | \$ 20,176,423 | \$ 8,179,768 |
| 84.126 | Rehabilitation Services Vocational Rehabilitation Grants to States | DEED | \$ 60,438,668 | \$ - |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--|---|--------------|-------------------------------|---|
| 84.126 | Rehabilitation Services Vocational Rehabilitation Grants to States | MnSCU | \$ 9,065 | \$ - |
| | Program 84.126 Total: | | \$ 60,447,733 | \$ - |
| 84.129 | Rehabilitation Long-Term Training | MnSCU | \$ 374,750 | \$ - |
| 84.144 | Migrant Education Coordination Program | Education | \$ 61,320 | \$ - |
| 84.177 | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind | DEED | \$ 1,438,994 | \$ - |
| 84.181 | Special Education-Grants for Infants and Families | Education | \$ 7,876,782 | \$ 6,355,007 |
| 84.181X | COVID-19-Special Education-Grants for Infants and Families | Education | \$ 877 | \$ - |
| | Program 84.181 Total: | | \$ 7,877,659 | \$ 6,355,007 |
| 84.184 | School Safely National Activities | Education | \$ 490,419 | \$ 29,450 |
| 84.187 | Supported Employment Services for Individuals with the Most Significant Disabilities | DEED | \$ 233,014 | \$ - |
| 84.196 | Education for Homeless Children and Youth | Education | \$ 821,718 | \$ 597,548 |
| 84.206 | Javits Gifted and Talented Students Education | Education | \$ 518,628 | \$ 384,938 |
| 84.282 | Charter Schools | Education | \$ 4,662,444 | \$ 4,271,767 |
| 84.287 | Twenty-First Century Community Learning Centers | Education | \$ 12,600,468 | \$ 12,188,910 |
| 84.299 | Indian Education -- Special Programs for Indian Children | MnSCU | \$ 20,897 | \$ - |
| 84.305 | Education Research, Development and Dissemination | MnSCU | \$ 16,257 | \$ - |
| 84.305 | <i>Pass-Through from the University of Minnesota (R305A190182)</i> | MnSCU | \$ 78,480 | \$ - |
| | Program 84.305 Total: | | \$ 94,737 | \$ - |
| 84.323 | Special Education - State Personnel Development | Education | \$ 186,506 | \$ 110,555 |
| 84.325 | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | MnSCU | \$ 68,564 | \$ - |
| 84.326 | Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | Education | \$ 160,625 | \$ 160,625 |
| 84.335 | Child Care Access Means Parents In School | MnSCU | \$ 394,962 | \$ - |
| 84.350 | Transition to Teaching | MnSCU | \$ 83,937 | \$ - |
| 84.351 | Arts In Education | Education | \$ 4,006 | \$ - |
| 84.358 | Rural Education | Education | \$ 155,286 | \$ 144,593 |
| 84.365 | English Language Acquisition State Grants | Education | \$ 10,505,328 | \$ 9,770,659 |
| 84.367 | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | Education | \$ 26,571,552 | \$ 25,391,281 |
| 84.368 | Competitive Grants for State Assessments | Education | \$ 1,048,722 | \$ - |
| 84.369 | Grants for State Assessments and Related Activities | Education | \$ 9,201,057 | \$ - |
| 84.371 | Comprehensive Literacy Development | Education | \$ 8,583,240 | \$ 8,182,561 |
| 84.372 | Statewide Longitudinal Data Systems | Education | \$ 199,161 | \$ - |
| 84.372 | <i>Pass-Through from the MN Office of Higher Education (R372A150004)</i> | MnSCU | \$ 41,261 | \$ - |
| | Program 84.372 Total: | | \$ 240,422 | \$ - |
| 84.382 | Strengthening Minority-Serving Institutions | MnSCU | \$ 76,893 | \$ - |
| 84.424 | Student Support and Academic Enrichment Program | Education | \$ 12,246,073 | \$ 11,753,608 |
| COVID-19-Education Stabilization Fund | | | | |
| 84.425C | COVID-19-Governor's Emergency Education Relief (GEER) Fund | Education | \$ 22,546,438 | \$ 22,541,391 |
| 84.425C | <i>Pass-Through from the MN Office of Higher Education (NA)</i> | MnSCU | \$ 402,757 | \$ - |
| 84.425C | <i>Pass-Through from the MN Office of Higher Education (S425C200015)</i> | MnSCU | \$ 373,585 | \$ - |
| 84.425D | COVID-19-Elementary and Secondary School Emergency Relief (ESSER) Fund | Education | \$ 391,724,769 | \$ 390,534,704 |
| 84.425E | COVID-19-Higher Education Emergency Relief Fund (HEERF) Student Aid Portion | MnSCU | \$ 163,968,936 | \$ - |
| 84.425F | COVID-19-HEERF Institutional Aid Portion | MnSCU | \$ 159,310,264 | \$ - |
| 84.425K | COVID-19-HEERF Tribally Controlled Colleges and Universities (TCCUs) | MnSCU | \$ 1,950,322 | \$ - |
| 84.425L | COVID-19-HEERF Minority Serving Institutions (MSIs) | MnSCU | \$ 173,082 | \$ - |
| 84.425M | COVID-19-HEERF Strengthening Institutions Program (SIP) | MnSCU | \$ 1,479,258 | \$ - |
| 84.425N | COVID-19-HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant | MnSCU | \$ 1,744 | \$ - |
| 84.425P | COVID-19-Institutional Resilience and Expanded Postsecondary Opportunity (HEERF IREPO) | MnSCU | \$ 189,737 | \$ - |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|---|--|--------------------|-------------------------------|---|
| 84.425R | COVID-19-Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program | Education | \$ 17,930,591 | \$ - |
| 84.425S | COVID-19-HEERF Supplemental Assistance to Institutions of Higher Education (SAIHE) program | MnSCU | \$ 895,792 | \$ - |
| 84.425U | COVID-19-American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER) | Education | \$ 236,027,395 | \$ 234,316,627 |
| 84.425V | COVID-19-American Rescue Plan -Emergency Assistance to Non-Public Schools (ARP EANS) program | Education | \$ 2,063,715 | \$ - |
| 84.425W | COVID-19-American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth | Education | \$ 1,826,496 | \$ 1,667,330 |
| | Program 84.425 Total: | | \$ 1,000,864,881 | \$ 649,060,052 |
| | U.S. Department of Education Total: | | \$ 2,151,554,757 | \$ 1,130,670,246 |
| U.S. Election Assistance Commission | | | | |
| 90.404 | 2018 HAVA Election Security Grants | Secretary of State | \$ 3,749,140 | \$ 2,695,627 |
| | U.S. Election Assistance Commission Total: | | \$ 3,749,140 | \$ 2,695,627 |
| U.S. Department of Health and Human Services | | | | |
| Medicaid Cluster | | | | |
| 93.775 | State Medicaid Fraud Control Units | Attorney General | \$ 2,951,046 | \$ - |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | Health | \$ 37,425,389 | \$ - |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | Human Services | \$ 6,787,854 | \$ - |
| | Program 93.777 Total: | | \$ 44,213,243 | \$ - |
| 93.778 | Medical Assistance Program (4) | Human Services | \$ 10,098,690,206 | \$ 218,193,680 |
| 93.778 | COVID-19-Medical Assistance Program | Human Services | \$ 1,193,656,197 | \$ - |
| | Program 93.778 Total: | | \$ 11,292,346,403 | \$ 218,193,680 |
| | Medicaid Cluster Total: | | \$ 11,339,510,692 | \$ 218,193,680 |
| Health Center Program Cluster | | | | |
| 93.527 | Grants for New and Expanded Services under the Health Center Program | MnSCU | \$ 1,500 | \$ - |
| | Health Center Program Cluster Total: | | \$ 1,500 | \$ - |
| Head Start Cluster | | | | |
| 93.600 | Head Start | Education | \$ 115,655 | \$ - |
| 93.600 | Head Start | MnSCU | \$ 601,096 | \$ - |
| | Program 93.600 Total: | | \$ 716,751 | \$ - |
| | Head Start Cluster Total: | | \$ 716,751 | \$ - |
| Child Care and Development Fund (CCDF) Cluster | | | | |
| 93.575 | Child Care and Development Block Grant | Human Services | \$ 103,235,225 | \$ 28,584,604 |
| 93.575 | COVID-19-Child Care and Development Block Grant | Human Services | \$ 213,762,597 | \$ 10,575,766 |
| | Program 93.575 Total: | | \$ 316,997,822 | \$ 39,160,370 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | \$ 38,182,152 | \$ 18,689 |
| | Child Care and Development Fund (CCDF) Cluster Total: | | \$ 355,179,974 | \$ 39,179,059 |
| Aging Cluster | | | | |
| 93.044 | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | Human Services | \$ 7,455,936 | \$ 4,602,863 |
| 93.044 | COVID-19-Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | Human Services | \$ 1,174,636 | \$ 1,129,974 |
| | Program 93.044 Total: | | \$ 8,630,572 | \$ 5,732,837 |
| 93.045 | Special Programs for the Aging, Title III, Part C, Nutrition Services | Human Services | \$ 14,597,008 | \$ 14,440,151 |
| 93.045 | COVID-19-Special Programs for the Aging, Title III, Part C, Nutrition Services | Human Services | \$ 4,248,285 | \$ 4,051,289 |
| | Program 93.045 Total: | | \$ 18,845,293 | \$ 18,491,440 |
| 93.053 | Nutrition Services Incentive Program | Human Services | \$ 1,657,737 | \$ 1,657,737 |
| | Aging Cluster Total: | | \$ 29,133,602 | \$ 25,882,014 |
| 93.008 | Medical Reserve Corps Small Grant Program | | | |
| 93.008 | <i>Pass-Through from the National Association of County and City Health Officials (MRC20-2187)</i> | Health | \$ 9,987 | \$ - |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--------|---|----------------|-------------------------------|---|
| 93.041 | Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | Human Services | \$ 4,342 | \$ - |
| 93.042 | Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | Human Services | \$ 214,583 | \$ - |
| 93.042 | COVID-19-Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | Human Services | \$ 156,404 | \$ - |
| | Program 93.042 Total: | | \$ 370,987 | \$ - |
| 93.043 | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | Human Services | \$ 455,787 | \$ 455,321 |
| 93.043 | COVID-19-Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | Human Services | \$ 35,243 | \$ 35,200 |
| | Program 93.043 Total: | | \$ 491,030 | \$ 490,521 |
| 93.048 | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects | Human Services | \$ 293,055 | \$ 196,073 |
| 93.048 | COVID-19-Special Programs for the Aging, Title IV, and Title II, Discretionary Projects | Human Services | \$ 101,963 | \$ 25,716 |
| | Program 93.048 Total: | | \$ 395,018 | \$ 221,789 |
| 93.052 | National Family Caregiver Support, Title III, Part E | Human Services | \$ 3,239,585 | \$ 3,235,971 |
| 93.052 | COVID-19-National Family Caregiver Support, Title III, Part E | Human Services | \$ 301,477 | \$ 290,412 |
| | Program 93.052 Total: | | \$ 3,541,062 | \$ 3,526,383 |
| 93.059 | Training in General, Pediatric, and Public Health Dentistry | MnSCU | \$ 6,727 | \$ - |
| 93.068 | Chronic Diseases: Research, Control, and Prevention | Health | \$ 95,111 | \$ - |
| 93.069 | Public Health Emergency Preparedness | Health | \$ 10,827,900 | \$ 5,454,690 |
| 93.070 | Environmental Public Health and Emergency Response | Health | \$ 2,679,221 | \$ 1,130 |
| 93.071 | Medicare Enrollment Assistance Program | Human Services | \$ 617,328 | \$ 617,328 |
| 93.073 | Birth Defects and Developmental Disabilities - Prevention and Surveillance | Health | \$ 353,678 | \$ - |
| 93.074 | Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | Health | \$ 186,477 | \$ - |
| 93.079 | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | Health | \$ 33,628 | \$ - |
| 93.080 | Blood Disorder Program: Prevention, Surveillance, and Research | Health | \$ 191,195 | \$ 25,634 |
| 93.084 | Prevention of Disease, Disability, and Death by Infectious Diseases | | | |
| 93.084 | <i>Pass-Through from the University of Wisconsin - Madison (731K301)</i> | Health | \$ 35,975 | \$ - |
| 93.084 | <i>Pass-Through from The General Hospital Corporation (229507)</i> | Health | \$ 198,812 | \$ - |
| | Program 93.084 Total: | | \$ 234,787 | \$ - |
| 93.088 | Advancing System Improvements for Key Issues in Women's Health | Health | \$ 74,930 | \$ 13,334 |
| 93.090 | Guardianship Assistance | Human Services | \$ 15,036,001 | \$ 31,423 |
| 93.090 | COVID-19-Guardianship Assistance | Human Services | \$ 1,421,246 | \$ - |
| | Program 93.090 Total: | | \$ 16,457,247 | \$ 31,423 |
| 93.092 | Affordable Care Act (ACA) Personal Responsibility Education Program | Health | \$ 758,844 | \$ 638,623 |
| 93.103 | Food and Drug Administration Research | Agriculture | \$ 2,161,775 | \$ 18,551 |
| 93.103 | Food and Drug Administration Research | Health | \$ 63,888 | \$ - |
| 93.103 | <i>Pass-Through from the Association of Food and Drug Officials (Unknown)</i> | Agriculture | \$ 50,654 | \$ - |
| 93.103 | <i>Pass-Through from the National Environmental Health Association (Unknown)</i> | Agriculture | \$ 2,390 | \$ - |
| 93.103 | <i>Pass-Through from the Association of Food and Drug Officials (G-T-1910-07861)</i> | Health | \$ 21,582 | \$ - |
| | Program 93.103 Total: | | \$ 2,300,289 | \$ 18,551 |
| 93.104 | Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | Human Services | \$ 2,150,494 | \$ 1,740,174 |
| 93.110 | Maternal and Child Health Federal Consolidated Programs | Health | \$ 280,232 | \$ 16,500 |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--------|---|-------------------------|-------------------------------|---|
| 93.110 | <i>Pass-Through from the Association of Public Health Laboratories (56300-600-158-20-08)</i> | Health | \$ 109,921 | \$ - |
| | Program 93.110 Total: | | \$ 390,153 | \$ 16,500 |
| 93.113 | Environmental Health | | | |
| 93.113 | <i>Pass-Through from the University of Minnesota (P008233201)</i> | Health | \$ 218,969 | \$ - |
| 93.113 | <i>Pass-Through from the University of Minnesota (P008233101)</i> | Health | \$ 61,655 | \$ - |
| | Program 93.113 Total: | | \$ 280,624 | \$ - |
| 93.116 | Project Grants and Cooperative Agreements for Tuberculosis Control Programs | Health | \$ 1,036,065 | \$ 27,118 |
| 93.127 | Emergency Medical Services for Children | Emergency Med. Services | \$ 126,000 | \$ 115,315 |
| 93.130 | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | Health | \$ 217,087 | \$ - |
| 93.136 | Injury Prevention and Control Research and State and Community Based Programs | Health | \$ 4,940,544 | \$ 1,439,461 |
| 93.143 | NIEHS Superfund Hazardous Substances Basic Research and Education | MnSCU | \$ 1,847 | \$ 1,847 |
| 93.150 | Projects for Assistance in Transition from Homelessness (PATH) | Human Services | \$ 820,205 | \$ 786,880 |
| 93.155 | Rural Health Research Centers | Health | \$ 5,886,678 | \$ 5,873,408 |
| 93.165 | Grants to States for Loan Repayment | Health | \$ 85,505 | \$ - |
| 93.178 | Nursing Workforce Diversity | MnSCU | \$ 442,823 | \$ - |
| 93.184 | Disabilities Prevention | Health | \$ 96,342 | \$ 49,713 |
| 93.185 | Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects | | | |
| 93.185 | <i>Pass-Through from the Marshfield Clinic Research Institute (Unknown)</i> | Health | \$ 21,597 | \$ - |
| 93.197 | Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | Health | \$ 365,993 | \$ - |
| 93.234 | Traumatic Brain Injury State Demonstration Grant Program | Human Services | \$ 27,643 | \$ - |
| 93.235 | Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program | Health | \$ 533,971 | \$ 412,988 |
| 93.240 | State Capacity Building | Health | \$ 572,412 | \$ - |
| 93.241 | State Rural Hospital Flexibility Program | Health | \$ 859,245 | \$ 488,736 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | Education | \$ 2,145,538 | \$ 294,793 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | Health | \$ 442,863 | \$ 20,137 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | Human Services | \$ 631,645 | \$ 479,698 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | MnSCU | \$ 34,598 | \$ - |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | Trial Courts | \$ 260,136 | \$ - |
| | Program 93.243 Total: | | \$ 3,514,780 | \$ 794,628 |
| 93.247 | Advanced Nursing Education Workforce Grant Program | | | |
| 93.247 | <i>Pass-Through from the University of Minnesota (1 T96H 4206-01-00)</i> | MnSCU | \$ 10,537 | \$ - |
| 93.251 | Early Hearing Detection and Intervention | Health | \$ 197,090 | \$ 56,832 |
| 93.262 | Occupational Safety and Health Program | Health | \$ 226,039 | \$ 2,201 |
| 93.262 | <i>Pass-Through from the University of Minnesota (P006101701)</i> | Health | \$ 141,923 | \$ - |
| | Program 93.262 Total: | | \$ 367,962 | \$ 2,201 |
| 93.268 | Immunization Cooperative Agreements | Health | \$ 58,134,221 | \$ 894,172 |
| 93.268 | COVID-19-Immunization Cooperative Agreements | Health | \$ 25,275,189 | \$ 16,537,024 |
| | Program 93.268 Total: | | \$ 83,409,410 | \$ 17,431,196 |
| 93.270 | Viral Hepatitis Prevention and Control | Health | \$ 234,573 | \$ - |
| 93.283 | Centers for Disease Control and Prevention Investigations and Technical Assistance | Health | \$ 569,209 | \$ - |
| 93.283 | <i>Pass-Through from the University of Minnesota (P008774105)</i> | Health | \$ 129,982 | \$ - |
| 93.283 | <i>Pass-Through from the University of Minnesota (N005338002)</i> | Health | \$ 76,048 | \$ - |
| | Program 93.283 Total: | | \$ 775,239 | \$ - |
| 93.301 | Small Rural Hospital Improvement Grant Program | Health | \$ 756,033 | \$ 622,993 |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--------|---|----------------|-------------------------------|---|
| 93.314 | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program | Health | \$ 105,012 | \$ 13,150 |
| 93.317 | Emerging Infections Programs | Health | \$ 5,958,950 | \$ 5,000 |
| 93.317 | COVID-19-Emerging Infections Programs | Health | \$ 1,056,979 | \$ - |
| | Program 93.317 Total: | | \$ 7,015,929 | \$ 5,000 |
| 93.318 | Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security | MnSCU | \$ 230 | \$ - |
| 93.322 | CSELS Partnership: Strengthening Public Health Laboratories | | | |
| 93.322 | <i>Pass-Through from the Association of Public Health Laboratories (Unknown)</i> | Agriculture | \$ 10,000 | \$ - |
| 93.323 | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | Health | \$ 7,072,324 | \$ 6,606 |
| 93.323 | COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | Health | \$ 195,025,974 | \$ 51,347,288 |
| | Program 93.323 Total: | | \$ 202,098,298 | \$ 51,353,894 |
| 93.324 | State Health Insurance Assistance Program | Human Services | \$ 877,119 | \$ 495,955 |
| 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 | \$ 320,828 | \$ 6,650 |
| 93.336 | Behavioral Risk Factor Surveillance System | Health | \$ 713,676 | \$ - |
| 93.354 | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | Health | \$ 2,721,474 | \$ 1,289,916 |
| 93.354 | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | MnSCU | \$ 11,334 | \$ - |
| 93.354 | COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | Health | \$ 4,124,995 | \$ 1,196,261 |
| | Program 93.354 Total: | | \$ 6,857,803 | \$ 2,486,177 |
| 93.366 | State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes | Health | \$ 340,156 | \$ 23,535 |
| 93.367 | Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs | Agriculture | \$ 589,675 | \$ - |
| 93.369 | ACL Independent Living State Grants | DEED | \$ 337,469 | \$ 235,943 |
| 93.387 | National and State Tobacco Control Program | Health | \$ 1,439,022 | \$ 68,589 |
| 93.391 | COVID-19-Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises | Health | \$ 3,490,264 | \$ - |
| 93.393 | Cancer Cause and Prevention Research | | | |
| 93.393 | <i>Pass-Through from the University of Minnesota (Unknown)</i> | Health | \$ 57,297 | \$ - |
| 93.397 | Cancer Centers Support Grants | MnSCU | \$ 657 | \$ - |
| 93.421 | Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health | Health | \$ 3,978 | \$ - |
| 93.421 | <i>Pass-Through from the Association of State and Public Health Nutritionists (NA)</i> | Health | \$ 92,559 | \$ 10,000 |
| 93.421 | <i>Pass-Through from the ASHTO (Unknown)</i> | Health | \$ 38,070 | \$ - |
| 93.421 | <i>Pass-Through from the Council of State and Territorial Epidemiologists (7463)</i> | Health | \$ 561,333 | \$ - |
| 93.421 | <i>Pass-Through from the National Association of Chronic Disease Directors (0932021)</i> | Health | \$ 114,546 | \$ - |
| 93.421 | <i>Pass-Through from the National Association of Chronic Disease Directors (2772021)</i> | Health | \$ 141,522 | \$ 69,882 |
| | Program 93.421 Total: | | \$ 952,008 | \$ 79,882 |
| 93.423 | 1332 State Innovation Waivers | Commerce | \$ 142,727,404 | \$ 142,727,404 |
| 93.426 | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke | Health | \$ 1,678,430 | \$ - |
| 93.432 | ACL Centers for Independent Living | DEED | \$ 1,292,506 | \$ 1,292,506 |
| 93.432 | COVID-19-ACL Centers for Independent Living | DEED | \$ 345,427 | \$ 345,427 |
| | Program 93.432 Total: | | \$ 1,637,933 | \$ 1,637,933 |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--------|---|------------------|-------------------------------|---|
| 93.434 | Every Student Succeeds Act/Preschool Development Grants | Education | \$ 7,822,383 | \$ - |
| 93.434 | Every Student Succeeds Act/Preschool Development Grants | MnSCU | \$ 15,000 | \$ - |
| | Program 93.434 Total: | | \$ 7,837,383 | \$ - |
| 93.435 | Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke | Health | \$ 1,863,282 | \$ 607,035 |
| 93.436 | Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN) | Health | \$ 972,765 | \$ 267,946 |
| 93.439 | State Physical Activity and Nutrition (SPAN) | Health | \$ 930,471 | \$ 199,577 |
| 93.464 | ACL Assistive Technology | Administration | \$ 397,660 | \$ - |
| 93.493 | Congressional Directives | MnSCU | \$ 41,488 | \$ - |
| 93.498 | COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (9) | Human Services | \$ 273,411 | \$ - |
| 93.498 | COVID-19-Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (9) | Veterans Affairs | \$ 3,326,793 | \$ - |
| | Program 93.498 Total: | | \$ 3,600,204 | \$ - |
| 93.499 | Low Income Household Water Assistance Program | Commerce | \$ 5,972,910 | \$ 5,854,739 |
| 93.525 | COVID-19-State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges | MNsure | \$ 644,284 | \$ - |
| 93.556 | MaryLee Allen Promoting Safe and Stable Families Program | Human Services | \$ 3,383,173 | \$ 2,447,761 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | \$ 111,585,123 | \$ 80,398,946 |
| 93.563 | Child Support Enforcement | Human Services | \$ 120,660,826 | \$ 92,659,866 |
| 93.564 | Child Support Enforcement Research | Human Services | \$ 107,759 | \$ 15,195 |
| 93.566 | Refugee and Entrant Assistance State/Replacement Designee Administered Programs | Human Services | \$ 14,564,346 | \$ 11,304,213 |
| 93.568 | Low-Income Home Energy Assistance | Commerce | \$ 90,540,825 | \$ 87,471,656 |
| 93.568 | COVID-19-Low-Income Home Energy Assistance | Commerce | \$ 144,417,511 | \$ 143,453,445 |
| | Program 93.568 Total: | | \$ 234,958,336 | \$ 230,925,101 |
| 93.569 | Community Services Block Grant | Human Services | \$ 8,473,359 | \$ 8,141,628 |
| 93.569 | COVID-19-Community Services Block Grant | Human Services | \$ 5,319,720 | \$ 5,083,186 |
| | Program 93.569 Total: | | \$ 13,793,079 | \$ 13,224,814 |
| 93.576 | Refugee and Entrant Assistance Discretionary Grants | Health | \$ 35,015 | \$ - |
| 93.583 | Refugee and Entrant Assistance Wilson/Fish Program | Human Services | \$ 66,635 | \$ 1,587 |
| 93.586 | State Court Improvement Program | Supreme Court | \$ 560,772 | \$ - |
| 93.590 | Community-Based Child Abuse Prevention Grants | Human Services | \$ 1,984,689 | \$ 1,436,493 |
| 93.590 | COVID-19-Community-Based Child Abuse Prevention Grants | Human Services | \$ 24,259 | \$ - |
| | Program 93.590 Total: | | \$ 2,008,948 | \$ 1,436,493 |
| 93.597 | Grants to States for Access and Visitation Programs | Human Services | \$ 126,241 | \$ 126,241 |
| 93.599 | Chafee Education and Training Vouchers Program (ETV) | Human Services | \$ 827,744 | \$ 736,810 |
| 93.599 | COVID-19-Chafee Education and Training Vouchers Program (ETV) | Human Services | \$ 235,351 | \$ 235,351 |
| | Program 93.599 Total: | | \$ 1,063,095 | \$ 972,161 |
| 93.603 | Adoption and Legal Guardianship Incentive Payments | Human Services | \$ 1,858,893 | \$ 1,746,089 |
| 93.630 | Developmental Disabilities Basic Support and Advocacy Grants | Administration | \$ 1,247,357 | \$ 330,867 |
| 93.630 | COVID-19-Developmental Disabilities Basic Support and Advocacy Grants | Administration | \$ 12,939 | \$ - |
| | Program 93.630 Total: | | \$ 1,260,296 | \$ 330,867 |
| 93.640 | Basic Health Program (Affordable Care Act) | Human Services | \$ 588,491,128 | \$ - |
| 93.643 | Children's Justice Grants to States | Human Services | \$ 185,393 | \$ 113,115 |
| 93.645 | Stephanie Tubbs Jones Child Welfare Services Program | Human Services | \$ 3,931,391 | \$ 498,168 |
| 93.658 | Foster Care Title IV-E | Human Services | \$ 54,181,715 | \$ 45,174,673 |
| 93.658 | Foster Care Title IV-E | MnSCU | \$ 549,860 | \$ - |
| 93.658 | <i>Pass-Through from the University of Minnesota (A006639502)</i> | MnSCU | \$ 131,446 | \$ - |
| 93.658 | <i>Pass-Through from the University of Minnesota (GRK 129722)</i> | MnSCU | \$ 70,127 | \$ - |
| 93.658 | COVID-19-Foster Care Title IV-E | Human Services | \$ 2,719,792 | \$ 2,719,792 |
| | Program 93.658 Total: | | \$ 57,652,940 | \$ 47,894,465 |
| 93.659 | Adoption Assistance | Human Services | \$ 62,646,238 | \$ 1,120,263 |
| 93.659 | COVID-19-Adoption Assistance | Human Services | \$ 5,008,545 | \$ - |
| | Program 93.659 Total: | | \$ 67,654,783 | \$ 1,120,263 |
| 93.665 | COVID-19-Emergency Grants to Address Mental and Substance Use Disorders During COVID-19 | Human Services | \$ 1,731,303 | \$ 1,649,037 |
| 93.667 | Social Services Block Grant | Human Services | \$ 31,663,712 | \$ 30,498,206 |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--------|--|----------------|-------------------------------|---|
| 93.669 | Child Abuse and Neglect State Grants | Human Services | \$ 2,583,104 | \$ 1,334,512 |
| 93.669 | COVID-19-Child Abuse and Neglect State Grants | Human Services | \$ 23,773 | \$ - |
| | Program 93.669 Total: | | \$ 2,606,877 | \$ 1,334,512 |
| 93.671 | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | Public Safety | \$ 2,729,930 | \$ 2,606,412 |
| 93.674 | John H. Chafee Foster Care Program for Successful Transition to Adulthood | Human Services | \$ 3,164,944 | \$ 2,637,900 |
| 93.674 | COVID-19-John H. Chafee Foster Care Program for Successful Transition to Adulthood | Human Services | \$ 2,700,860 | \$ 2,358,330 |
| | Program 93.674 Total: | | \$ 5,865,804 | \$ 4,996,230 |
| 93.732 | Mental and Behavioral Health Education and Training Grants | MnSCU | \$ 124,496 | \$ - |
| 93.747 | Elder Abuse Prevention Interventions Program | Human Services | \$ 27,250 | \$ - |
| 93.747 | Elder Abuse Prevention Interventions Program | Supreme Court | \$ 76,250 | \$ - |
| 93.747 | COVID-19-Elder Abuse Prevention Interventions Program | Human Services | \$ 150,116 | \$ 50,164 |
| | Program 93.747 Total: | | \$ 253,616 | \$ 50,164 |
| 93.755 | Surveillance for Diseases Among Immigrants and Refugees financed in part by Prevention and Public Health Funds (PPHF) | Health | \$ 77,385 | \$ - |
| 93.767 | Children's Health Insurance Program | Human Services | \$ 57,366,791 | \$ 242,190 |
| 93.767 | COVID-19-Children's Health Insurance Program | Human Services | \$ 22,851,572 | \$ - |
| | Program 93.767 Total: | | \$ 80,218,363 | \$ 242,190 |
| 93.788 | Opioid STR | Human Services | \$ 13,361,431 | \$ 12,404,761 |
| 93.788 | Opioid STR | MnSCU | \$ 118,177 | \$ - |
| | Program 93.788 Total: | | \$ 13,479,608 | \$ 12,404,761 |
| 93.791 | Money Follows the Person Rebalancing Demonstration | Human Services | \$ 18,202,333 | \$ 1,108,377 |
| 93.800 | Organized Approaches to Increase Colorectal Cancer Screening | Health | \$ 565,842 | \$ 169,797 |
| 93.810 | Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion | Health | \$ 585,104 | \$ - |
| 93.817 | Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities | Health | \$ 93,736 | \$ - |
| 93.845 | Promoting Population Health through Increased Capacity in Alcohol Epidemiology | Health | \$ 91,525 | \$ - |
| 93.859 | Biomedical Research and Research Training | MnSCU | \$ 40,671 | \$ - |
| 93.859 | <i>Pass-Through from the University of Minnesota (5K12GM119955-05)</i> | MnSCU | \$ 76,940 | \$ - |
| 93.859 | <i>Pass-Through from the University of Minnesota (T34GM137862)</i> | MnSCU | \$ 79,397 | \$ - |
| | Program 93.859 Total: | | \$ 197,008 | \$ - |
| 93.870 | Maternal, Infant and Early Childhood Home Visiting Grant | Health | \$ 8,322,105 | \$ 6,840,054 |
| 93.876 | Antimicrobial Resistance Surveillance in Retail Food Specimens | Agriculture | \$ 179,978 | \$ - |
| 93.889 | National Bioterrorism Hospital Preparedness Program | Health | \$ 2,669,258 | \$ 2,291,321 |
| 93.889 | COVID-19-National Bioterrorism Hospital Preparedness Program | Health | \$ 1,440,066 | \$ 1,402,091 |
| | Program 93.889 Total: | | \$ 4,109,324 | \$ 3,693,412 |
| 93.898 | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | Health | \$ 6,347,128 | \$ 227,417 |
| 93.913 | Grants to States for Operation of State Offices of Rural Health | Health | \$ 219,380 | \$ - |
| 93.917 | HIV Care Formula Grants | Human Services | \$ 7,205,067 | \$ 1,954,151 |
| 93.940 | HIV Prevention Activities Health Department Based | Health | \$ 2,616,931 | \$ 615,159 |
| 93.945 | Assistance Programs for Chronic Disease Prevention and Control | Health | \$ 399,258 | \$ 43,704 |
| 93.946 | Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs | Health | \$ 617,995 | \$ 210,420 |
| 93.958 | Block Grants for Community Mental Health Services | Human Services | \$ 10,073,838 | \$ 6,697,307 |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | Human Services | \$ 21,637,302 | \$ 9,452,704 |
| 93.977 | Sexually Transmitted Diseases (STD) Prevention and Control Grants | Health | \$ 1,541,291 | \$ 188,867 |
| 93.981 | Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools | Education | \$ 394,127 | \$ 56,072 |

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, 2022

| ALN | Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i> | State Agency | Total Federal Expenditures | Amounts Provided to Subrecipients |
|--------|---|--------------------------|-------------------------------|---|
| 93.981 | COVID-19-Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools | Education | \$ 369,424 | \$ - |
| | Program 93.981 Total: | | \$ 763,551 | \$ 56,072 |
| 93.982 | Mental Health Disaster Assistance and Emergency Mental Health | Human Services | \$ 1,194,744 | \$ 1,194,744 |
| 93.982 | COVID-19-Mental Health Disaster Assistance and Emergency Mental Health | Human Services | \$ 420,199 | \$ 380,051 |
| | Program 93.982 Total: | | \$ 1,614,943 | \$ 1,574,795 |
| 93.991 | Preventive Health and Health Services Block Grant | Health | \$ 4,235,435 | \$ 66,745 |
| 93.994 | Maternal and Child Health Services Block Grant to the States | Health | \$ 9,499,056 | \$ 6,299,714 |
| | U.S. Department of Health and Human Services Total: | | \$ 13,727,620,212 | \$ 1,108,413,110 |
| | U.S. Corporation for National and Community Service | | | |
| 94.006 | AmeriCorps State and National 94.006 | | | |
| 94.006 | <i>Pass-Through from the ServeMinnesota (18ACHMN0010002-20)</i> | Pollution Control Agency | \$ 136,387 | \$ - |
| 94.006 | <i>Pass-Through from the ServeMinnesota (18ACHMN0010002-21)</i> | Pollution Control Agency | \$ 452,877 | \$ - |
| | Program 94.006 Total: | | \$ 589,264 | \$ - |
| | U.S. Corporation for National and Community Service Total: | | \$ 589,264 | \$ - |
| | U.S. Social Security Administration | | | |
| | Disability Insurance/SSI Cluster | | | |
| 96.001 | Social Security Disability Insurance | DEED | \$ 26,631,335 | \$ - |
| | Disability Insurance/SSI Cluster Total: | | \$ 26,631,335 | \$ - |
| | U.S. Social Security Administration Total: | | \$ 26,631,335 | \$ - |
| | U.S. Department of Homeland Security | | | |
| 97.008 | Non-Profit Security Program | Public Safety | \$ 473,660 | \$ 473,660 |
| 97.012 | Boating Safety Financial Assistance | Natural Resources | \$ 2,682,290 | \$ 921,256 |
| 97.023 | Community Assistance Program State Support Services Element (CAP-SSSE) | Natural Resources | \$ 268,305 | \$ 2,308 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) (9) | Public Safety | \$ 14,860,948 | \$ 13,954,354 |
| 97.036 | COVID-19-Disaster Grants - Public Assistance (Presidentially Declared Disasters) (9) | Public Safety | \$ 233,250,741 | \$ 37,739,969 |
| | Program 97.036 Total: | | \$ 248,111,689 | \$ 51,694,323 |
| 97.039 | Hazard Mitigation Grant | Public Safety | \$ 1,345,715 | \$ 1,153,228 |
| 97.041 | National Dam Safety Program | Natural Resources | \$ 239,975 | \$ - |
| 97.042 | Emergency Management Performance Grants | Public Safety | \$ 7,210,718 | \$ 4,770,473 |
| 97.045 | Cooperating Technical Partners | Natural Resources | \$ 393,851 | \$ - |
| 97.047 | BRIC: Building Resilient Infrastructure and Communities | Public Safety | \$ 258,691 | \$ 8,206 |
| 97.067 | Homeland Security Grant Program | Public Safety | \$ 9,903,459 | \$ 7,041,723 |
| 97.091 | Homeland Security Biowatch Program | Health | \$ 971,552 | \$ - |
| | U.S. Department of Homeland Security Total: | | \$ 271,859,905 | \$ 66,065,177 |
| | Federal Programs Total: | | \$ 24,219,799,366 | \$ 3,663,691,923 |
| | Research and Development (R&D) Cluster Total: | | \$ 21,082,362 | \$ 203,098 |

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, 2022**

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 2022 conform to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable. The required Schedule of Expenditures of Federal Awards is presented for the state's fiscal year ended June 30, 2022.

The auditor uses a risk-based approach as defined in the Uniform Guidance to determine which federal programs are audited. Programs expending \$35.8 million or more in federal awards are Type A programs. Type B programs are programs expending less than \$35.8 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 | Rainy River Community College |
| Hennepin Technical College | Ridgewater College |
| Hibbing Community College | Riverland Community College |
| Inver Hills Community College | Rochester Community & Technical College |
| Itasca Community College | St. Cloud State University |
| Lake Superior College | St. Cloud Technical & Community College |
| Mesabi Range College | Saint Paul College |
| Metropolitan State University | South Central College |
| Minneapolis Community & Technical College | Southwest Minnesota State University |
| Minnesota State College – Southeast | Vermilion Community College |
| Minnesota State Community & Technical College | Winona State University |
| Minnesota State University, Mankato | |

Basis of Accounting

The state's Annual Comprehensive Financial Report and this supplemental schedule are presented in accordance with generally accepted accounting principles, following the accrual or modified accrual basis of accounting, as appropriate for the fund structure. Most federal

activity is accounted for in the Federal Fund (a major governmental fund), but several other non-major special revenue funds (Trunk Highway, Municipal State-Aid Street, County State-Aid Highway, Natural Resources, Game and Fish, and Miscellaneous Special Revenue funds), major proprietary funds (Unemployment Insurance and State Colleges and Universities funds), 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 Aid for Needy Families (TANF) (ALN 93.558). TANF sub-grants, which are transferred into the Social Services Block Grant (ALN 93.667) and the Child Care Development Block Grant (ALN 93.575), are included in those programs and not TANF.

Note 2 – Perkins and Nursing Student Loan Programs

Below is a summary of the loan activity for the Perkins Loans (ALN 84.038) and Nursing Student Loans (NSL) (ALN 93.364) programs during fiscal year 2022. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

| | Perkins Loans | Nursing Student Loans |
|---------------------------------|---------------------|--------------------------|
| Loans Receivable, Beginning | \$ 13,244,215 | \$ 13,971 |
| Loan Repayments | (2,975,261) | (914) |
| Loan Cancellations | (1,037,328) | - |
| Loans Receivables, Ending | \$ 9,231,626 | \$ 13,057 |
| Allowance for Doubtful Accounts | (102,734) | - |
| Total Loans Receivable | <u>\$ 9,128,892</u> | <u>\$ 13,057</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 2022.

| | |
|--|-----------------------|
| Federal Direct Student Loans Issued: | |
| Direct Federal Subsidized Stafford | \$ 113,532,290 |
| Direct Federal Unsubsidized Stafford | 198,415,796 |
| Direct Federal Parent Loans for Undergraduate Students | 10,992,409 |
| Direct Federal Graduate PLUS | 3,076,573 |
| Total Federal Direct Student Loans | <u>\$ 326,017,068</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 2022, the state of Minnesota recognized total rebates of approximately \$21,777,000 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 2022, the state of Minnesota reduced expenditures by \$577,095,000 for the federal share of the rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2022, 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 | \$ 931,703,333 | \$ - | \$ - | \$ 931,703,333 |
| Federal UI Expenditures | 9,844,539 | - | 906,307,242 | 916,151,781 |
| Federal Admin Expenditures | 57,250,268 | 189,650 | 1,960,576 | 59,400,494 |
| Total Expenditures | <u>\$ 998,798,140</u> | <u>\$ 189,650</u> | <u>\$ 908,267,818</u> | <u>\$ 1,907,255,608</u> |

The Unemployment Insurance Program serves workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work. For audits and reporting under the Uniform Guidance, the U.S. Department of Labor requires that both federal and state unemployment insurance funds be considered federal awards for determining federal programs subject to audit and for reporting expenditures of federal awards.

Note 6 – Water Quality Capitalization Grants

Water quality capitalization grants (ALN 66.458) are used by states to create revolving funds to provide financing for construction of wastewater treatment facilities and implementation of other water quality management activities. Loans are administered from these funds by the state departments of Employment and Economic Development, Agriculture, and Pollution Control. The state’s loan programs are Tourism Septic Loan (TLP), Agriculture Best Management Practices (AG BMP), and Clean Water Partnership (CWP). A summary of the loan activity for fiscal year 2022 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 | \$ 74,239 | \$ 47,269,257 | \$ 20,480,563 |
| Loan Repayments | (48,294) | (12,384,292) | (2,306,026) |
| New Loans Issued | - | 9,319,818 | 5,594,438 |
| Interest Capitalized | - | - | 12,416 |
| Loans Receivable, Ending | <u>\$ 25,945</u> | <u>\$ 44,204,783</u> | <u>\$ 23,781,391</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 2022 for channeling grants is \$166,783,788. These monies are not reflected in the Schedule of Expenditures of Federal Awards. The amount of \$720,062 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 2022, the Federal Emergency Management Agency (FEMA) approved \$21,814,106 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 2022 Schedule of Expenditures of Federal Awards.

Coronavirus Relief Fund

The state had flexibility on determining which expenditures to allocate to the federal awards received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A lag was created between the time the expenditures were incurred and the decision to apply the eligible expenditure to the federal award. As a result, a total of \$19,610,055 in eligible federal expenditures from fiscal year 2020 and 2021 have been reallocated from state funding to the Coronavirus Relief Fund (ALN 21.019). Of the \$19,610,055 total, \$16,275,138 was incurred in fiscal year 2020 and \$3,334,917 was incurred in fiscal year 2021. These expenditures were not identified in time to be included in the fiscal year 2020 and 2021 Schedule of Expenditures of Federal Awards. As these expenditures were incurred in fiscal year 2020 and 2021, they are not included in the fiscal year 2022 Schedule of Expenditures of Federal Awards.

Provider Relief Fund

The reporting amounts in the fiscal year 2022 Schedule of Expenditures of Federal Awards for the Provider Relief Fund (PRF) (ALN 93.498) are fiscal year 2021 expenditures; PRF expenditures for fiscal year 2022 have been excluded.

State of Minnesota

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

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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, 2022

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? **No**
- Significant deficiencies identified? **Yes**

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, Children’s Health Insurance Program, and Medicaid Cluster, 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 \$35,840,673.

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, 2022

Major federal programs:

| Assistance Listing Number | Name of Federal Program or Cluster |
|--------------------------------------|---|
| 10.557 | WIC Special Supplemental Nutrition Program for Women, Infants, and Children COVID-19 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children |
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds |
| 64.005 | Grants to States for Construction of State Home Facilities |
| 84.010 | Title 1 Grants to Local Educational Agencies |
| 84.425C | COVID-19 – Education Stabilization Fund |
| 84.425D | |
| 84.425E | |
| 84.425F | |
| 84.425K | |
| 84.425L | |
| 84.425M | |
| 84.425N | |
| 84.425P | |
| 84.425R | |
| 84.425S | |
| 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 | |
| 93.423 | 1332 State Innovation Waivers |

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

| Assistance Listing Number | Name of Federal Program or Cluster |
|--------------------------------------|---|
| 93.558 | Temporary Assistance for Needy Families |
| 93.575 93.596 | CCDF Cluster |
| 93.658 | Foster Care Title IV-E COVID-19 – Foster Care Title IV-E |
| 93.767 | Children’s Health Insurance Program COVID-19 – Children’s Health Insurance Program |
| 93.775 93.777 93.778 | Medicaid Cluster |

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

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/2022/ICCFRFY22.pdf>.

2022-001 Incorrect Expenditures and Amounts Provided to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

Prior Year Finding Numbers: 2021-001, 2020-035, 2020-063

Repeat Finding Since: 2020

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

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

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

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

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

Context: Each state agency prepared a preliminary, certified SEFA, including amounts provided to subrecipients, for the year ended June 30, 2022. 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, 2022, was provided by Minnesota Management and Budget for audit on January 19, 2023. Adjustments to the SEFA were agreed to on March 6, 2023, and the final SEFA was provided March 9, 2023.

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

Minnesota Department of Education

- Decreased expenditures by \$43,326,574 to remove expenditures already included in the Minnesota Department of Health's SEFA for Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (ALN 93.323). Decreased amounts provided to subrecipients by \$37,607,517 to remove expenditures that should have been included as COVID-19 funding in the Minnesota Department of Health's SEFA instead of Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (ALN 93.323); and

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

- Increased amounts provided to subrecipients by \$1,408,768 for payments made to the Office of Higher Education that were not properly recorded on the SEFA for the COVID-19 – Governor’s Emergency Education Relief (GEER) Fund (ALN 84.425C).

Minnesota Department of Health

- Increased amounts provided to subrecipients by \$1,873,567 to reflect all payments made to subrecipients for WIC Special Supplemental Nutrition Program for Women, Infants, and Children (ALN 10.557);
- Decreased expenditures by \$35,378,999 and amounts provided to subrecipients by \$1,764,000 to eliminate encumbrances incorrectly recorded, adjust the year-end insurance reimbursements, and to eliminate the reversal of a prior year accrual recorded incorrectly for Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323);
- Decreased expenditures by \$54,145,434 and increased amounts provided to subrecipients by \$37,689,243 to eliminate an entry posted to the SEFA incorrectly, to record year-end accruals, to properly reverse a prior year accrual related to insurance reimbursements, and to properly record amounts provided to subrecipients by the Minnesota Department of Health for COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323C); and
- Decreased expenditures by \$579,180 and amounts provided to subrecipients by \$516,583 to remove expenditures already included in the Minnesota Department of Human Services’ SEFA for Temporary Assistance for Needy Families (ALN 93.558).

Minnesota Department of Human Services

- Decreased expenditures by \$39,467,540 to remove expenditures that should be reported in another grant for Pandemic EBT Food Benefits (ALN 10.542);
- Increased expenditures by \$39,467,540 to add expenditures originally reported in another grant for Supplemental Nutrition Assistance Program (ALN 10.551);
- Decreased expenditures by \$1,134,176 to remove expenditures that should be reported in another grant and to eliminate a duplicate entry for COVID-19 – State Administrative Matching Grants for Supplemental Nutrition Assistance Program (ALN 10.561);
- Increased expenditures by \$844,176 to add amount reported in another grant for COVID-19 – Pandemic EBT Administrative Costs (ALN 10.649);
- Decreased amounts provided to subrecipients by \$450,212 to remove amounts incorrectly recorded for Child Care and Development Block Grant (ALN 93.575);
- Decreased amounts provided to subrecipients by \$136,374,779 to remove expenditures related to payments made to beneficiaries for COVID-19 - Child Care and Development Block Grant (ALN 93.575);
- Decreased amounts provided to subrecipients by \$6,038,346 to remove amounts incorrectly recorded for Child Care Mandatory and Matching Funds of the Child Care and Development Fund (ALN 93.596); and
- Reclassified expenditures by \$1,917,192 to decrease Medical Assistance Program (ALN 93.778) and increase COVID-19 – Medical Assistance Program (ALN 93.778) to correct an adjustment for negative expenditures in the correct grant.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Minnesota Department of Public Safety

- Decreased expenditures by \$1,427,091 to record credit transactions that were not reflected in the SEFA for the COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036).

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, 2022

Section III – Federal Award Findings and Questioned Costs

2022-002 Reporting

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: 93.423 1332 State Innovation Waivers

Award Number and Year: 5 SIWIW180002-030-00, 2020; SIWIW180002-04-01, 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.

The Minnesota Department of Commerce is required to submit accurate and complete quarterly and annual reports to the U.S. Department of Health and Human Services Centers for Medicare & Medicaid Services (CMS).

Additionally, under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred 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 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.

Questioned Costs: None.

Context: The reporting under the State Innovation Waivers includes one annual financial report, three quarterly performance reports, one annual performance report, one post-award special report, and Transparency Act reporting.

Effect: The total federal share of expenditures was understated and, subsequently, the unobligated balance was understated by \$301,541,378. The federal government did not receive complete and accurate information about the award. Also, the Minnesota Department of Commerce is not in compliance with reporting requirements under the Transparency Act.

Cause: The Minnesota Department of Commerce staff omitted the federal share of expenditures in error on the annual Federal Financial Report and were not aware of the reporting requirements under the Transparency Act.

Recommendation: We recommend the Minnesota Department of Commerce establish and implement procedures to include all necessary information in reports and to submit required reports in accordance with the Transparency Act.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-003 Subrecipient Monitoring – Timely Issuance of Management Decision

Prior Year Finding Number: 2021-003

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 Education

Program: 84.010 Title I Grants to Local Educational Agencies
84.425C COVID-19 – Governor’s Emergency Education Relief (GEER) Fund
84.425D COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Award Number and Year:

| Assistance Listing Number | Award Number | Year |
|---------------------------|--------------|------|
| 84.010 | S010A180023 | 2018 |
| 84.010 | S010A190023 | 2019 |
| 84.010 | S010A200023 | 2020 |
| 84.010 | S010A210023 | 2021 |
| 84.425C | S425C200015 | 2020 |
| 84.425C | S425C210015 | 2021 |
| 84.425D | S425D200045 | 2020 |
| 84.425D | S425D210045 | 2021 |
| 84.425U | S425U210045 | 2021 |

State Agency: Minnesota Department of Education

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

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 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.

Questioned Costs: None.

Context: Both the Minnesota Department of Education and overall State of Minnesota policies and procedures over subrecipient monitoring require issuing a management decision letter to subrecipients with federal findings. For the instances noted, the letters were 21 days, 25 days, and two months late.

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 decisions on audit findings increases the risk that subrecipients may not administer subawards in compliance with the terms and conditions of the subawards.

Cause: This was the first year of implementing a new process to send out management decision letters, and the process and procedures were still being refined.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

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

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-004 Earmarking and Special Tests and Provisions – Hold-Harmless Calculations for Charter Schools

Prior Year Finding Number: 2021-007

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 Education

Program: 84.010 Title I Grants to Local Educational Agencies

Award Number and Year: S010A210023, 2021

State Agency: Minnesota Department of Education

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

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

Questioned Costs: None.

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

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

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

Cause: The Minnesota Department of Education had already performed the allocation for the 2022 fiscal year before the new step in the allocation process to verify hold-harmless provisions could be implemented.

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

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-005 Reporting – Request for Advance or Reimbursement Form (SF-270) Financial Report

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance

Severity of Deficiency: Significant Deficiency

Federal Agency: U.S. Department of Education

Program: 84.010 Title I Grants to Local Educational Agencies

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

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. Additionally, recipients are required to use the Financial Report, Request for Advance or Reimbursement Form (SF-270), to request reimbursement payments. Reports are to be prepared on a cash-basis, be accurate and complete, and supported by accounting records.

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.

Questioned Costs: None.

Context: The Minnesota Department of Education requested reimbursement for \$4,522 on the January 3, 2022, Form SF-270. However, accounting records showed actual expenditures incurred for the reporting period were (\$1,453,994) due to a reclassification. Additionally, there was \$103,245 of prior eligible expenditures that had not yet been requested. This resulted in an overdraw of \$1,355,271. This error in over requesting reimbursement was addressed by requesting less reimbursement over the next few submissions of Form SF-270, and was fully corrected on January 27, 2022.

Effect: The expenditures reported were incorrect and caused the Minnesota Department of Education to request reimbursement for expenditures that had not been incurred.

Cause: The Minnesota Department of Education reclassified expenditures from the federal fiscal year 2020 grant to the 2018 grant. As a result, these expenditures were included for both federal fiscal years and thus reimbursed from the federal government twice.

Recommendation: The Minnesota Department of Education should develop policies and procedures to ensure it accurately completes reimbursement requests on Form SF-270 for expenditures that were incurred.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-006 Reporting – Special Reporting for 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: 84.010 Title I Grants to Local Educational Agencies

Award Number and Year: S010A210023, 2021

State Agency: Minnesota Department of Education

Criteria: 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 CFR 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 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 |

Questioned Costs: None.

Context: For these two subrecipient awards, the wrong year of funds was entered into FSRS.

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

Effect: Noncompliance with reporting requirements under FFATA.

Cause: Entering FFATA information into the FSRS was deemed a lower priority by the Minnesota Department of Education as staff were dedicating time to other grant requirements and the issuance of subrecipient payments.

Recommendation: We recommend the Minnesota Department of Education implement procedures to ensure reports are accurately completed and submitted timely, 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, 2022

2022-007 Level of Effort

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: 84.425C COVID-19 – Governor’s Emergency Education Relief (GEER) Fund
84.425D COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)

Award Number and Year:

| Assistance Listing Number | Award Number | Year |
|---------------------------|--------------|------|
| 84.425C | S425C200015 | 2020 |
| 84.425C | S425C210015 | 2021 |
| 84.425D | S425D200045 | 2020 |
| 84.425D | S425D210045 | 2021 |
| 84.425U | S425U210045 | 2021 |

State Agency: Minnesota Department of Education

Criteria: Section 317 of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, for fiscal year 2022, includes that a state that receives ESSER II, GEER II, or EANS funds under the CRRSA Act must maintain 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. Additionally, under section 2004(a) of the American Rescue Plan (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 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.

Questioned Costs: None.

Context: The 2017, 2018, and 2019 average elementary and secondary support relative to the Minnesota Department of Education’s overall spending was 41.70 percent. The 2022 elementary and secondary support for the Minnesota Department of Education relative to the state’s overall spending was projected to be 40.51 percent.

Effect: The level of funding for the Minnesota Department of Education and subrecipients may fall below the level necessary to adequately fund programs.

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, 2022. 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, 2022

Recommendation: We recommend state support is maintained for elementary and secondary education 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, 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, 2022

2022-008 Subrecipient Monitoring – Risk Assessment and Monitoring of Subrecipients

Prior Year Finding Number: 2021-004

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 Education

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

Award Number and Year:

| Assistance Listing Number | Award Number | Year |
|---------------------------|--------------|------|
| 84.425C | S425C200015 | 2020 |
| 84.425C | S425C210015 | 2021 |
| 84.425D | S425D200045 | 2020 |
| 84.425D | S425D210045 | 2021 |
| 84.425U | 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. Also, the auditee must comply with Title 2 U.S. *Code of Federal Regulations* § 200.332, which includes the requirement to evaluate the subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award.

Condition: For each program, 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.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

Questioned Costs: None.

Context: In the spring of 2022, the Minnesota Department of Education, in an effort to improve subrecipient monitoring procedures as soon as possible, decided risk assessments would not be performed over local educational agencies. Instead, the Minnesota Department of Education focused on performing desk reviews of a random sample of transactions. Additionally, procedures were implemented and documented over a portion of the non-local educational agencies.

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

Cause: The Minnesota Department of Education informed us that due to staffing shortages, risk assessments and monitoring procedures were not being performed for these new federal programs until the spring of 2022. In October of 2022, the Minnesota Department of Education implemented a more comprehensive and robust process for assessing risk and monitoring entities receiving these funds.

Recommendation: We recommend the Minnesota Department of Education establish policies and procedures for completing risk assessments and monitoring procedures over federal programs passed through to subrecipients, as well as creating and maintaining proper documentation to meet the requirements of federal programs.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-009 Subrecipient Monitoring – Subrecipient Audit Reports for Which the Minnesota Department of Education Was Not the Cognizant Agency

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: 84.425C COVID-19 – Governor’s Emergency Education Relief (GEER) Fund

Award Number and Year: S425C200015, 2020; S425C210015, 2021

State Agency: Minnesota Department of Education

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.332(d)(3) states that pass-through entity monitoring of the subrecipient must include: “Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the 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 identify or review single audit reports for 12 non-local educational agency subrecipients for which it was not the cognizant agency.

Questioned Costs: None.

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

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

Cause: This was the first year of implementing a new process to review subrecipient audit reports and send out management decision letters, and the process and procedures were still being refined.

Recommendation: We recommend the Minnesota Department of Education identify and review all applicable subrecipient audit reports and issue management decisions in a timely manner, including when it is not the cognizant agency.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-010 **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 Agriculture

Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Award Number and Year: 222MN004W1003, 2022

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)(1) 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.

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.

Questioned Costs: None.

Context: The Minnesota Department of Health pays 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: The Minnesota Department of Health received an influx of funding to help with the pandemic, and the COVID grant payments doubled the number of invoices that required processing for payment. COVID payments were given priority over non-COVID payments. Staffing levels at the Minnesota Department of Health did not increase significantly to adjust to the increase of invoices processed.

Recommendation: We recommend that 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, 2022

2022-011 Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Prior Year Finding Number: 2021-018

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
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.658 Foster Care Title IV-E
 93.658 COVID-19 – Foster Care Title IV-E
 93.767 Childrens’ 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 |
|-------------------------------|---|------|
| 93.558 | 1701MNTANF | 2017 |
| 93.558 | 1801MNTANF | 2018 |
| 93.558 | 1901MNTANF | 2019 |
| 93.558 | 2001MNTANF | 2020 |
| 93.558 | 2101MNTANF & 2101MNTANFC6 | 2021 |
| 93.558 | 2201MNTANF | 2022 |
| 93.575 & 93.596 | G1901MNCCDF | 2019 |
| 93.575/93.575 COVID-19/93.596 | 2201MNCCDF | 2022 |
| 93.658 | 1701MNFOST | 2017 |
| 93.658 | 1801MNFOST | 2018 |
| 93.658 | 1901MNFOST | 2019 |
| 93.658 | 2001MNFOST | 2020 |
| 93.658 & 93.658 COVID-19 | 2101MNFOST | 2021 |
| 93.658 | 2201MNFOST | 2022 |
| 93.767 | 2105MN5021 | 2021 |
| 93.767 | 2205MN5021 | 2022 |
| 93.778 | 2105MN5ADM, 2105MN5MAP, 2105MNIMPL, & 2105MNINCT | 2021 |
| 93.778 | 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT | 2022 |
| 93.778 COVID-19 | 2105MNADM | 2021 |
| 93.778 COVID-19 | 2205MN5MAP, 2205MNIMPL, & 2205MNINCT | 2022 |

State Agency: Minnesota Department of Human Services

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

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

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

Questioned Costs: None.

Context: The issue was noted during the audit of Temporary Assistance for Needy Families, CCDF Cluster, Foster Care Title IV-E, Children's Health Insurance Program, and Medicaid Cluster, however, it impacts federal programs agency-wide.

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

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 of the other federal compliance requirements. Additionally, the Minnesota Department of Human Services is working to resolve errors it received in response to attempts to submit the reports in the FSRS.

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

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-012 Allowable Costs/Cost Principles – Allocation of Costs to Cost Centers Not Included in the Public

Assistance Cost Allocation Plan

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

- Program:** 93.558 Temporary Assistance for Needy Families
 93.575 Child Care and Development Block Grant
 93.575 COVID-19 – Child Care and Development Block Grant
 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 93.658 Foster Care Title IV-E
 93.658 COVID-19 – Foster Care Title IV-E
 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 |
|-------------------------------|---------------------------|------|
| 93.558 | 2101MNTANF & 2101MNTANFC6 | 2021 |
| 93.558 | 2201MNTANF | 2022 |
| 93.575/93.575 COVID-19/93.596 | 2201MNCDF | 2022 |
| 93.658 & 93.658 COVID-19 | 2101MNFOST | 2021 |
| 93.658 | 2201MNFOST | 2022 |
| 93.767 | 2105MN5021 | 2021 |
| 93.767 & 93.767 COVID-19 | 2205MN5021 | 2022 |
| 93.778 | 2105MN5ADM & 2105MNIMPL | 2021 |
| 93.778 COVID-19 | 2105MNADM | 2021 |
| 93.778 | 2205MN5ADM & 2205MNIMPL | 2022 |

State Agency: Minnesota Department of Human Services

Criteria: 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: 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.

Questioned Costs: \$40,778.

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 Public Assistance Cost Allocation Plan in effect during each quarter.

Effect: Noncompliance with Title 45 U.S. *Code of Federal Regulations* § 95.519.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Cause: The Minnesota Department of Human Services believed the two cost centers were no longer needed, therefore, removed them from the Public Assistance Cost Allocation Plan. However, costs were still being charged to these cost centers.

Recommendation: We recommend the Minnesota Department of Human Services implement procedures to ensure all cost centers in the COCAS are included in the Public Assistance Cost Allocation Plan 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, 2022

2022-013 Subrecipient Monitoring

Prior Year Finding Number: 2021-014

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

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Award Number and Year:

| Assistance Listing Number | Award Number | Year |
|-------------------------------|---------------------------|------|
| 93.558 | 1701MNTANF | 2017 |
| 93.558 | 1801MNTANF | 2018 |
| 93.558 | 1901MNTANF | 2019 |
| 93.558 | 2001MNTANF | 2020 |
| 93.558 | 2101MNTANF & 2101MNTANFC6 | 2021 |
| 93.558 | 2201MNTANF | 2022 |
| 93.575 & 93.596 | G1901MNCCDF | 2019 |
| 93.575/93.575 COVID-19/93.596 | 2201MNCCDF | 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. 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 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.

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*.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

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 not performed over counties because they are local governments with whom the Department interacts with numerous times throughout the year. The missing award information and the missing current agreement were an oversight.

Recommendation: We recommend the Minnesota Department of Human Services implement and document risk assessment and further monitoring procedures over subrecipients. In addition, the Minnesota Department of Human Services and the Minnesota Department of Health should implement procedures to ensure current award information and grant agreements are provided to its subrecipients.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

2022-014 Eligibility

Prior Year Finding Number: 2021-011

Repeat Finding Since: 2014

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 1701MNTANF, 2017; 1801MNTANF, 2018; 1901MNTANF, 2019; 2001MNTANF, 2020; 2101MNTANF, 2021; 2101MNTANFC6, 2021; 2201MNTANF, 2022

State Agency: Minnesota Department of Human Services

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

Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by local counties to support the eligibility determination process. The 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.

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

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 189 cases for TANF participant eligibility and noted errors or issues in 91 MAXIS cases. The Minnesota Department of Human Services Internal Audit sent Corrective Action Plans to Counties who, in turn, were able to update case file information, which reduced the errors or issues to 60 of the 189 cases. The known questioned costs represent the net overpayments for the cases and benefit month reviewed by Internal Audit but do not take into consideration the possible impact on additional benefit months.

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

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

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

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-015 Special Test and Provisions – Income Eligibility and Verification System (IEVS)

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.558 Temporary Assistance for Needy Families

Award Number and Year: 1701MNTANF, 2017; 1801MNTANF, 2018; 1901MNTANF, 2019; 2001MNTANF, 2020; 2101MNTANF, 2021; 2101MNTANFC6, 2021; 2201MNTANF, 2022

State Agency: Minnesota Department of Human Services

Criteria: The Social Security Act section 1137 [42 U.S.C. 1320b–7] states, “(a) In order to meet the requirements of this section, a State must have in effect an income and eligibility verification system which meets the requirements of subsection (d) and under which— (1) the State shall require, as a condition of eligibility for benefits under any program listed in subsection (b), that each applicant for or recipient of benefits under that program furnish to the State his social security account number (or numbers, if he has more than one such number), and the State shall utilize such account numbers in the administration of that program so as to enable the association of the records pertaining to the applicant or recipient with his account number.”

Title 45 U.S. *Code of Federal Regulations* § 205.56 requires the State of Minnesota Department of Human Services to initiate a notice of case action or an entry in the case record that no case action is necessary within 45 days of its receipt of the information. Under certain circumstances, action may be delayed beyond 45 days for no more than 20 percent of the information items targeted for follow-up. The Minnesota Department of Human Services provides guidance to counties for processing IEVS matches timely in the Combined Manual, Chapter 10, section 24.09.

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.

Questioned Costs: None.

Context: The Internal Revenue Service, Social Security Administration (SSA), and the Minnesota Department of Employment and Economic Development check clients’ Social Security numbers with information from their data files. The matches are generally dollar amounts related to wages, Supplemental Security Income, Retirement Survivors Disability Insurance, and earnings. MAXIS uses the information from these agencies to produce IEVS matches notifying county case workers of a possible source of unreported income or assets. When an IEVS match occurs, MAXIS generates a Worker’s Daily Report (DAIL) message alerting case workers of the discrepancy. The case worker has 45 days to resolve the discrepancy. After 45 days, the state is not in compliance with the federal regulation to resolve the IEVS match.

Quarterly, the Minnesota Department of Human Services performs reviews of counties’ compliance with Title 45 U.S. *Code of Federal Regulations* § 205.56. Counties with discrepancies over the 20 percent threshold are notified with a standard email.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2022

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

Effect: Noncompliance with the Social Security Act section 1137 [42 U.S.C. 1320b–7]. Benefit overpayments could be paid if an IEVS match was not properly processed in the benefit month for the case. In addition, the auditor was unable to confirm that the Minnesota Department of Human Services was notifying counties with discrepancies in a timely manner.

Cause: The Minnesota Department of Human Services informed us 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. In addition, the Minnesota Department of Human Services informed us due to electronic storage limitations, emails older than six months were deleted.

Recommendation: We recommend the Minnesota Department of Human Services review their guidance for IEVS matches to ensure counties are properly processing and documenting these in all cases in MAXIS. In addition, we recommend the Minnesota Department of Human Services maintain documentation to support they are monitoring counties' compliance with Title 45 U.S. *Code of Federal Regulations* § 205.56.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-016 Special Test and Provisions – Child Support Non-Cooperation

Prior Year Finding Number: 2021-012 (specifically related to 2020-021)

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: 1701MNTANF, 2017; 1801MNTANF, 2018; 1901MNTANF, 2019; 2001MNTANF, 2020; 2101MNTANF, 2021; 2101MNTANFC6, 2021; 2201MNTANF, 2022

State Agency: Minnesota Department of Human Services

Criteria: 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 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.

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.

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

Effect: Noncompliance with the *Code of Federal Regulations* Title 45 Section 264.30. Benefit overpayments could be paid when child support non-cooperation is not properly processed for a benefit month.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

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 their 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, 2022

2022-017 **Eligibility**

Prior Year Finding Number: 2021-009

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: G1901MNCCDF, 2019; 2201MNCCDF, 2022

State Agency: Minnesota Department of Human Services

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

Condition: The Minnesota Department of Human Services maintains the computer system, MEC², which is used by local counties to support the eligibility determination process. The 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.

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

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 276 MEC² cases for CCDF participant eligibility and noted errors or issues in 93 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 Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

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

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

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

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-018 Special Tests and Provisions – American Rescue Plan Act Stabilization Funds

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

Award Number and Year: 2201MNCCDF, 2022

State Agency: Minnesota Department of Human Services

Criteria: 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, 29 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 sample size was based on guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: Noncompliance with the American Rescue Plan Act (Public Law 117-2), Section 2022 (d)(2)(D).

Cause: The Minnesota Department of Human Services informed us that it removed the attestation (certification) from the applications in December 2021 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 include certifications that the provider will provide relief from copayments and tuition to the extent possible, as required by the ARPA in all applications for the ARPA stabilization grant.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-019 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: 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: 1701MNFOST, 2017; 1801MNFOST, 2018; 1901MNFOST, 2019; 2001MNFOST, 2020; 2101MNFOST, 2021; 2201MNFOST, 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. 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 their subrecipients to communicate the terms and conditions of the Foster Care Title IV-E grant.

Questioned Costs: None.

Context: The Minnesota Department of Human Services did not have agreements with subrecipients at the program level. The U.S. Department of Health and Human Services suspended the reviews for eligibility for the fiscal year ending June 30, 2022, but monitoring of subrecipients was still a requirement of the program. The Minnesota Department of Human Services did resume their monitoring procedures in January 2023.

Effect: Noncompliance 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 the Foster Care Title IV-E grant, therefore, agreements with the subrecipients are not considered necessary. In addition, the Minnesota Department of Human Services noted monitoring procedures were suspended based on the U.S. Department of Health and Human Services suspending reviews for eligibility.

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

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-020 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 42 U.S. *Code of Federal Regulations* § 457.380 requires the state agency to determine and verify eligibility of enrollees for Children’s Health Insurance Program (CHIP).

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.

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

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 26 cases for CHIP participant eligibility. In addition, 20 case files not reviewed by Internal Audit were tested. The Minnesota Department of Human Services informed us that corrective action plans were sent to counties in all instances where errors were noted. For this process to be effective, the Minnesota Department of Human Services Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

Effect: Noncompliance with Title 42 U.S. *Code of Federal Regulations* § 457.380. In addition, errors in eligibility-determining factors increases the risk that a program participant will receive benefits when they are not eligible or are paid at an incorrect benefit amount.

Cause: The Minnesota Department of Human Services informed us exceptions noted during testing were related to an error in the programming of the system and oversight of case workers at the county level.

Recommendation: We recommend the Minnesota Department of Human Services review METS and implement automated verifications as much as possible. In addition, we recommend the Minnesota Department of Human Services work with counties to improve controls at the county level.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-021 **Eligibility**

Prior Year Finding Number: 2021-013

Repeat Finding Since: 2019

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Award Number and Year: 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT, 2021; 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT, 2022

State Agency: Minnesota Department of Human Services

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

Condition: The Minnesota Department of Human Services maintains the computer 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.

Questioned Costs: None.

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 58 MAXIS case files for Medical Assistance participant eligibility. In addition, 34 MAXIS case files not reviewed by Internal Audit were tested. The Minnesota Department of Human Services informed us that corrective action plans will be sent to counties in all instances where errors were noted. For this process to be effective, the Minnesota Department of Human Services Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

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

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

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

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-022 **Eligibility**

Prior Year Finding Number: 2021-013

Repeat Finding Since: 2019

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Material Weakness and Modified Opinion

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

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Award Number and Year: 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT, 2021; 2205MN5ADM, 2205MN5MAP, 2205MNIMPL, & 2205MNINCT, 2022

State Agency: Minnesota Department of Human Services

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

Condition: The Minnesota Department of Human Services maintains the computer 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.

Questioned Costs: None.

Context: The Minnesota Department of Human Services Internal Audit performs case reviews over a sample of cases annually to monitor compliance with grant requirements for eligibility. The Minnesota Department of Human Services Internal Audit reviewed a sample of 118 METS case files for Medical Assistance participant eligibility. In addition, 28 METS case files not reviewed by Internal Audit were tested. The Minnesota Department of Human Services informed us that corrective action plans will be sent to counties in all instances where errors were noted. For this process to be effective, the Minnesota Department of Human Services Internal Audit relies on local counties to implement procedures and controls over eligibility determinations.

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

Cause: The Minnesota Department of Human Services informed us the exceptions noted during testing were related to an error in the programming of the system and oversight of case workers at the county level.

Recommendation: We recommend the Minnesota Department of Human Services review METS and implement automated verifications as much as possible. In addition, we recommend the Minnesota Department of Human Services work with counties to improve controls at the county level.

View of Responsible Official: Concur

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-023 **Review of Prevailing Wage Reports**

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance

Severity of Deficiency: Significant Deficiency

Federal Agency: U.S. Department of Veterans Affairs

Program: 64.005 Grants to States for Construction of State Home Facilities

Award Number and Year: FAI 27-051, 2021; FAI 27-052, 2021; FAI 27-053; 2021

State Agency: Minnesota Department of Veterans Affairs

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: 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.

Questioned Costs: None.

Context: Contracting for the Minnesota Department of Veterans Affairs is handled by the Minnesota Department of Administration. Additionally, these departments generally work with state contracts, not federal contracts.

The payroll reports were appropriately submitted by contractors and subcontractors to the Minnesota Department of Administration.

Effect: Not reviewing payroll reports submitted by contractors or subcontractors or performing other procedures to verify the accuracy of the information they submitted increases the risk that inappropriate wage rates are paid.

Cause: The Minnesota Department of Administration does not believe it would be an effective review because the calculation of prevailing wage would be impossible for them to verify, and any complaints would be handled by the Minnesota Department of Labor and Industry.

Recommendation: We recommend internal controls are designed to provide assurance that the Minnesota Department of Veterans Affairs complies with federal prevailing wage rate standards as they relate to the contractor and subcontractor weekly payroll reports. This may include establishing procedures to review wages paid are equal to or higher than prevailing wage rates, reviewing proper payroll reports are submitted, and documenting this review.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-024 Procurement Documentation

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance

Severity of Deficiency: Significant Deficiency

Federal Agency: U.S. Department of Veterans Affairs

Program: 64.005 Grants to States for Construction of State Home Facilities

Award Number and Year: FAI 27-051, 2021; FAI 27-052, 2021; FAI 27-053; 2021

State Agency: Minnesota Department of Veterans Affairs

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* § 200.317 states that when procuring property and services under a federal award, a state must follow the same policies and procedures it uses for procurements from its non-federal funds. The state will comply with §§ 200.321, 200.322, and 200.323 and ensure that every purchase order or other contract includes any clauses required by § 200.327.

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.

Questioned Costs: None.

Context: Contracting for the Minnesota Department of Veterans Affairs is handled by the Minnesota Department of Administration. Additionally, these departments generally work with state contracts, not federal contracts.

Effect: The Minnesota Department of Veterans Affairs cannot be assured it is meeting all applicable federal regulations pertaining to procurement.

Cause: There is a lack of policies and procedures designed and implemented to ensure compliance with federal procurement standards.

Recommendation: We recommend comprehensive policies and procedures are implemented to ensure compliance with federal procurement requirements, including maintaining appropriate support documenting compliance.

View of Responsible Official: Acknowledge

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-025 National Student Loan Database System (NSLDS) Error Correcting
(Published in CLA Report as 2022-001)

Prior Year Finding Number: 2021-024 (CLA Finding Number 2021-001)

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 Education

Program: Student Financial Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2021 to June 30, 2022

State Agency: Minnesota State Colleges and Universities

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

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

Questioned Costs: None.

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

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

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

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

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

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

2022-026 Fiscal Operations Report and Application to Participate (FISAP)
(Published in CLA Report as 2022-002)

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: Student Financial Aid Cluster

Award Number and Year: Grant award number not provided, July 1, 2021 to June 30, 2022

State Agency: Minnesota State Colleges and Universities

Criteria: The *Code of Federal Regulations*, 34 CFR 675.19(b)(3) states that accurate information be populated and submitted on the 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.

Questioned Costs: None.

Context: During our audit procedures, we noted the FISAP failed to report that the College was meeting the 25 percent Federal Work Study match requirements.

Effect: The College is not in compliance with Department of Education requirements that state the FISAP must report institutional dollars spent for Federal Work Study in order to comply with the 25 percent match requirements.

Cause: There were no institutional dollars for Federal Work Study reported on the FISAP as the College was not aware the 25 percent match was no longer waived for the 2021-2022 award year.

Recommendation: We recommend the College review their policies and procedures surrounding FISAP reporting to ensure reporting is accurate and complete.

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, 2022

2022-027 Reporting

(Published in CLA Report as 2022-003)

Prior Year Finding Number: 2021-029 (CLA Finding Number 2021-006)

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, 2021 to June 30, 2022

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 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 2021 was due on May 6, 2022.

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

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 universities did not have a process to track the reporting requirements. In addition, there was a general lack of guidance from ED on reporting requirements.

Effect: Some of the colleges and universities did not comply with ED regulations by reporting accurate information as well as retaining support for the information reported to ensure accuracy.

State of Minnesota

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

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

Recommendation: We recommend the colleges and universities review their reporting procedures to ensure all required steps are included as well as supporting documentation to prepare the report is retained.

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, 2022

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**Representation of the
Minnesota Department of Commerce**

Corrective Action Plan
For the Year Ended June 30, 2022

Finding Number: 2022-002

Finding Title: Reporting

Program: 1332 State Innovation Waivers (Assistance Listing # 93.423)

Name of Contact Person Responsible for Corrective Action:

Amy Trumper, CFO

Corrective Action Planned:

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.

Anticipated Completion Date:

Completed – 1/18/23

**Representation of the
Minnesota Department of Education**

Corrective Action Plan
For the Year Ended June 30, 2022

Finding Number: 2022-001

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

Name of Contact Person Responsible for Corrective Action:

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

Corrective Action Planned:

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.

Anticipated Completion Date:

July 1, 2023

Finding Number: 2022-003

Finding Title: Subrecipient Monitoring – Timely Issuance of Management Decision

Program: Title I Grants to Local Educational Agencies, ALN 84.010; Governor’s Emergency Education Relief Fund, ALN 84.425C; Elementary and Secondary School Emergency Relief Fund, ALN 84.425D; and American Rescue Plan – Elementary and Secondary School Emergency Relief, ALN 84.425U

Name of Contact Person Responsible for Corrective Action:

Andre Prah, Agency Finance Director
Mary Weigel, School Finance, Financial Management Supervisor

Corrective Action Planned:

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.

Anticipated Completion Date:

July 1, 2023

Finding Number: 2022-004

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

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

Name of Contact Person Responsible for Corrective Action:

Teresa Taylor, Director, Student Access and Opportunity
Alicia Waeffler, Supervisor, Student Access and Opportunity
James Lee, MN.IT ITS-5 Senior Web Application Developer, Applications and Projects

Corrective Action Planned:

The 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.

Anticipated Completion Date:

January 31, 2023

Finding Number: 2022-005

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

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

Name of Contact Person Responsible for Corrective Action:

Andre Prael, Agency Finance Director

Corrective Action Planned:

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.

Anticipated Completion Date:

July 1, 2023

Finding Number: 2022-006

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

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

Name of Contact Person Responsible for Corrective Action:

Carolyn Hoel, Agency Finance, Federal Program Manager

Corrective Action Planned:

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.

Anticipated Completion Date:

July 1, 2023

Finding Number: 2022-007

Finding Title: Level of Effort

Program: Governor's Emergency Education Relief Fund, ALN 84.425C; Elementary and Secondary School Emergency Relief Fund, ALN 84.425D; and American Rescue Plan – Elementary and Secondary School Emergency Relief, ALN 84.425U

Name of Contact Person Responsible for Corrective Action:

Andre Prael, Agency Finance Director

Corrective Action Planned:

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.

Anticipated Completion Date:

On March 14, 2023 the Minnesota Department of Education submitted an updated waiver request for FY22 to the U.S. Department of Education and is awaiting a response.

Finding Number: 2022-008

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

Program: Governor's Emergency Education Relief (GEER) Fund, ALN 84.425C; Elementary and Secondary School Emergency Relief (ESSER) Fund, ALN 84.425D; and American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER), ALN 84.425U

Name of Contact Person Responsible for Corrective Action:

Bridgette Ramaley, Fiscal Monitoring Supervisor
Andre Prahl, Agency Finance Director

Corrective Action Planned:

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.

Anticipated Completion Date:

July 1, 2023

Finding Number: 2022-009

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

Program: Governor's Emergency Education Relief (GEER) Fund, ALN 84.425C

Name of Contact Person Responsible for Corrective Action:

Carolyn Hoel, Agency Finance, Federal Program Manager

Corrective Action Planned:

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.

Anticipated Completion Date:

July 1, 2023



Protecting, Maintaining and Improving the Health of All Minnesotans

**Representation of the
Minnesota Department of Health**

Corrective Action Plan
For the Year Ended June 30, 2022

Finding Number: 2022-001

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 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

Anticipated Completion Date:

November 30, 2023

Finding Number: 2022-010

**Finding Title: Cash Management – Amounts Provided to Subrecipients
Program: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (Assistance Listing # 10.557)**

Name of Contact Person Responsible for Corrective Action:

Joshua Bunker, CFO

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023



**Representation of the
Minnesota Department of Human Services**

Corrective Action Plan
For the Year Ended June 30, 2022

Finding Number: 2022-001

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

Name of Contact Person Responsible for Corrective Action:

Joe Jarosz, Accounting Operations Manager, Financial Operations Division

Corrective Action Planned:

The Department of Human Services (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.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2022-011

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

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

93.658 Foster Care Title IV-E

93.658 COVID-19 – Foster Care Title IV-E

93.767 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:

Carly Christenson, Deputy Director, Financial Operations Division

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2022-012

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

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

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

93.658 Foster Care Title IV-E

93.658 COVID-19 – Foster Care Title IV-E

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:

Carly Christenson, Deputy Director, Financial Operations Division

Corrective Action Planned:

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.

Anticipated Completion Date:

June 30, 2023

Finding Number: 2022-013

Finding Title: Subrecipient Monitoring

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

93.596 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

Pamela McCauley, TANF Program Manager

Corrective Action Planned:

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.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2022-014

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. DHS will also continue to work with counties to improve controls through county case file eligibility reviews.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2022-015

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

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 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.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2022-016

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. 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.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2022-017

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, 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.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2022-018

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 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.

Anticipated Completion Date:

April 15, 2023

Finding Number: 2022-019
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 Wahli, Deputy Assistant Commissioner, Children and Family Services

Corrective Action Planned:

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.

Anticipated Completion Date:

June 30, 2024

Finding Number: 2022-020
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, Manager, DHS Health Care Eligibility and Access Division, Eligibility Supports Unit

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2022-021

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Troy Mangan, Manager, DHS Health Care Eligibility and Access Division, Eligibility Supports Unit

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2022-022

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

93.778 COVID-19 – Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Troy Mangan, Manager, DHS Health Care Eligibility and Access Division, Eligibility Supports Unit

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023



STATE OF MINNESOTA DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF THE COMMISSIONER, LARRY HERKE



20 West 12th Street • St. Paul, MN, 55155 • (651) 296-2562
Fax: (651) 296-3954 • MinnesotaVeteran.org • 1-888-LinkVet

**Representation of the
Minnesota Department of Veterans Affairs**

Corrective Action Plan
For the Year Ended June 30, 2022

Finding Number: 2022-023

Finding Title: Review of Prevailing Wage Reports

Program: Grants to States for Construction of State Home Facilities, Assistance Listing # 64.005

Name of Contact Person Responsible for Corrective Action:

Nancy Curtis, Auditor

Corrective Action Planned:

The Minnesota Department of Veterans Affairs will consult with partner agencies on an internal control for reviewing the payroll reports.

Anticipated Completion Date:

December 31, 2023

Finding Number: 2022-024

Finding Title: Procurement Documentation

Program: Grants to States for Construction of State Home Facilities, Assistance Listing # 64.005

Name of Contact Person Responsible for Corrective Action:

Nancy Curtis, Auditor

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023



Fiscal and Administrative Services

445 Minnesota Street • Suite 126 • Saint Paul, Minnesota 55101

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dps.mn.gov

Representation of the Minnesota Department of Public Safety

Corrective Action Plan
For the Year Ended June 30, 2022

Finding Number: 2022-001

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

Name of Contact Person Responsible for Corrective Action:

Shawn Kremer, Chief Financial Officer, Minnesota Department of Public Safety

Corrective Action Planned:

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.

Anticipated Completion Date:

December 31, 2023

Alcohol
and Gambling
Enforcement

Bureau of
Criminal
Apprehension

Driver
and Vehicle
Services

Emergency
Communication
Networks

Homeland
Security and
Emergency
Management

Minnesota
State Patrol

Office of
Communications

Office of
Justice Programs

Office of
Pipeline Safety

Office of
Traffic Safety

State Fire
Marshal



Representation of Minnesota State Colleges and Universities

Corrective Action Plan
Year Ended June 30, 2022

United States Department of Education

Minnesota State Colleges and Universities respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 01, 2021 to June 30, 2022

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

2022-001 National Student Loan Database System (NSLDS) Error Correcting

Student Financial Aid Cluster – Assistance Listing No. Various

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

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

Action taken in response to finding: Since January 2022 the Financial Aid Director or staff have been reviewing NSLDS SSCR Error Report from National Student Clearinghouse monthly and when discrepancies are reported corrective action is generally taken within 10 days. However, there were a few incidents in fiscal year 2022 that were resolved later than 10 days. We will continue to fine tune our process to avoid this finding in the future. Record of the monthly error report and resolutions are being stored locally per document retention policies.

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

Planned completion date for corrective action plan: August 31, 2023

2022-002 Fiscal Operations Report and Application to Participate (FISAP)

Student Financial Aid Cluster – Assistance Listing No. Various

Recommendation: We recommend the College review their policies and procedures surrounding FISAP reporting to ensure reporting is accurate and complete.

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

Action taken in response to finding: Appropriate funds were returned through G5 as directed. The FISAP was corrected and resubmitted to show the correct institutional match required for the Federal Work Study program.

Name(s) of the contact person(s) responsible for corrective action: Katie Heronimus – Minnesota West Community and Technical College, Financial Aid Director and Jodi Landgaard – Minnesota West Community and Technical College, Vice President of Finance and Facilities

Planned completion date for corrective action plan: Already completed – Corrected FISAP submitted on November 18, 2022 prior to the final FISAP submission deadline.

2022-003

Reporting

Higher Education Emergency Relief Funds – Assistance Listing No. 84.425

Recommendation: We recommend the colleges and universities review their reporting procedures to ensure all required steps are included as well as the supporting documentation to prepare the report is retained.

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 2022. Some of the action steps will be completed with the next quarter's reporting, as well as the year-end reporting for fiscal year 2023. Minnesota State colleges and universities made great progress this past year, reducing the finding to a significant deficiency versus a material weakness. In addition, only 8 of our 33 colleges and universities were named in this finding this year, again showing an improvement over prior year, where nearly all had at least one reporting issue. 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.

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, 2023

If the United States Department of Education has questions regarding this plan, please email or call Denise Kirkeby, Denise.Kirkeby@minnstate.edu or 651-201-1736.



State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2022

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State of Minnesota
Status of Prior Federal Audit Findings
Fiscal Year Ended June 30, 2022

| 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. |
|--|--|-------------------------------------|--|--------------------------------------|-----------------|-------------------------|
| U.S. Department of Agriculture | | | | | | |
| 10.551 | Supplemental Nutrition Assistance Program | Human Services | Noncompliance with EBT card security requirements | 1 | 2019-017 | 2019 |
| 10.551 | Supplemental Nutrition Assistance Program | Human Services | Inadequate internal controls regarding regular review of the security of information systems which could impact Activities Allowed or Unallowed; Allocable Costs/Cost Principles; or Eligibility | 2,3 | 2020-040 | 2020 |
| 10.551 | Supplemental Nutrition Assistance Program | Human Services | Noncompliance with EBT card security requirements | 1 | 2020-042 | 2020 |
| 10.555 | National School Lunch Program (Child Nutrition Cluster) | Education | Noncompliance with restitution for food losses | 2,3 | 2020-009 | 2020 |
| 10.555 | National School Lunch Program (Child Nutrition Cluster) | Education | Noncompliance with federal schedule of expenditures of Federal awards requirements | 1 | 2020-010 | 2020 |
| 10.558 | Child and Adult Care Food Program (Child Nutrition Cluster) | Education | Noncompliance with monitoring of subrecipient single audits | 2,3 | 2020-006 | 2020 |
| 10.558 | Child and Adult Care Food Program (Child Nutrition Cluster) | Education | Noncompliance with subrecipient during the award monitoring | 1 | 2020-007 | 2020 |
| 10.558 | Child and Adult Care Food Program (Child Nutrition Cluster) | Education | Noncompliance with federal schedule of expenditures of Federal awards requirements | 1 | 2020-010 | 2020 |
| 10.559 | Summer Food Service Program for Children (Child Nutrition Cluster) | Education | Noncompliance with restitution for food losses | 2,3 | 2020-009 | 2020 |
| 10.559 | Summer Food Service Program for Children (Child Nutrition Cluster) | Education | Noncompliance with federal schedule of expenditures of Federal awards requirements | 1 | 2020-010 | 2020 |
| 10.559 | COVID-19 – Summer Food Service Program for Children (Child Nutrition Cluster) | Education | Noncompliance with federal schedule of expenditures of Federal awards requirements | 1 | 2020-010 | 2020 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with federal subrecipient monitoring requirements | 1 | 2019-037 | 2019 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with federal subrecipient monitoring requirements | 1 | 2020-036 | 2020 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2020-037 | 2020 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Inadequate internal controls regarding regular review of the security of information systems which could impact Activities Allowed or Unallowed; Allocable Costs/Cost Principles; or Eligibility | 2,3 | 2020-040 | 2020 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with EBT card security requirements | 1 | 2020-042 | 2020 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2018-019 | 2018 |
| 10.561 | State Administration Matching Grant, Supplemental Nutrition Assistance Program | Human Services | Noncompliance with EBT card security requirements | 1 | 2019-017 | 2019 |
| U.S. Department of Interior | | | | | | |
| 15.605 | Sport Fish Restoration | Natural Resources | Noncompliance with Allowable Costs and Activities | 1 | 2019-006 | 2019 |
| 15.605 | Sport Fish Restoration | Natural Resources | Noncompliance with Allowable Costs and Activities | 1 | 2020-003 | 2020 |
| 15.611 | Wildlife Restoration and Basic Hunter Education | Natural Resources | Noncompliance with Allowable Costs and Activities | 1 | 2019-006 | 2019 |
| 15.611 | Wildlife Restoration and Basic Hunter Education | Natural Resources | Noncompliance with Allowable Costs and Activities | 1 | 2020-003 | 2020 |
| 15.626 | Enhanced Hunter Education | Natural Resources | Noncompliance with Allowable Costs and Activities | 1 | 2020-003 | 2020 |
| U.S. Department of Justice | | | | | | |
| 16.575 | Crime Victim Assistance | Public Safety | Noncompliance with subrecipient monitoring requirements | 1,3 | 2019-011 | 2019 |
| 16.575 | Crime Victim Assistance | Public Safety | Noncompliance with subrecipient monitoring requirements | 1,3 | 2020-062 | 2020 |
| U.S. Department of Labor | | | | | | |
| 17.225 | Unemployment Insurance | Employment and Economic Development | Noncompliance with reporting requirements | 1 | 2021-002 | 2021 |
| 17.225 | COVID-19 – Unemployment Insurance | Employment and Economic Development | Noncompliance with reporting requirements | 1 | 2021-002 | 2021 |
| U.S. Department of Transportation | | | | | | |
| 20.600 | State and Community Highway Safety | Public Safety | Noncompliance with federal schedule of expenditures of federal awards requirements | 1 | 2020-063 | 2020 |
| 20.616 | National Priority Safety Programs | Public Safety | Noncompliance with federal schedule of expenditures of federal awards requirements | 1 | 2020-063 | 2020 |
| U.S. Department of Treasury | | | | | | |
| 21.019 | COVID-19 – Coronavirus Relief Fund | Management and Budget | Incorrect Expenditures Reported on Schedule of Expenditures of Federal Awards (SEFA) | 1 | 2020-001 | 2020 |
| 21.019 | COVID-19 – Coronavirus Relief Fund | Management and Budget | Noncompliance with subrecipient monitoring requirements | 1,3 | 2021-003 | 2021 |
| 21.019 | COVID-19 – Coronavirus Relief Fund | Management and Budget | Noncompliance with federal subrecipient monitoring requirements | 1,3 | 2021-005 | 2021 |
| 21.019 | COVID-19 – Coronavirus Relief Fund | Management and Budget | Determining subrecipients | 1 | 2021-019 | 2021 |
| 21.019 | COVID-19 – Coronavirus Relief Fund | Management and Budget | Noncompliance with subrecipient monitoring requirements | 2 | 2021-020 | 2021 |
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | Management and Budget | Noncompliance with subrecipient monitoring requirements | 1,3 | 2021-003 | 2021 |
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | Management and Budget | Noncompliance with federal subrecipient monitoring requirements | 1,3 | 2021-005 | 2021 |
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | Management and Budget | Noncompliance with procurement, suspension and debarment requirements | 1 | 2021-006 | 2021 |
| U.S. Department of Education | | | | | | |
| 84.010 | Title I Grants to Local Educational Agencies | Education | Noncompliance with carryforward provisions | 1 | 2018-007 | 2018 |
| 84.010 | Title I Grants to Local Educational Agencies | Education | Noncompliance with carryforward provisions | 1 | 2020-004 | 2020 |
| 84.010 | Title I Grants to Local Educational Agencies | Education | Noncompliance with subrecipient monitoring requirements | 2 | 2021-003 | 2021 |
| 84.010 | Title I Grants to Local Educational Agencies | Education | Noncompliance with earmarking requirements | 2 | 2021-007 | 2021 |
| 84.010 | Title I Grants to Local Educational Agencies | Education | Noncompliance with level of effort requirements | 1 | 2021-008 | 2021 |
| 84.027 | Special Education Grants to States | Education | Noncompliance with subrecipient monitoring requirements | 2 | 2021-003 | 2021 |
| 84.173 | Special Education Preschool Grants | Education | Noncompliance with subrecipient monitoring requirements | 2 | 2021-003 | 2021 |
| 84.425C | COVID-19 – Governor's Emergency Education Relief (GEER) Fund | Education | Noncompliance with subrecipient monitoring requirements | 2 | 2021-003 | 2021 |
| 84.425C | COVID-19 – Governor's Emergency Education Relief (GEER) Fund | Education | Noncompliance with federal subrecipient monitoring requirements | 2 | 2021-004 | 2021 |
| 84.425D | COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund | Education | Noncompliance with subrecipient monitoring requirements | 2 | 2021-003 | 2021 |
| 84.425D | COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund | Education | Noncompliance with federal subrecipient monitoring requirements | 2 | 2021-004 | 2021 |

State of Minnesota
Status of Prior Federal Audit Findings
Fiscal Year Ended June 30, 2022

| 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. |
|---|---|----------------|---|--------------------------------------|-----------------|-------------------------|
| U.S. Department of Health & Human Services | | | | | | |
| 93.044 | Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster) | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2020-036 | 2020 |
| 93.044 | Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers (Aging Cluster) | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 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 subrecipient monitoring requirements | 1 | 2020-036 | 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 | 2 | 2020-037 | 2020 |
| 93.045 | Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster) | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2020-036 | 2020 |
| 93.045 | Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster) | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2020-037 | 2020 |
| 93.045 | COVID-19 – Special Programs for the Aging – Title III, Part C – Nutrition Services (Aging Cluster) | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2020-036 | 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 | 2 | 2020-037 | 2020 |
| 93.053 | Nutrition Services Incentive Program (Aging Cluster) | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2020-036 | 2020 |
| 93.053 | Nutrition Services Incentive Program (Aging Cluster) | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2020-037 | 2020 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with federal eligibility requirements | 2 | 2014-023 | 2014 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Did not consistently reduce cash assistance benefits | 2 | 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 subrecipient monitoring requirements | 1 | 2019-037 | 2019 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with federal schedule of expenditures of federal awards requirements | 1 | 2019-041 | 2019 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with allowable activities | 1 | 2020-017 | 2020 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with schedule of expenditures of federal awards requirements | 1 | 2020-035 | 2020 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with allowable activities | 1 | 2021-010 | 2021 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with federal eligibility requirements | 2 | 2021-011 | 2021 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Benefits not always reduced | 2 | 2021-012 | 2021 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with subrecipient monitoring requirements | 2 | 2021-014 | 2021 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2021-015 | 2021 |
| 93.558 | Temporary Assistance for Needy Families | Human Services | Noncompliance with reporting requirements | 2 | 2021-018 | 2021 |
| 93.563 | Child Support Enforcement | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2018-019 | 2018 |
| 93.563 | Child Support Enforcement | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 93.563 | Child Support Enforcement | Human Services | Noncompliance with subrecipient monitoring requirements | 2 | 2021-014 | 2021 |
| 93.563 | Child Support Enforcement | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2021-015 | 2021 |
| 93.566 | Refugee and Entrant Assistance | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 93.568 | Low-Income Home Energy Assistance | Commerce | Noncompliance with reporting requirements | 1 | 2020-043 | 2020 |
| 93.575 | Child Care and Development Block Grant | Human Services | Not adequately monitoring program activities | 1 | 2013-013 | 2013 |
| 93.575 | Child Care and Development Block Grant | Human Services | Noncompliance with eligibility requirements | 2 | 2018-012 | 2018 |
| 93.575 | Child Care and Development Block Grant | Human Services | Noncompliance with monitoring health and safety requirements | 1 | 2020-012 | 2020 |
| 93.575 | Child Care and Development Block Grant | Human Services | Noncompliance with county license reviews | 1 | 2020-013 | 2020 |
| 93.575 | Child Care and Development Block Grant | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 93.575 | Child Care and Development Block Grant | Human Services | Noncompliance with eligibility requirements | 2 | 2021-009 | 2021 |
| 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 federal cost allocation plan amendment requirements | 1 | 2021-015 | 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 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Not adequately monitoring program activities | 1 | 2013-013 | 2013 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with eligibility requirements | 2 | 2018-012 | 2018 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2018-019 | 2018 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2019-037 | 2019 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with monitoring health and safety requirements | 1 | 2020-012 | 2020 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with county license reviews | 1 | 2020-013 | 2020 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with eligibility requirements | 2 | 2021-009 | 2021 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with subrecipient monitoring requirements | 2 | 2021-014 | 2021 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Human Services | Noncompliance with reporting requirements | 2 | 2021-018 | 2021 |
| 93.640 | Basic Health Program | Human Services | Noncompliance with revalidation of provider requirements | 2 | 2020-027 | 2020 |
| 93.640 | Basic Health Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2020-041 | 2020 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with reporting requirements | 1 | 2019-027 | 2019 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with federal subrecipient monitoring requirements | 1 | 2019-028 | 2019 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2019-037 | 2019 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with federal schedule of expenditures of federal awards requirements | 1 | 2019-041 | 2019 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with reporting requirements | 1 | 2020-015 | 2020 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with federal subrecipient monitoring requirements | 1 | 2020-016 | 2020 |

State of Minnesota
Status of Prior Federal Audit Findings
Fiscal Year Ended June 30, 2022

| 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. |
|--|--|----------------|---|--------------------------------------|-----------------|-------------------------|
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with schedule of expenditures of federal awards requirements | 1 | 2020-035 | 2020 |
| 93.658 | Foster Care Title IV-E | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2020-036 | 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 | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 93.659 | Adoption Assistance | Human Services | Noncompliance with reporting requirements | 1 | 2018-015 | 2018 |
| 93.659 | Adoption Assistance | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2018-019 | 2018 |
| 93.659 | Adoption Assistance | Human Services | Unallowable costs and activities | 2 | 2019-030 | 2019 |
| 93.659 | Adoption Assistance | Human Services | Unallowable costs and activities | 2 | 2020-030 | 2020 |
| 93.659 | Adoption Assistance | Human Services | Noncompliance with Federal reporting requirements | 1 | 2020-032 | 2020 |
| 93.659 | Adoption Assistance | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2020-037 | 2020 |
| 93.667 | Social Services Block Grant | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2018-019 | 2018 |
| 93.667 | Social Services Block Grant | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2020-037 | 2020 |
| 93.767 | Children's Health Insurance Program | Human Services | Noncompliance with eligibility requirements | 2 | 2019-042 | 2019 |
| 93.767 | Children's Health Insurance Program | Human Services | Noncompliance with eligibility requirements | 2 | 2020-024 | 2020 |
| 93.767 | Children's Health Insurance Program | Human Services | Noncompliance with revalidation of provider requirements | 2 | 2020-027 | 2020 |
| 93.767 | Children's Health Insurance Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2020-041 | 2020 |
| 93.767 | COVID-19 – Children's Health Insurance Program | Human Services | Noncompliance with eligibility requirements | 2 | 2020-024 | 2020 |
| 93.767 | COVID-19 – Children's Health Insurance Program | Human Services | Noncompliance with revalidation of provider requirements | 2 | 2020-027 | 2020 |
| 93.767 | COVID-19 – Children's Health Insurance Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2020-041 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with revalidation of providers | 2 | 2018-017 | 2018 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with federal subrecipient monitoring requirements | 2 | 2018-019 | 2018 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with eligibility requirements | 2 | 2019-034 | 2019 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2019-037 | 2019 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with federal schedule of expenditures of federal awards requirements | 2,3 | 2019-041 | 2019 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with revalidation of provider requirements | 2 | 2020-027 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with schedule of expenditures of federal awards requirements | 2,3 | 2020-035 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with subrecipient monitoring requirements | 1 | 2020-036 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with subrecipient monitoring requirements | 2 | 2020-037 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2020-038 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2020-041 | 2020 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with eligibility requirements | 2 | 2021-013 | 2021 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with federal cost allocation plan amendment requirements | 1 | 2021-015 | 2021 |
| 93.778 | Medical Assistance Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2021-016 | 2021 |
| 93.778 | Medical Assistance Program | Human Services | Noncompliance with reporting requirements | 2 | 2021-018 | 2021 |
| 93.778 | COVID-19 – Medical Assistance Program | Human Services | Noncompliance with revalidation of provider requirements | 2 | 2020-027 | 2020 |
| 93.778 | COVID-19 – Medical Assistance Program | Human Services | Noncompliance with schedule of expenditures of federal awards requirements | 2,3 | 2020-035 | 2020 |
| 93.778 | COVID-19 – Medical Assistance Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2020-041 | 2020 |
| 93.778 | COVID-19 – Medical Assistance Program | Human Services | Noncompliance with eligibility requirements | 2 | 2021-013 | 2021 |
| 93.778 | COVID-19 – Medical Assistance Program | Human Services | Inadequate internal controls over the implementation of the quarterly Medicaid NCCI edit files which could impact Activities Allowed or Unallowed | 1 | 2021-016 | 2021 |
| U.S. Department of Homeland Security | | | | | | |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with reporting requirements | 2,3 | 2020-060 | 2020 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with subrecipient monitoring requirements | 1 | 2020-061 | 2020 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with subrecipient monitoring requirements | 1 | 2020-062 | 2020 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with federal schedule of expenditures of federal awards requirements | 2 | 2020-063 | 2020 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with reporting requirements | 2,3 | 2021-021 | 2021 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with subrecipient monitoring requirements | 1 | 2021-022 | 2021 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with subrecipient monitoring requirements | 1 | 2021-023 | 2021 |
| 97.036 | COVID-19 – Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with subrecipient monitoring requirements | 2 | 2021-017 | 2021 |
| 97.036 | COVID-19 – Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with reporting requirements | 2,3 | 2021-021 | 2021 |
| 97.036 | COVID-19 – Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Public Safety | Noncompliance with subrecipient monitoring requirements | 1 | 2021-023 | 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 Status of Prior Federal Program Audit Findings supplemental information for further details. | | | | | | |



Representation of State of Minnesota

Summary Schedule of Prior Audit Findings for the year ended June 30, 2022

Finding Number: 2021-001

Year of Finding Origination: 2020 (Finding Numbers 2020-001, 2020-010, 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 (MDE) has been following the accepted Office of Legislative Auditors (OLA) and Minnesota Management and Budget (MMB) practice of calculating accruals as of June 30th, which includes estimating future expenditures still due for State Educational Record View and Submission (SERVS) system and all other grants for the current state fiscal year. That estimation is necessary because school districts are not required to report audited expenditures until the end of December each year. The Office of State Auditor (OSA), shared that that practice is not allowed and that we should be reporting only actual expenditures in the Schedule of Expenditures of Federal Awards (SEFA). As a result, MDE will change the date data is pulled from hard close to October 31st. Based on discussions with the OSA, any accrual changes after this date will be considered next year's current year expenditures. Actual accruals will be reported as of October 31. Adjustments will be made to account for changes from estimates to actual if the changes are considered to be material (materiality level is 5% of each CFDA).

Status: Partially Corrected. Based on the finding from last year, Minnesota Department of Education reported FY22 actual expenditures as of October 31st and made multiple adjustments after that to ensure actual expenditures were reported. This level of activity cannot be efficiently sustained. Minnesota Department of Education will work with Minnesota Management and Budget to come to a resolution on the use of estimates that is consistent across all state agencies. In addition, adjustments were needed for FY22 due to the use of "State Agency" grant codes. The Minnesota Department of Education will work with Minnesota Management and Budget on how we can correctly reflect them in the SEFA. Staff will be trained on the correct use of "State Agency" grant account codes and how to apply them.

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

Minnesota Department of Health:

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

Status: Partially Corrected. Procedures were updated and smart coding was added to the funding structure to align with existing smart coding practices, however, due to staff turnover, the procedures were not implemented in time for reporting in the current schedule of federal awards.

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

Minnesota Department of Human Services:

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

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

Status: Not corrected. FOD 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.

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

Minnesota Department of Public Safety:

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

Status: Not corrected. 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.

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

Minnesota Management and Budget:

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

Status: Fully corrected. Corrective action was taken.

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

Finding Number: 2021-002

Year of Finding Origination: 2021

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

Program: Unemployment Insurance and COVID-19 – Unemployment Insurance (Assistance Listing No. 17.225)

State Agency: Minnesota Department of Employment and Economic Development

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

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

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

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

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

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing No. 21.027)

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

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)

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

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

Status: Fully corrected related to COVID-19 – Coronavirus Relief Fund (Assistance Listing No. 21.019) and COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing No. 21.027).

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

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

Status: Partially Corrected related to Title I Grants to Local Educational Agencies (Assistance Listing No. 84.010), 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), and COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) (Assistance Listing No. 84.425D). 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.

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

Finding Number: 2021-004

Year of Finding Origination: 2021

Finding Title: Subrecipient Monitoring – Risk Assessment and Monitoring

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)

State Agency: Minnesota Department of Education

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

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

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

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

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

At the end of the fiscal year, grants are tied out between the Uniform Financial Accounting and Reporting Standards (UFARS) system and the State Educational Record View and Submission (SERVS) system. In UFARS, subrecipients report their close out amounts from their official audits. This is then tied to the MDE internal SERVS system, where the budgets and draw requests are housed. When figures

in the two systems do not match, either the Local Education Agency (LEA) must go in and correct their audit and UFARS data, or MDE can pull funds back. This is one more way subrecipients are monitored and Minnesota Department of Education is able to ensure subrecipients are not drawing down more funds than were approved in general, and for the approved activities more specifically.

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

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

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

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

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

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

Status: Partially Corrected. Minnesota Department of Education is taking a multi-pronged approach to address this finding in full. First, initial monitoring began on 87 LEAs. Monitoring included CARES, CRSSA, and ARP funds reimbursed to LEAs through April of 2022. A random sampling of all draws within the

scope was used in this first round and is currently in process. Additionally, a permanent process that includes a full risk assessment is in final stages of development and will be in place to use the 3rd quarter of the calendar year (starting July 2022). This process breaks the LEAs into four pools, one pool per quarter, and the risk assessment guides Minnesota Department of Education on who to monitor each quarter. Both the initial monitoring and the permanent monitoring include reviews of documentation, verification of eligibility of expenditures, and correction action steps when necessary.

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

Finding Number: 2021-005

Year of Finding Origination: 2021

Finding Title: Subrecipient Monitoring – Risk Assessment and Monitoring

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

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing No. 21.027)

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

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

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

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

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

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

is able to ensure subrecipients are not drawing down more funds than were approved in general, and for the approved activities more specifically.

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

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

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

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

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

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

Status: Fully Corrected.

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

Upon further review it was determined the identified funds were not passed through to subrecipients in the year of this audit and so the finding is considered resolved.

Finding Number: 2021-006

Year of Finding Origination: 2021

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

Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing No. 21.027)

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

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

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2021-007

Year of Finding Origination: 2021

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 four of the new or significantly expanded charter schools selected for testing, the Minnesota Department of Education did not perform calculations to determine a hold-harmless base.

Summary of Corrective Action Previously Reported: The Title I, Part A award calculations are completed by Minnesota IT Services (MN.IT) in the spring (preliminary awards) and late fall (final award) following guidance from the U.S. Department of Education. The calculation process has not changed in recent years. New hires to the Minnesota Department of Education and MN.IT teams continue to use the process that has been in place for at least 11 years (presumably longer, though 11 years ago is the oldest records Minnesota Department of Education and MN.IT has for this process). The process includes adding newly opened charter schools in the fall final calculations. Minnesota Department of Education reserves 3% of the preliminary award to ensure adequate funding is available for newly opened charter schools that are eligible for Title I, Part A funds in their initial year of operation. This finding indicates the

calculation does not include a “hold-harmless” calculation that is based on what they may have had available in funding if they were in operation during the prior year. The calculation does include a hold-harmless calculation for concentration grants and the school improvement set-aside, but it does not encompass newly opened charter schools.

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

Status: Not Corrected. Minnesota Department of Education considers this fully resolved in FY23. MN.IT and Minnesota Department of Education program staff have begun the development of a new calculation process as indicated in the original response. The corrective action plan was implemented by January 31, 2023.

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

Finding Number: 2021-008

Year of Finding Origination: 2021

Finding Title: Level of Effort – Supplement Not Supplant

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 did not perform subrecipient monitoring over local educational agency compliance with the supplement not supplant provision.

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

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

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2021-009

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

Finding Title: Eligibility

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

Child Care Mandatory and Matching Funds of the Child Care and Development

Fund (Assistance Listing No. 93.596)

State Agency: Minnesota Department of Human Services

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

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

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

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

income and copayments. CCAP staff at DHS also recently updated case review checklists, which are made available to local agencies to conduct their own reviews for common errors.

Status: Not Corrected. Trainings and tools were made available to CCAP agencies to strengthen internal controls, as per listed in the OSA Audit Report. In both federal and state fiscal year 2021, DHS is in compliance with federal program requirements with an improper payment rate below 10%.

The department continues to track and follow-up with CCAP agencies to assure they are submitting all Corrective Action Forms and correcting all errors. DHS continues to ensure that each local agency completes necessary follow-up to correct all errors.

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

Finding Number: 2021-010

Year of Finding Origination: 2020 (Finding Number 2020-017)

Finding Title: Allowable Activities

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

State Agency: Minnesota Department of Human Services

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2021-011

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 following exceptions were noted in a sample of 40 case files tested:

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

- One case file did not have verification on whether the participant was receiving TANF benefits from another state;
- Three case files had relationships between the participant and other members of the household that were not verified; and
- Four case files had eligibility redeterminations not performed in the time frame allotted.

Summary of Corrective Action Previously Reported: The findings noted are system related errors in addition to eligibility errors by front-line staff. Complexities in the program rules and temporary changes lead to errors in eligibility determination.

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

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

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

Status: Not Corrected. In June 2022 TANF policy staff began collaborating with the DHS Instructional Design Training Team (IDTT), Help Desk team and other program areas to host bi-monthly meetings open to all front-line staff and county and tribal leadership. Policy updates and trainings will be provided at these ongoing meetings. TANF leadership and Program Compliance and Audits (PC&A) auditors began meeting with Counties with high error rates in May. These meetings will continue as needed. TANF policy staff continue to review the cited cases and determine the correct overpayment amount for collectible and non-collectible claims.

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

Finding Number: 2021-012

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

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

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

State Agency: Minnesota Department of Human Services

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

Prior to the COVID-19 pandemic waivers, the Department of Human Services did not always reduce Temporary Assistance for Needy Families benefits provided to the families of individuals who did not cooperate with child support requirements. Additionally, the Department of Human Services did not always reduce Temporary Assistance for Needy Families benefits provided to the families of individuals who refused to work without good cause.

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

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

Status: Partially Corrected. Support sanction reports continue to be posted to SIR for county and tribal staff to review. Appropriate action is taken by front-line staff to either impose or lift a child support sanction. Per the last sanction report, 20 errors were identified and posted on SIR by TANF policy staff. TANF policy staff continue to review the cases and supporting documentation to determine which cases have accurate overpayments and if the overpayments are collectible or non-collectible.

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

Finding Number: 2021-013

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

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

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

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

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

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

Status: Not Corrected. A Program Integrity HINTS focusing on METS income procedures is planned, however it cannot be issued until the end of the PHE. HINTS are DHS's communications to counties that provide helpful hints and reminders for correctly determining eligibility. No cases, other than federally allowed exceptions, may be closed during the PHE.

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)

Child Support Enforcement (Assistance Listing No. 93.563)

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

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

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

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

Status: Partially Corrected. 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.

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

Finding Number: 2021-015

Year of Finding Origination: 2020 (Finding Number 2020-038)

Finding Title: Allowable Costs / Cost Principles

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

Child Support Enforcement (Assistance Listing No. 93.563)

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

Medical Assistance Program (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2021-016

Year of Finding Origination: 2020 (Finding Number 2020-041)

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

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

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

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

Status: Not Corrected. 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.

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

Finding Number: 2021-018

Year of Finding Origination: 2021

Finding Title: Reporting – 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)

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 the Transparency Act since April 2020.

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

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

Status: Not Corrected. DHS will implement procedures to begin required monthly report submissions by December 31, 2023. 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.

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

Finding Number: 2021-019

Year of Finding Origination: 2021

Finding Title: Determining Subrecipients

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 properly identify the amount expended and reported for amounts provided to subrecipients for the Coronavirus Relief Fund on the SEFA. The direct and material compliance requirements are different for amounts provided to subrecipients versus those that are not.

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

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: Partially Corrected. From the FY2021 corrective action plan: 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.

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

Status: Not Corrected.

Corrective action taken was significantly different than the 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.

Finding Number: 2021-022

Year of Finding Origination: 2020 (Finding Number 2020-062)

Finding Title: Subrecipient Monitoring

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

State Agency: Minnesota Department of Public Safety

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

Summary of Corrective Action Previously Reported: DPS will strengthen operating procedures to ensure compliance with all applicable Title 2, U.S. Code of Federal Regulations to identify and review all subrecipients that require a financial audit and issue management decisions within six months of

acceptance of the subrecipient audit report by the Federal Audit Clearinghouse. DPS will revise the template to ensure management decisions issued include all necessary information under Title 2, U.S. Code of Federal Regulations §200.521(a). DPS will ensure all reviews are documented on the DPS Subrecipient Tracking Worksheet, including instances when no management decision is required.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2021-023

Year of Finding Origination: 2020 (Finding Number 2020-061)

Finding Title: Subrecipient Monitoring – Award Communication

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-001

Year of Finding Origination: 2020

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

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

State Agency: Minnesota Management and Budget

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

Summary of Corrective Action Previously Reported: The COVID-19 Response Accountability Office will work with agencies to ensure the SEFA schedule is completed using the correct accounting dates.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-003

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

Finding Title: Noncompliance With Allowable Costs and Activities

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

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

Enhanced Hunter Education (Assistance Listing No. 15.626)

State Agency: Minnesota Department of Natural Resources

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-004

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

Finding Title: Noncompliance With Carryforward Provisions

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

State Agency: Minnesota Department of Education

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

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

Status: Fully Corrected. Corrective action was taken.

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 considers this finding to be resolved in FY22. 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. The review of subrecipient single audits for FY21 year-end (due to Minnesota Department of Education in December, 2022 – FY22) will occur in FY22.

Status: Partially Corrected. 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 is updating 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.

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

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.

Finding Number: 2020-007

Year of Finding Origination: 2020

Finding Title: Noncompliance With Subrecipient During the Award Monitoring

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

State Agency: Minnesota Department of Education

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

Summary of Corrective Action Previously Reported: This requirement was waived as a result of the coronavirus pandemic and thus no action was taken during Fiscal Year 2021. All activities that were tabled due to the coronavirus pandemic have been implemented when the administrative reviews began in January 2022 (FY22).

Status: Fully Corrected. Corrective action was taken.

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: A new procedure was created to track damaged or lost inventory that will be implemented school year 21-22 (FY22).

Status: Partially corrected. 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.

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

In addition to developing and implementing a new procedure, MDE entered into a new vendor contract that includes contract language that lines up with federal regulations on food losses.

Finding Number: 2020-010

Year of Finding Origination: 2020

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

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

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

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

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

State Agency: Minnesota Department of Education

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-012

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

Finding Title: Noncompliance With Monitoring Health and Safety Requirements

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

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

State Agency: Minnesota Department of Human Services

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

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

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-013

Year of Finding Origination: 2020

Finding Title: Noncompliance With County License Reviews

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

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

State Agency: Minnesota Department of Human Services

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

Summary of Corrective Action Previously Reported: We are evaluating our controls over this process and will make appropriate changes to prevent errors from recurring.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-015

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

Finding Title: Noncompliance With Federal Reporting Requirements

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

State Agency: Minnesota Department of Human Services

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

Summary of Corrective Action Previously Reported: As part of federal report peer review, staff will be asked to review all associated documentation for inclusion of the report to ensure errors are captured and data is reported correctly. We are reevaluating planned actions to determine if there are more effective steps we can take to resolve the issue.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-016

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

Finding Title: Noncompliance With Federal Subrecipient Monitoring Requirements

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

State Agency: Minnesota Department of Human Services

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

Summary of Corrective Action Previously Reported: DHS has controls in place for monitoring these contracts. We will create a written process for universities to request extensions, which will be used for approval. Copies will be kept in their files. We will also eliminate the mid-year written report, due in January, and incorporate a modified mid-year report to present to state project staff during annual site visits in the spring. DHS now believes this issue has been resolved as the steps indicated have been implemented. DHS will be evaluating the effectiveness of the stated changes.

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 will issue a program integrity announcement reminding workers to verify, accurately enter information in the Minnesota Eligibility Technology System (METS), and maintain income documentation before clearing income verification flags in METS. Due to the federal continuous coverage requirement, it cannot be issued until after the end of the COVID-19 public health emergency. The pregnant woman and auto newborn METS project was put on hold by the METS Executive Steering committee to focus resources on the effort needed to plan and prepare for the unwinding from the COVID-19 emergency. Also, DHS developed and issued a workaround for paper applications and manual renewals that include infants with access to other health insurance to mitigate the systems error regarding CHIP infants with other health insurance.

Status: Not Corrected. The Department will issue a program integrity announcement reminding workers to verify, accurately enter information in the Minnesota Eligibility Technology System (METS), and maintain income documentation before clearing income verification flags in METS. This communication will occur after the end of the Public Health Emergency (PHE).

Certain METS updates have been completed and address these issues. However, the pregnant woman/auto newborn project continues to be delayed due to the PHE.

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 implemented an internal management process after last year's audit and developed internal control procedures to ensure that we complete the provider revalidations that are required under federal law. Provider Eligibility and Compliance (PEC) intended to revalidate these providers in 2020, but our work was suspended effective 03/01/20 due to the pandemic. We have since restarted the revalidation process for these providers and will complete our work by June 30, 2022.

Status: Partially Corrected. DHS completed the revalidation for all 9 of these providers as of September 23, 2022.

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: DHS' Child Safety and Permanency Division (Permanency Supports & IV-E Foster Care) along with DHS' Financial Operations Division will work together to review the quarterly county claims for MnPD payments.

Status: Not Corrected. 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.

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

Finding Number: 2020-032

Year of Finding Origination: 2018 (Finding Number 2018-015)

Finding Title: Noncompliance with Federal Reporting Requirements

Program: Adoption Assistance (Assistance Listing No. 93.659)

State Agency: Minnesota Department of Human Services

Summary of Condition: For the CB-496 reports (Title IV-E Programs Quarterly Financial Report and Annual Adoption Savings Calculation and Accounting Report) that the auditor tested, the Department of Human Services did not accurately report expenditures. In addition, the Department of Human Services did not design and implement effective internal controls to ensure compliance with these reporting requirements.

Summary of Corrective Action Previously Reported: The Department considers it resolved, however insufficient documentation was provided to the auditors in a timely manner to support this. The Department added Adoption Savings to the existing peer review process. As part of that process, staff reviews current reporting requirements to include necessary changes or updates from our federal partners. Additional work needs to occur to ensure we are categorizing costs accurately on the CB-496 federal financial report.

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

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

Medical Assistance (Assistance Listing No. 93.778)

COVID-19 – Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services misstated total expenditures and subrecipient expenditures reported on the schedule of expenditures of Federal awards.

Summary of Corrective Action Previously Reported: The Department of Human Services Financial Operations Division, Internal Audits Office, and Contacts & Legal Compliance Division will work with Minnesota Management and Budget to create a checklist to help programs identify whether payments

to an entity are subrecipient payments and should be coded as such in the state's accounting system and reported as subrecipient payments on the state's SEFA. Additionally, a process step will be added to verify the type of payment prior to entering the information into the State's accounting system.

Status: Fully Corrected. Corrective action was taken related to Temporary Assistance for Needy Families (Assistance Listing No. 93.558) and Foster Care Title IV-E (Assistance Listing No. 93.658).

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

Status: Partially Corrected related to Medical Assistance (Assistance Listing No. 93.778) and COVID-19 – Medical Assistance (Assistance Listing No. 93.778).

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

FOD 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.

Finding Number: 2020-036

Year of Finding Origination: 2019 (Finding Number 2019-037)

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

Program: State Admin Matching Grants for Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

Special Programs for the Aging Title III, Part C, Nutrition Services (Assistance Listing No. 93.045)

COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services (Assistance Listing No. 93.045)

Nutrition Services Incentive Program (Assistance Listing No. 93.053)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558) * See note below

COVID-19 – 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

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

Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not issue the management decision letters within the required six-month timeframe for all samples tested that required a letter.

Summary of Corrective Action Previously Reported: In early March 2020, DHS made significant control improvements to the process used at that time that we believe addressed the prior year findings.

* Temporary Assistance for Needy Families (Assistance Listing No. 93.558), COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575), Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Assistance Listing No. 93.596) subrecipient monitoring are reported within the Summary Schedule of Prior Audit Findings as finding 2021-014.

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 Admin Matching Grants for Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

COVID-19 – Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Assistance Listing No. 93.044)

Special Programs for the Aging Title III, Part C Nutrition Services (Assistance Listing No. 93.045)

COVID-19 – Special Programs for the Aging, Title III, Part C, Nutrition Services (Assistance Listing No. 93.045)

Nutrition Services Incentive Program (Assistance Listing No. 93.053)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558) * See note below

Child Support Enforcement (Assistance Listing No. 93.563) * See note below

COVID-19 – 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

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

Adoption Assistance (Assistance Listing No. 93.659)

Social Services Block Grant (Assistance Listing No. 93.667)

Medical Assistance (Assistance Listing No. 93.778)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services (DHS) did not communicate all of the required information to the subrecipient at the time of the subaward.

Specifically, the department did not always communicate the following information: (1) subrecipient's unique entity identifier; (2) federal award identification number; (3) federal award date of award to the recipient by the federal agency; (4) amount of federal funds obligated by this action by the pass-through entity to the subrecipient; (5) total amount of federal funds obligated to the subrecipient by the pass-through entity including the current obligation; (6) total amount of the federal award committed to the subrecipient by the 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: All DHS program areas are notified that they must follow DHS policy and use DHS contract templates with the required federal award information. Any contract previously executed that does not include the required federal award information has the information added when the contract is amended.

* Temporary Assistance for Needy Families (Assistance Listing No. 93.558), Child Support Enforcement (Assistance Listing No. 93.563), COVID-19 – Child Care and Development Block Grant (Assistance Listing No. 93.575), Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Assistance Listing No. 93.596) subrecipient monitoring are reported within the Summary Schedule of Prior Audit finding as finding 2021-014.

Status: Partially Corrected. 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.

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

Finding Number: 2020-038

Year of Finding Origination: 2020

Finding Title: Noncompliance With Federal Cost Allocation Plan Amendment Requirements

Program: State Admin Matching Grant Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

Temporary Assistance for Needy Families (Assistance Listing No. 93.558) * See note below

Child Support Enforcement (Assistance Listing No. 93.563) * See note below

Refugee and Entrant Assistance (Assistance Listing No. 93.566)

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

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

Medical Assistance Program (Assistance Listing No. 93.778) * See note below

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not promptly amend their cost allocation plan to address newly implemented cost centers and submit the amendment to the federal Department of Health and Human Services Cost Allocation Services.

Summary of Corrective Action Previously Reported: Additional staff resources have been allocated to this responsibility to ensure the prompt submission of amendments going forward. DHS subsequently submitted an amended cost allocation plan to the U. S. Department of Health and Human Services, Division of Cost Allocation on September 30, 2021. DHS has submitted quarterly amendments on time during state fiscal year 2022.

* Temporary Assistance for Needy Families (Assistance Listing No. 93.558), Child Support Enforcement (Assistance Listing No. 93.563), Child Care and Development Block Grant (Assistance Listing No. 93.575), Medical Assistance Program (Assistance Listing No. 93.778) allowable costs/cost principles are reported within the Summary Schedule of Prior Audit Findings as finding 2021-015.

Status: Fully Corrected. 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 Admin Matching Grant Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services and Minnesota IT Services (MNIT) did not complete an information system security review of the MAXIS application and environment, which would help identify new and validate any existing risks and vulnerabilities.

Summary of Corrective Action Previously Reported: MNIT at DHS/MNSure is in the process of evolving the Risk Assessment program into a more mature framework. The MAXIS Risk Assessment is being completed under the new process. The previous work will be incorporated into the new Risk Assessment. The MAXIS Risk Assessment work is expected to be complete by 06/30/2022.

Status: Partially Corrected.

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

The MAXIS risk assessment has been completed as of October 5, 2022.

Finding Number: 2020-041

Year of Finding Origination: 2020

Finding Title: Inadequate Internal Controls Over the Implementation of the Quarterly Medicaid NCCI Edit Files Which Could Impact Activities Allowed or Unallowed Program: Basic Health Program (Assistance Listing No. 93.640)

Children's Health Insurance Program (Assistance Listing No. 93.767)

COVID-19 – Children's Health Insurance Program (Assistance Listing No. 93.767)

Medical Assistance Program (Assistance Listing No. 93.778) * See note below

COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778) * See note below

State Agency: Minnesota Department of Human Services

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

Summary of Corrective Action Previously Reported: MNIT Services is in the process of implementing formal release and change management, following the MNIT@DHS standards which include MNIT Enterprise Change Advisory Board (CAB). The corrective action plan has been subsequently implemented and the procedural documentation finalized 09/30/2021. DHS and MNIT believe the issue has been resolved and plan to evaluate the effectiveness of the action taken.

* Medical Assistance Program (Assistance Listing No. 93.778) and COVID-19 – Medical Assistance Program (Assistance Listing No. 93.778) special tests and provisions – quarterly Medicaid NCCI Edit Files are reported within the Summary Schedule of Prior Audit Findings as finding 2021-016.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-042

Year of Finding Origination: 2019 (Finding Number 2019-017)

Finding Title: Noncompliance With EBT Card Security Requirements

Program: Supplemental Nutrition Assistance Program (Assistance Listing No. 10.551)

State Administrative Matching Grant Supplemental Nutrition Assistance Program (Assistance Listing No. 10.561)

State Agency: Minnesota Department of Human Services

Summary of Condition: The Department of Human Services did not maintain adequate security over EBT cards on hand and did not have evidence that it destroyed returned EBT cards.

Summary of Corrective Action Previously Reported: DHS has implemented internal controls over EBT card security and destruction of returned cards. Instructions for EBT card controls have been developed and were in place during the review period. County EBT Card Security Guidelines are in place. However, to resolve this finding, the Department plans to conduct an inspection survey of counties over EBT card security following the Department's Management Evaluation Reviews schedule for SNAP.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-043

Year of Finding Origination: 2020

Finding Title: Noncompliance With Reporting Requirements

Program: Low-Income Home Energy Assistance (Assistance Listing No. 93.568)

State Agency: Minnesota Department of Commerce

Summary of Condition: The Department of Commerce overstated the federal share of unliquidated obligations on the Federal Financial Report for one Low-Income Home Energy Assistance award by \$2,646,623.

The Department of Commerce did not report the date of the last obligation on the Federal Financial Report for four Low-Income Home Energy Assistance awards.

Summary of Corrective Action Previously Reported: Report definitions have been updated and will be corrected with the next report submitted 12/31/21.

Status: Fully Corrected. Corrective action was taken.

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

Finding Number: 2020-062

Year of Finding Origination: 2019 (Finding Number 2019-011)

Finding Title: Noncompliance With Subrecipient Monitoring Requirements

Program: Crime Victim Assistance (Assistance Listing No. 16.575)

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing No. 97.036)

*** See note below**

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety did not review the audit reports for 3 of its Disaster Grants – Public Assistance subrecipients or 15 of its Crime Victim Assistance subrecipients.

The Department of Public Safety did not issue management decisions for audit findings related to Crime Victim Assistance awards to two subrecipients.

Summary of Corrective Action Previously Reported: Recurrence of previous audit finding occurred due to the written internal DPS procedures for tracking subrecipient audit findings and issuance of management decisions in compliance with the Code of Federal Regulations, Title 2, Part 200, Section 521(a) has not been finalized and training has not been provided to all DPS grants staff on the process for subrecipient monitoring. Due to the complexities with the process for tracking all subrecipient financial audit reports and drafting of the written procedure, the corrective action completion date has been revised to June 30, 2022.

* Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing No. 97.036) subrecipient monitoring is reported within the Summary Schedule of Prior Audit Findings as finding 2021-022.

Status: Fully Corrected.

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

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

Finding Number: 2020-063

Year of Finding Origination: 2020

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

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

State and Community Highway Safety (Assistance Listing No. 20.600)

National Priority Safety Programs (Assistance Listing No. 20.616)

State Agency: Minnesota Department of Public Safety

Summary of Condition: The Department of Public Safety overstated the total federal expenditures reported on the Schedule of Expenditures of Federal Awards for Disaster Grants – Public Assistance by \$31,066.

The Department of Public Safety overstated the amounts provided to subrecipients reported on the Schedule of Expenditures of Federal Awards for the Highway Safety Cluster by \$237,300, including \$149,624 for Assistance Listing No. 20.600 and \$87,676 for Assistance Listing No. 20.616.

Summary of Corrective Action Previously Reported: Recurrence of previous audit finding occurred due to DPS communication with MMB regarding Journal Entry (JE) Corrections and DPS not fully understanding the impact of the JE Correction to the SEFA and the posting of expenditures in the wrong year and the reclassification of expenditures between CFDA numbers. DPS will review our internal controls currently in place and design and implement additional process steps to our operating procedures to improve internal controls over identifying the expenditures and subrecipients of federal awards to ensure accurate reporting of expenditures in compliance with MMB SEFA reporting requirements.

Status: Fully corrected. Corrective action was taken related to State and Community Highway Safety (Assistance Listing No. 20.600) and National Priority Safety Programs (Assistance Listing No. 20.616).

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

Status: Not Corrected related to Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing No. 97.036). 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.

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



**Representation of
Minnesota State Colleges and Universities – Single Audit**

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

United States Department of Education

Minnesota State Colleges and Universities - Single Audit respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Audit period: July 01, 2021 to June 30, 2022

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

2021–001 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: See current year finding 2022-001.

Reason for finding's recurrence:

Since January 2022 the college Financial Aid Director or staff have been reviewing NSLDS SSCR Error Report from National Student Clearinghouse monthly and when discrepancies are reported corrective action is generally taken within 10 days. However, there were a few incidents in fiscal year 2022 that were resolved later than 10 days.

Corrective Action:

Anoka Ramsey Community College will continue to fine tune its process to avoid this finding in the future. Record of the monthly error report and resolutions are being stored locally per document retention policies.

2021–002 Perkins Record Keeping

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

Status: Corrective action was taken.

2021–003 Student Refund Checks Outstanding Greater than 240 Days

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

Status: Corrective action was taken.

2021–004 Allowable Student Costs

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

Status: Corrective action was taken.

2021–005 Allowable Lost Revenue Costs

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

Status: Corrective action was taken.

2021 – 006 Reporting

Condition: During our testing, we noted:

- 5 of the 23 annual reports tested, the supporting documentation did not agree to what was included in the report
- 1 of the 23 annual reports tested was not timely submitted
- 4 of the 23 annual reports tested were not reviewed and approved prior to submission
- 2 of the 43 quarterly institutional reports tested, the supporting documentation did not agree to what was included in the report
- 6 of the 43 quarterly institutional reports tested were not timely published or no documentation existed to support it was timely published
- 1 of the 43 quarterly institutional reports tested was reported as of the wrong date
- 1 of the 43 quarterly institutional reports tested was not able to be tested as the college or university overwrote the information on its website so it only supported the most recent reporting data
- 7 of the 43 quarterly institutional reports tested were not reviewed and approved prior to posting
- 15 of the 56 quarterly student reports tested, the supporting documentation did not agree to what was included in the report
- 11 of the 56 quarterly student reports tested were not published timely or no documentation existed to support it was published timely
- 6 of the 56 quarterly student reports tested were reported as of the wrong date
- 22 of the 56 quarterly student reports tested were not able to be tested as the college or university overwrote the information on the website so it only supported the most recent reporting data or it was not completed

- 12 of the 56 quarterly student reports tested were not reviewed and approved prior to posting
- 3 of the 56 quarterly student reports tested were missing portions of the required disclosures

Status: See current year finding 2022-003

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. Therefore, resolving this finding occurred after the fiscal 2021 year end. Due to that timing, some reporting issues continued into the beginning of fiscal year 2022, thus resulting in this recurring finding.

Corrective Action:

The colleges, universities, and the system office will continue to work together to resolve the various reporting findings for fiscal year 2022. Some of the action steps will be completed with the next quarter's reporting, as well as the year-end reporting for fiscal year 2023. Minnesota State colleges and universities made great progress this past year, reducing the finding to a significant deficiency versus a material weakness. In addition, only 8 of our 33 colleges and universities were named in this finding this year, again showing an improvement over prior year, where nearly all had at least one reporting issue. 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.

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

