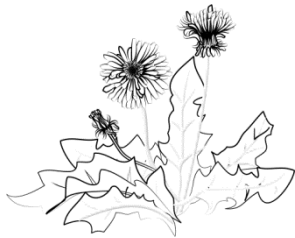


**State of Minnesota**  
**Financial and Compliance Report**  
**on Federally Assisted Programs**



**For the Year Ended June 30, 2016**



One of the first harbingers of spring in Minnesota is the appearance of dandelions. After a season of snow and freezing temperatures, most Minnesotans welcome the sight of these delicate yellow flowers popping up in lawns, if only briefly. Once serious lawn care and gardening are under way, the “love affair” with them ends and a war of attrition against this “weed” begins.

Looking out at the yellow carpet of dandelions that inevitably blankets our landscapes, it’s hard to believe that dandelions are not native to the state. In fact, they came to Minnesota in 1849 in the mail to Harriet Godfrey, one of Minneapolis’s first residents. She and her husband, Ard, moved to the state from Maine in 1847, and she missed the pretty yellow flower she was accustomed to seeing—so much so she asked a friend to send her a packet of seeds. The rest was left to nature.

Lest we be too intolerant of these yellow invaders, consider that dandelions do produce a source of greens that were common in our forefathers’ diet and are a main ingredient in dandelion wine. They also provide a supplemental food source for precious honey bees and butterflies that play an important role in crop and plant pollination.



State of Minnesota

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# Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2016

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

2016  
Financial and  
Compliance Report on  
Federally Assisted  
Programs

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

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

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

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

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

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## 2016 Financial and Compliance Report on Federally Assisted Programs

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March 24, 2017

The Honorable Mark Dayton, Governor  
Members of the Legislature

**RE: 2016 Financial and Compliance Report on Federally Assisted Programs Transmittal  
Letter from the Commissioner of Minnesota Management and Budget**

Dear Governor Dayton:

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 2016. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996; the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable.

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

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

### **Management Responsibilities**

Minnesota Management and Budget is responsible for the accuracy, fairness and completeness of the Schedule of Expenditures of Federal Awards, including all disclosures, presented in this report. The department is also responsible for the Statewide Integrated Financial Tools System (SWIFT), which was used in preparing this report. I believe the schedule provides a fair representation of expenditures for federal programs for the year ended June 30, 2016.

The financial schedules presented are meant to provide a consistent basis for reporting on the expenditures of federal assistance received by state agencies. The schedules are not meant to replace recipient financial reporting currently required for each individual program of federal assistance.

Minnesota Management and Budget is responsible for designing and applying statewide internal controls. State agencies are responsible for additional internal controls used for the administration of federal

programs. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional; resource use is consistent with laws, regulations and policies; transactions are executed in accordance with management's authorization; and the accounting records from which financial schedules were prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.

In addition, state agencies have specific responsibilities for federal programs. State agencies are required to manage and maintain adequate accounting records for their federal programs. They are required by the relevant federal departments and agencies to prepare periodic financial reports. State agencies are also responsible for assuring that organizations to which they subgrant federal funds have the required audits and promptly resolve federal program deficiencies reported as a result of those audits. The U.S. Department of Health and Human Services - Office of Inspector General - Office of Audit Services serves as the lead cognizant agency representing all federal agencies awarding federal assistance to the state of Minnesota.

### **Federal Financial Assistance to the State of Minnesota**

In fiscal year 2016, the state of Minnesota received approximately \$12.7 billion in federal assistance for its many programs.

### **Audits**

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

The Office of the Legislative Auditor has audited the state's major federal programs identified in this single audit report. The auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance is included as part of this report. The Office of the Legislative Auditor has also issued a report on internal control over financial reporting in conjunction with the audit of the state's Comprehensive Annual Financial Report for the year ended June 30, 2016.

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

### **Report**

This single audit report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 2016, and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

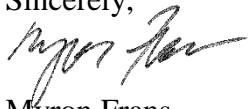


The Office of the Legislative Auditor is responsible for preparing the auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance, the summary of auditor's results, and the schedules of audit findings and questioned costs for federal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

### **Acknowledgments**

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

Sincerely,



Myron Frans  
Commissioner





# OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

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

### **Independent Auditor's Report**

Members of the Minnesota Legislature

The Honorable Mark Dayton, Governor

Mr. Myron Frans, Commissioner of Minnesota Management and Budget

### **Report on Compliance for Each Major Federal Program**

The Office of the Legislative Auditor (OLA) has audited the State of Minnesota's compliance with the compliance requirements contained in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement and the Uniform Guidance<sup>1</sup> 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, 2016. The state's major federal programs are identified in Section I of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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<sup>1</sup> 2 CFR, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

***Basis for Qualified Opinion on Temporary Assistance for Needy Families (CFDA 93.558)***

As described in the findings in Section III of the accompanying Schedule of Findings and Questioned Costs and identified below, the State of Minnesota did not comply with certain federal requirements that are applicable to one of its major federal programs. These federal requirements included verifying program eligibility for recipients of assistance, as described in the Uniform Guidance. Compliance with such requirements is necessary, in our opinion, for the State of Minnesota to comply with the requirements applicable to the Temporary Assistance for Needy Families program (CFDA 93.558), as reported in Finding 2016-006.

***Qualified Opinion on Temporary Assistance for Needy Families (CFDA 93.558)***

In our opinion, except for the material noncompliance described in the Basis for Qualified Opinion paragraph, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families (CFDA 93.558) for the year ended June 30, 2016.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the State of Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016.

***Other Matters***

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

***Report on Internal Controls Over Compliance***

Officials in the executive branch of Minnesota state government are responsible for establishing and maintaining effective internal controls over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal controls over compliance with the requirements that could have a direct and material effect on each major federal program. The purpose of our consideration of internal controls was to determine the auditing procedures necessary for us to express our opinion on compliance for each major federal program and to test and report on internal controls over compliance in accordance with OMB Circular A-133 and the Uniform Guidance. Our consideration of internal controls was not for the purpose of expressing an opinion on its effectiveness over compliance; accordingly, we do not express an opinion on the effectiveness of the State of Minnesota's internal controls over compliance.

Our consideration of internal controls over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies<sup>2</sup> in the State of Minnesota's internal controls over compliance that might be significant deficiencies<sup>3</sup> or material weaknesses<sup>4</sup> and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We consider all of the deficiencies in internal controls over compliance described in Section III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Minnesota, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 16, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Minnesota's basic financial statements.

The State of Minnesota's basic financial statements include the operations of its discretely presented component units, which received approximately \$1.59 billion in federal awards for the year ended June 30, 2016. Those expenditures of federal awards are not included in the State of Minnesota's schedule of expenditures of federal awards for the year ended June 30, 2016. Our audit, described below, did not include the state's discretely presented component units because they are not included as part of the state's primary government; accordingly, those units have engaged other auditors to perform their federal compliance audits in accordance with OMB Circular A-133 and the Uniform Guidance.

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

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<sup>2</sup> A *deficiency* in internal controls over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

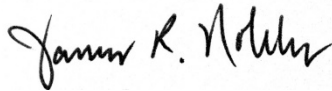
<sup>3</sup> A *significant deficiency* in internal controls over compliance is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

<sup>4</sup> A *material weakness* in internal controls over compliance is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

expenditure of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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



James R. Nobles  
Legislative Auditor



Cecile M. Ferkul, CPA, CISA  
Deputy Legislative Auditor

March 24, 2017

**STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster</b>				
10.551	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	HUMAN SERVICES	\$ 606,581,326	\$ -
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	EDUCATION	\$ 145,749	\$ -
10.561	STATE ADMIN MATCHING GRANTS FOR SUPP NUTR	HUMAN SERVICES	\$ 69,574,388	\$ 56,882,882
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster Total:</b>			<b>\$ 676,301,463</b>	<b>\$ 56,882,882</b>
10.557	SPECIAL SUPP. NUTRITION PROGRAM FOR WOMEN, INFANTS (4)	HEALTH	\$ 93,873,008	\$ 24,507,308
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
<b>Fish and Wildlife Cluster</b>				
15.605	SPORT FISH RESTORATION PROGRAM	NATURAL RESOURCES	\$ 14,771,305	\$ -
15.611	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	NATURAL RESOURCES	\$ 19,087,962	\$ -
<b>Fish and Wildlife Cluster Total:</b>			<b>\$ 33,859,267</b>	<b>\$ -</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
17.225	UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 834,489,152	\$ -
17.225	ARRA-UNEMPLOYMENT INSURANCE (5)	EMPLOYMENT & ECONOMIC	\$ 1,884,630	\$ -
<b>Program 17.225 Total:</b>			<b>\$ 836,373,782</b>	<b>\$ -</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Student Financial Assistance Cluster</b>				
84.007	FEDERAL SUPP. EDUCATIONAL OPPORTUNITY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 9,993,723	\$ -
84.033	FEDERAL WORK-STUDY PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 7,057,321	\$ -
84.038	FEDERAL PERKINS LOAN (2)	STATE COLLEGES & UNIVERSITIES	\$ 28,477,807	\$ -
84.063	FEDERAL PELL GRANT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 232,598,471	\$ -
84.268	FEDERAL DIRECT STUDENT LOANS (3)	STATE COLLEGES & UNIVERSITIES	\$ 584,637,140	\$ -
84.375	ACADEMIC COMPETITIVENESS GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 375	\$ -

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

**STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>				
84.376	NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN	STATE COLLEGES & UNIVERSITIES	\$ 16,757	\$ -
84.379	TEACHER ED. ASSIST. FOR COLLEGE AND HIGHER ED. GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 411,360	\$ -
93.364	NURSING STUDENT LOANS (2)	STATE COLLEGES & UNIVERSITIES	\$ 23,794	\$ -
<b>Student Financial Assistance Cluster Total:</b>			<b>\$ 863,216,748</b>	<b>\$ -</b>
84.126	REHAB SERVICES_VOCATIONAL REHAB GRANTS	EMPLOYMENT & ECONOMIC	\$ 54,617,900	\$ 382,049
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
<b>Temporary Assistance for Needy Families (TANF) Cluster</b>				
93.558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	HUMAN SERVICES	\$ 194,555,279	\$ 77,011,142
<b>Temporary Assistance for Needy Families (TANF) Cluster Total:</b>			<b>\$ 194,555,279</b>	<b>\$ 77,011,142</b>
<b>Medicaid Cluster</b>				
93.775	STATE MEDICAID FRAUD CONTROL UNITS	ATTORNEY GENERAL	\$ 1,684,957	\$ -
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HEALTH	\$ 8,131,116	\$ -
93.777	STATE SURVEY AND CERT. OF HEALTH CARE PROVIDERS	HUMAN SERVICES	\$ 6,493,251	\$ -
93.778	MEDICAL ASSISTANCE PROGRAM (4)	HUMAN SERVICES	\$ 6,699,211,153	\$ 180,986,459
<b>Medicaid Cluster Total:</b>			<b>\$ 6,715,520,477</b>	<b>\$ 180,986,459</b>
<b>Child Care and Development Fund (CCDF) Cluster</b>				
93.575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	HUMAN SERVICES	\$ 68,960,076	\$ -
93.596	CHILD CARE MANDATORY AND MATCHING FUNDS	HUMAN SERVICES	\$ 63,655,455	\$ 15,748,817
<b>Child Care and Development Fund (CCDF) Cluster Total:</b>			<b>\$ 132,615,531</b>	<b>\$ 15,748,817</b>
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	HEALTH	\$ 11,221,895	\$ 5,117,042
93.525	STATE PLANNING, ESTABLISHMT GRANTS FOR ACA EXCHANGES	MNSURE	\$ 25,964,844	\$ 4,618,356
93.640	BASIC HEALTH PROGRAM (ACA)	HUMAN SERVICES	\$ 376,673,363	\$ -
93.658	FOSTER CARE_TITLE IV-E	HUMAN SERVICES	\$ 58,370,807	\$ 53,263,893
93.658	ARRA-FOSTER CARE_TITLE IV-E	STATE COLLEGES & UNIVERSITIES	\$ 317,504	\$ -
<b>Program 93.658 Total:</b>			<b>\$ 58,688,311</b>	<b>\$ 53,263,893</b>

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



**STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	HUMAN SERVICES	\$ 91,398,293	\$ 15,948
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS	HEALTH	\$ 4,554,262	\$ 3,884,902
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE	PUBLIC SAFETY	\$ 13,698,559	\$ 12,519,994
<b>Major Program Total:</b>			<b>\$ 10,183,132,982</b>	<b>\$ 434,938,792</b>

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



**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Forest Service Schools and Roads Cluster</b>				
10.665	SCHOOLS AND ROADS - GRANTS TO STATES	MN MANAGEMENT & BUDGET	\$ 7,901,345	\$ 7,901,345
<b>Forest Service Schools and Roads Cluster Total:</b>			<b>\$ 7,901,345</b>	<b>\$ 7,901,345</b>
<b>Food Distribution Cluster</b>				
10.565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	HEALTH	\$ 1,153,416	\$ 1,049,430
10.568	EMERGENCY FOOD ASSISTANCE (ADMINISTRATIVE COSTS)	HUMAN SERVICES	\$ 923,788	\$ 745,537
<b>Food Distribution Cluster Total:</b>			<b>\$ 2,077,204</b>	<b>\$ 1,794,967</b>
<b>Child Nutrition Cluster</b>				
10.553	SCHOOL BREAKFAST PROGRAM	EDUCATION	\$ 50,583,373	\$ 50,438,653
10.555	NATIONAL SCHOOL LUNCH PROGRAM	EDUCATION	\$ 194,589,822	\$ 163,363,525
10.556	SPECIAL MILK PROGRAM FOR CHILDREN	EDUCATION	\$ 709,123	\$ 708,156
10.559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	EDUCATION	\$ 9,121,453	\$ 8,779,719
<b>Child Nutrition Cluster Total:</b>			<b>\$ 255,003,771</b>	<b>\$ 223,290,053</b>
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	AGRICULTURE	\$ 1,278,547	\$ 107,892
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	ANIMAL HEALTH BOARD	\$ 1,043,945	\$ -
10.025	<i>PASS-THROUGH FROM GYPSY MOTH SLOW THE SPREAD FOUNDATION (UNKNOWN)</i>	AGRICULTURE	\$ 33,326	\$ -
<b>Program 10.025 Total:</b>			<b>\$ 2,355,818</b>	<b>\$ 107,892</b>
10.072	WETLANDS RESERVE PROGRAM	WATER & SOIL RESOURCES BOARD	\$ 269,331	\$ 12,500
10.093	VOLUNTARY PUBLIC ACCESS & HABITAT INCENTIVE PROGRAM	NATURAL RESOURCES	\$ 37,467	\$ -
10.117	BIOFUEL INFRASTRUCTURE PARTNERSHIP	AGRICULTURE	\$ 72,650	\$ 72,650
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	AGRICULTURE	\$ 1,016,114	\$ 877,878
10.171	ORGANIC CERTIFICATION COST SHARE	AGRICULTURE	\$ 462,184	\$ -
10.221	TRIBAL COLLEGES EDUCATION EQUITY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 68,527	\$ -
10.222	TRIBAL COLLEGES ENDOWMENT PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 86,606	\$ -
10.310	AGRICULTURE AND FOOD RESEARCH INITIATIVE	STATE COLLEGES & UNIVERSITIES	\$ 27,716	\$ -

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE (Continued)</b>				
10.314	NEW ERA RURAL TECHNOLOGY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 17,902	\$ -
10.319	FARM BUSINESS MANAGEMENT GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 153,415	\$ -
10.475	COOP AGMNTS WITH STATES FOR INTRASTATE MEAT, POULTRY	AGRICULTURE	\$ 1,501,556	\$ -
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	AGRICULTURE	\$ 345,799	\$ -
10.500	COOPERATIVE EXTENSION SERVICE	STATE COLLEGES & UNIVERSITIES	\$ 217,901	\$ -
10.547	PROFESSIONAL STANDARDS SCHOOL NUTRITION EMPLOYEES	EDUCATION	\$ 59,449	\$ -
10.558	CHILD AND ADULT CARE FOOD PROGRAM	EDUCATION	\$ 66,447,981	\$ 65,041,717
10.558	CHILD AND ADULT CARE FOOD PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 8,583	\$ -
		<b>Program 10.558 Total:</b>	<b>\$ 66,456,564</b>	<b>\$ 65,041,717</b>
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	EDUCATION	\$ 4,448,067	\$ -
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	AGRICULTURE	\$ 287,849	\$ -
10.574	TEAM NUTRITION GRANTS	EDUCATION	\$ 149,610	\$ -
10.576	SENIOR FARMERS' MARKET NUTRITION PROGRAM	AGRICULTURE	\$ 107,819	\$ -
10.578	WIC GRANTS TO STATES (WGS)	HEALTH	\$ 151,752	\$ -
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	EDUCATION	\$ 634,190	\$ 365,169
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	EDUCATION	\$ 3,058,062	\$ 3,030,201
10.664	COOPERATIVE FORESTRY ASSISTANCE	NATURAL RESOURCES	\$ 1,582,357	\$ 404,687
10.664	<i>PASS-THROUGH FROM GYPSY MOTH SLOW THE SPREAD FOUNDATION (UNKNOWN)</i>	AGRICULTURE	\$ 266,526	\$ -
		<b>Program 10.664 Total:</b>	<b>\$ 1,848,883</b>	<b>\$ 404,687</b>
10.674	WOOD UTILIZATION ASSISTANCE	NATURAL RESOURCES	\$ 18,546	\$ 5,000
10.675	URBAN AND COMMUNITY FORESTRY PROGRAM	NATURAL RESOURCES	\$ 279,761	\$ 46,381
10.676	FOREST LEGACY PROGRAM	NATURAL RESOURCES	\$ 37,230	\$ -
10.678	FOREST STEWARDSHIP PROGRAM	NATURAL RESOURCES	\$ 637,308	\$ 40,563

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE (Continued)</b>				
10.680	FOREST HEALTH PROTECTION	AGRICULTURE	\$ 81,040	\$ -
10.680	FOREST HEALTH PROTECTION	NATURAL RESOURCES	\$ 281,359	\$ -
10.680	<i>PASS-THROUGH FROM GYPSY MOTH SLOW THE SPREAD FOUNDATION (UNKNOWN)</i>	AGRICULTURE	\$ 207,263	\$ -
		<b>Program 10.680 Total:</b>	<b>\$ 569,662</b>	<b>\$ -</b>
10.855	DISTANCE LEARNING & TELEMEDICINE LOANS & GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 188,105	\$ -
10.902	SOIL AND WATER CONSERVATION	AGRICULTURE	\$ 166,780	\$ 166,780
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	WATER & SOIL RESOURCES BOARD	\$ 115,366	\$ -
10.912	<i>PASS-THROUGH FROM THE IOWA SOYBEAN ASSOCIATION (UNKNOWN)</i>	AGRICULTURE	\$ 19,432	\$ -
		<b>Program 10.912 Total:</b>	<b>\$ 134,798</b>	<b>\$ -</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<b>Economic Development Cluster</b>				
11.307	ECONOMIC ADJUSTMENT ASSISTANCE	TRANSPORTATION	\$ 5,162,737	\$ -
		<b>Economic Development Cluster Total:</b>	<b>\$ 5,162,737</b>	<b>\$ -</b>
11.407	INTERJURISDICTIONAL FISHERIES ACT OF 1986	NATURAL RESOURCES	\$ 3,978	\$ -
11.417	SEA GRANT SUPPORT			
11.417	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (NA14OAR4170080)</i>	STATE COLLEGES & UNIVERSITIES	\$ 11,342	\$ -
11.419	COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	NATURAL RESOURCES	\$ 761,249	\$ 210,258
11.463	HABITAT CONSERVATION	NATURAL RESOURCES	\$ 228,000	\$ 400,000
11.549	STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM	PUBLIC SAFETY	\$ 734,548	\$ 31,314
<b>U.S. DEPARTMENT OF DEFENSE</b>				
12.113	REIMBURSEMENT OF TECHNICAL SERVICES	POLLUTION CONTROL AGENCY	\$ 278,153	\$ -
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 1,648	\$ -

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**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF DEFENSE (Continued)</b>				
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	MILITARY AFFAIRS	\$ 15,783,667	\$ -
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	MILITARY AFFAIRS	\$ 48,140,309	\$ -
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	NATURAL RESOURCES	\$ 250,500	\$ -
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINT	WATER & SOIL RESOURCES BOARD	\$ 2,397,759	\$ -
		<b>Program 12.401 Total:</b>	<b>\$ 50,788,568</b>	<b>\$ -</b>
12.404	NATIONAL GUARD CHALLENGE PROGRAM	MILITARY AFFAIRS	\$ 985,531	\$ 985,531
12.902	INFORMATION SECURITY GRANT	STATE COLLEGES & UNIVERSITIES	\$ 4,831	\$ -
12.903	GENCYBER GRANTS PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 73,177	\$ -
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				
14.228	CDBG/STATE'S PROGRAM AND NON-ENTITLEMT GRANTS	EMPLOYMENT & ECONOMIC	\$ 13,987,633	\$ 13,614,810
14.231	EMERGENCY SOLUTIONS GRANTS PROGRAM	HUMAN SERVICES	\$ 2,018,612	\$ 1,910,399
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
15.028	TRIBALLY CONTROLLED COMMUNITY COLLEGE ENDOWMENTS	STATE COLLEGES & UNIVERSITIES	\$ 23,402	\$ -
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	NATURAL RESOURCES	\$ 39,923	\$ 23,809
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	NATURAL RESOURCES	\$ 67,018	\$ -
15.626	ENHANCED HUNTER EDUCATION AND SAFETY PROGRAM	NATURAL RESOURCES	\$ 159,544	\$ -
15.634	STATE WILDLIFE GRANTS	NATURAL RESOURCES	\$ 1,565,774	\$ -
15.657	ENDANGERED SPECIES CONSERVATION - REC IMPLEMENT	MN ZOOLOGICAL BOARD	\$ 44,025	\$ -
15.657	ENDANGERED SPECIES CONSERVATION - REC IMPLEMENT	NATURAL RESOURCES	\$ 79,967	\$ -
		<b>Program 15.657 Total:</b>	<b>\$ 123,992</b>	<b>\$ -</b>
15.660	R&D-ENDANGERED SPECIES-CANDIDATE CONSERVATION ACTION	MN ZOOLOGICAL BOARD	\$ 12,032	\$ -

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**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF THE INTERIOR (Continued)</b>				
15.662	GREAT LAKES RESTORATION	NATURAL RESOURCES	\$ 426,606	\$ -
15.662	GREAT LAKES RESTORATION	STATE COLLEGES & UNIVERSITIES	\$ 208,100	\$ -
15.662	<i>PASS-THROUGH FROM THE NATIONAL FISH AND WILDLIFE FOUNDATION (0501.13.038260)</i>	NATURAL RESOURCES	\$ 174,456	\$ -
		<b>Program 15.662 Total:</b>	<b>\$ 809,162</b>	<b>\$ -</b>
15.666	ENDANGERED SPECIES CONSERVATION-WOLF LIVESTOCK LOSS	AGRICULTURE	\$ 29,109	\$ -
15.669	COOPERATIVE LANDSCAPE CONSERVATION	STATE COLLEGES & UNIVERSITIES	\$ 8,375	\$ -
15.808	US GEOLOGICAL SURVEY_RESEARCH AND DATA COLLECTION	NATURAL RESOURCES	\$ 8,918	\$ -
15.916	OUTDOOR RECREATION ACQUISITION, DEVELOPMT, PLANNING	NATURAL RESOURCES	\$ 272,929	\$ 272,929
15.941	MISSISSIPPI NATIONAL RIVER AND REC AREA	LEGISLATURE	\$ 2,632	\$ -
15.945	COOPERATIVE RESEARCH AND TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 3,213	\$ -
15.978	UPPER MISSISSIPPI RIVER SYSTEM LT RESOURCE MONITORING	NATURAL RESOURCES	\$ 530,862	\$ -
<b>U.S. DEPARTMENT OF JUSTICE</b>				
16.004	LAW ENFORCEMENT ASSIST. NARCOTICS, DANGEROUS DRUGS	PUBLIC SAFETY	\$ 50,330	\$ -
16.013	VIOLENCE AGAINST WOMEN ACT TRAINING	TRIAL COURTS	\$ 396,528	\$ -
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	PUBLIC SAFETY	\$ 285,156	\$ 263,862
16.021	JUSTICE SYSTEMS RESPONSE TO FAMILIES	TRIAL COURTS	\$ 310	\$ -
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	PUBLIC SAFETY	\$ 108,160	\$ 103,671
16.525	GRANTS TO REDUCE VIOLENCE ON CAMPUS	STATE COLLEGES & UNIVERSITIES	\$ 119,698	\$ -
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	PUBLIC SAFETY	\$ 450,177	\$ 378,284
16.543	MISSING CHILDREN'S ASSISTANCE	PUBLIC SAFETY	\$ 560,270	\$ -
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS	PUBLIC SAFETY	\$ 26,571	\$ -
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	PUBLIC SAFETY	\$ 505,582	\$ -
16.560	NAT'L INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT	PUBLIC SAFETY	\$ 9,359	\$ -
16.575	CRIME VICTIM ASSISTANCE	PUBLIC SAFETY	\$ 17,388,402	\$ 16,757,317

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>				
16.576	CRIME VICTIM COMPENSATION	PUBLIC SAFETY	\$ 1,487,834	\$ -
16.582	CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	PUBLIC SAFETY	\$ 11,218	\$ 11,218
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	TRIAL COURTS	\$ 291,531	\$ -
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	PUBLIC SAFETY	\$ 2,204,302	\$ 1,680,841
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	SUPREME COURT	\$ 263,096	\$ -
		<b>Program 16.588 Total:</b>	<b>\$ 2,467,398</b>	<b>\$ 1,680,841</b>
16.590	ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS	CORRECTIONS	\$ 310,107	\$ 131,158
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT STATE PRISONERS	PUBLIC SAFETY	\$ 86,368	\$ 11,276
16.606	STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	CORRECTIONS	\$ 469,074	\$ -
16.735	PROTECTING INMATES AND SAFEGUARDING COMMUNITIES	CORRECTIONS	\$ 84,568	\$ -
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	PUBLIC SAFETY	\$ 2,326,670	\$ 2,085,492
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	TRIAL COURTS	\$ 193,579	\$ -
		<b>Program 16.738 Total:</b>	<b>\$ 2,520,249</b>	<b>\$ 2,085,492</b>
16.740	STATEWIDE AUTOMATED VICTIM INFORMATION NOTIFICATION	PUBLIC SAFETY	\$ 27,000	\$ -
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC SAFETY	\$ 463,127	\$ -
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	PUBLIC DEFENSE BOARD	\$ 48,917	\$ 47,658
		<b>Program 16.741 Total:</b>	<b>\$ 512,044</b>	<b>\$ 47,658</b>
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT	PUBLIC SAFETY	\$ 121,967	\$ 32,798
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH	CORRECTIONS	\$ 98,909	\$ 54,150
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH	TRIAL COURTS	\$ 27,328	\$ -
		<b>Program 16.745 Total:</b>	<b>\$ 126,237</b>	<b>\$ 54,150</b>
16.750	SUPPORT FOR ADAM WALSH ACT	PUBLIC SAFETY	\$ 199,338	\$ -
16.751	EDWARD BYRNE MEMORIAL COMPETITIVE GRANT	PUBLIC SAFETY	\$ 47,120	\$ -
16.754	HAROLD ROGERS PRESCRIPTION DRUG MONITORING	PHARMACY BOARD	\$ 34,614	\$ -
16.812	SECOND CHANCE ACT PRISONER REENTRY INITIATIVE	CORRECTIONS	\$ 830,115	\$ 200,547

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>WIA/WIOA Cluster</b>				
17.258	WIAWIOA ADULT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 8,503,536	\$ 7,805,282
17.259	WIAWIOA YOUTH ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 8,675,972	\$ 8,061,567
17.278	WIAWIOA DISLOCATED WORKER FORMULA GRANTS	EMPLOYMENT & ECONOMIC	\$ 8,329,830	\$ 6,563,619
<b>WIA/WIOA Cluster Total:</b>			<b>\$ 25,509,338</b>	<b>\$ 22,430,468</b>
<b>Employment Service Cluster</b>				
17.207	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	EMPLOYMENT & ECONOMIC	\$ 20,925,731	\$ 2,115,517
17.801	DISABLED VETERANS' OUTREACH PROGRAM (DVOP)	EMPLOYMENT & ECONOMIC	\$ 1,729,865	\$ -
17.804	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE PROGRAM	EMPLOYMENT & ECONOMIC	\$ 1,044,328	\$ -
<b>Employment Service Cluster Total:</b>			<b>\$ 23,699,924</b>	<b>\$ 2,115,517</b>
17.002	LABOR FORCE STATISTICS	EMPLOYMENT & ECONOMIC	\$ 1,373,452	\$ -
17.005	COMPENSATION AND WORKING CONDITIONS	LABOR AND INDUSTRY	\$ 111,452	\$ -
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	EMPLOYMENT & ECONOMIC	\$ 2,018,575	\$ 1,934,190
17.245	TRADE ADJUSTMENT ASSISTANCE	EMPLOYMENT & ECONOMIC	\$ 16,039,867	\$ -
17.267	INCENTIVE GRANTS - WIA SECTION 503	EMPLOYMENT & ECONOMIC	\$ 759,593	\$ 152,473
17.267	INCENTIVE GRANTS - WIA SECTION 503	STATE COLLEGES & UNIVERSITIES	\$ 10,612	\$ -
<b>Program 17.267 Total:</b>			<b>\$ 770,205</b>	<b>\$ 152,473</b>
17.268	H-1B JOB TRAINING GRANTS	EMPLOYMENT & ECONOMIC	\$ 66,603	\$ 27,028
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	EMPLOYMENT & ECONOMIC	\$ 211,067	\$ -
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	EMPLOYMENT & ECONOMIC	\$ 107,492	\$ -
17.277	WORKFORCE INVESTMENT ACT (WIA) NATIONAL EMERGENCY GRANTS	EMPLOYMENT & ECONOMIC	\$ 920,927	\$ 770,561
17.281	WIA DISLOCATED WORKER NATIONAL RESERVE TECH ASSISTANCE	EMPLOYMENT & ECONOMIC	\$ 120,763	\$ -

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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>				
17.282	TRADE ADJ ASSIST COMM CLG AND CAREER TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 14,774,940	\$ -
17.283	WORKFORCE INNOVATION FUND	EMPLOYMENT & ECONOMIC	\$ 160,263	\$ -
17.503	OCCUPATIONAL SAFETY AND HEALTH_STATE PROGRAM	LABOR AND INDUSTRY	\$ 3,775,899	\$ -
17.504	CONSULTATION AGREEMENTS	LABOR AND INDUSTRY	\$ 1,020,563	\$ -
17.600	MINE HEALTH AND SAFETY GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 277,974	\$ -
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Transit Services Programs Cluster</b>				
20.513	ENHANCED MOBILITY FOR SRS AND INDIVIDUALS WITH DISABILITIES	TRANSPORTATION	\$ 3,364,426	\$ 3,182,053
20.516	JOB ACCESS AND REVERSE COMMUTE PROGRAM	TRANSPORTATION	\$ 62,224	\$ 55,917
20.521	NEW FREEDOM PROGRAM	TRANSPORTATION	\$ 55,344	\$ 54,209
<b>Transit Services Programs Cluster Total:</b>			<b>\$ 3,481,994</b>	<b>\$ 3,292,179</b>
<b>Highway Safety Cluster</b>				
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	PUBLIC SAFETY	\$ 8,054,121	\$ 1,434,305
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	TRANSPORTATION	\$ 3,412,829	\$ 501,477
20.601	ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE	PUBLIC SAFETY	\$ 216,250	\$ -
20.609	SAFETY BELT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 472,900	\$ -
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	PUBLIC SAFETY	\$ 611,618	\$ -
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT	TRANSPORTATION	\$ 93,063	\$ -
20.613	CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE	PUBLIC SAFETY	\$ 64,578	\$ 8,378
20.616	NATIONAL PRIORITY SAFETY PROGRAMS	PUBLIC SAFETY	\$ 6,055,707	\$ 2,285,461
<b>Highway Safety Cluster Total:</b>			<b>\$ 18,981,066</b>	<b>\$ 4,229,621</b>

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>				
<b>Highway Planning and Construction Cluster</b>				
20.205	HIGHWAY PLANNING AND CONSTRUCTION	STATE COLLEGES & UNIVERSITIES	\$ 1,959,512	\$ -
20.205	HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 715,992,064	\$ 159,371,525
20.205	R&D-HIGHWAY PLANNING AND CONSTRUCTION	TRANSPORTATION	\$ 11,110,276	\$ -
20.219	RECREATIONAL TRAILS PROGRAM	NATURAL RESOURCES	\$ 1,924,775	\$ 1,163,886
<b>Highway Planning and Construction Cluster Total:</b>			<b>\$ 730,986,627</b>	<b>\$ 160,535,411</b>
<b>Federal Transit Cluster</b>				
20.500	FEDERAL TRANSIT_CAPITAL INVESTMENT GRANTS	TRANSPORTATION	\$ 3,559,198	\$ 3,424,720
20.526	BUS AND BUS FACILITIES FORMULA PROGRAM	TRANSPORTATION	\$ 1,535,507	\$ 1,535,507
<b>Federal Transit Cluster Total:</b>			<b>\$ 5,094,705</b>	<b>\$ 4,960,227</b>
20.106	AIRPORT IMPROVEMENT PROGRAM (7)	TRANSPORTATION	\$ 46,657,673	\$ 46,657,673
20.218	NATIONAL MOTOR CARRIER SAFETY	PUBLIC SAFETY	\$ 3,835,556	\$ -
20.218	NATIONAL MOTOR CARRIER SAFETY	TRANSPORTATION	\$ 1,278,703	\$ -
<b>Program 20.218 Total:</b>			<b>\$ 5,114,259</b>	<b>\$ -</b>
20.232	COMMERCIAL DRIVER'S LICENSE PROG IMPROVEMENT	PUBLIC SAFETY	\$ 385,122	\$ -
20.233	BORDER ENFORCEMENT GRANTS	PUBLIC SAFETY	\$ 230,836	\$ -
20.235	COMMERCIAL MOTOR VEHICLE OP TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 60,720	\$ -
20.317	INTERCITY PASSENGER RAIL SERVICE	TRANSPORTATION	\$ 1,186,060	\$ -
20.319	RAIL CORRIDORS AND SERVICE CAP ASSISTANCE	TRANSPORTATION	\$ 1,137,230	\$ 1,137,230
20.505	METROPOLITAN TRANSPORTATION PLANNING	TRANSPORTATION	\$ 5,997,741	\$ 5,611,643
20.509	FORMULA GRANTS FOR RURAL AREAS	TRANSPORTATION	\$ 16,917,929	\$ 15,006,830
20.514	PUBLIC TRANSPORTATION RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 107,170	\$ -
20.528	RAIL FIXED GUIDEWAY PUBLIC TRANS STATE SAFETY OVERSIGHT	PUBLIC SAFETY	\$ 166,723	\$ -
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	PUBLIC SAFETY	\$ 8,197,898	\$ 3,198,700
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS	TRIAL COURTS	\$ 2,002,549	\$ -
<b>Program 20.608 Total:</b>			<b>\$ 10,200,447</b>	<b>\$ 3,198,700</b>
20.614	NHTSA DISCRETIONARY SAFETY GRANTS	PUBLIC SAFETY	\$ 83,627	\$ -
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	PUBLIC SAFETY	\$ 1,642,853	\$ -

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**STATE OF MINNESOTA  
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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>				
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	PUBLIC SAFETY	\$ 303,468	\$ 141,817
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 2,927	\$ -
		<b>Program 20.703 Total:</b>	<b>\$ 306,395</b>	<b>\$ 141,817</b>
20.720	STATE DAMAGE PREVENTION PROGRAM GRANTS	PUBLIC SAFETY	\$ 97,330	\$ -
20.721	PHMSA PIPELINE SAFETY PROGRAM	PUBLIC SAFETY	\$ 45,444	\$ -
20.933	NATIONAL INFRASTRUCTURE INVESTMENTS	TRANSPORTATION	\$ 6,787,032	\$ 6,787,032
<b>U.S. GENERAL SERVICES ADMINISTRATION</b>				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	ADMINISTRATION	\$ 330,508	\$ -
39.011	ELECTION REFORM PAYMENTS	SECRETARY OF STATE	\$ 518	\$ -
<b>U.S. NATIONAL AERONAUTICS &amp; SPACE ADMINISTRATION</b>				
43.001	SCIENCE	STATE COLLEGES & UNIVERSITIES	\$ 218,991	\$ -
43.001	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (NNX15AI18H)</i>	STATE COLLEGES & UNIVERSITIES	\$ 18,079	\$ -
		<b>Program 43.001 Total:</b>	<b>\$ 237,070</b>	<b>\$ -</b>
43.008	EDUCATION GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 96,291	\$ -
43.008	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (NNX14AR04A)</i>	STATE COLLEGES & UNIVERSITIES	\$ 185,065	\$ -
		<b>Program 43.008 Total:</b>	<b>\$ 281,356</b>	<b>\$ -</b>
<b>U.S. NATIONAL FOUNDATION ARTS &amp; HUMANITIES</b>				
45.024	PROMOTION OF THE ARTS_GRANTS TO ORGS AND INDIVIDUALS	CENTER FOR ARTS EDUCATION	\$ 7,324	\$ -
45.024	PROMOTION OF THE ARTS_GRANTS TO ORGS AND INDIVIDUALS	STATE COLLEGES & UNIVERSITIES	\$ 10,000	\$ -
		<b>Program 45.024 Total:</b>	<b>\$ 17,324</b>	<b>\$ -</b>

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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. NATIONAL FOUNDATION ARTS &amp; HUMANITIES (Continued)</b>				
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	ARTS BOARD	\$ 707,255	\$ 291,752
45.025	PROMOTION OF THE ARTS_PARTNERSHIP AGREEMENTS	STATE COLLEGES & UNIVERSITIES	\$ 712	\$ -
		<b>Program 45.025 Total:</b>	<b>\$ 707,967</b>	<b>\$ 291,752</b>
45.161	PROMOTION OF THE HUMANITIES RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 35,652	\$ -
45.162	PROMOTION OF HUMANITIES	STATE COLLEGES & UNIVERSITIES	\$ 27,597	\$ -
45.163	PROMOTION OF THE HUMANITIES _PROFESSIONAL DEVELOPMENT	STATE COLLEGES & UNIVERSITIES	\$ 5,344	\$ -
45.310	GRANTS TO STATES	EDUCATION	\$ 2,796,808	\$ 1,962,651
45.310	GRANTS TO STATES	VETERANS AFFAIRS	\$ 14,297	\$ -
		<b>Program 45.310 Total:</b>	<b>\$ 2,811,105</b>	<b>\$ 1,962,651</b>
<b>U.S. NATIONAL SCIENCE FOUNDATION</b>				
47.041	ENGINEERING GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 68,046	\$ -
47.049	R&D-MATHEMATICAL AND PHYSICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 46,006	\$ -
47.050	GEOSCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 13,462	\$ -
47.070	COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	STATE COLLEGES & UNIVERSITIES	\$ 39,284	\$ -
47.074	R&D-BIOLOGICAL SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 105,541	\$ -
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	STATE COLLEGES & UNIVERSITIES	\$ 40,262	\$ -
47.076	R&D-EDUCATION AND HUMAN RESOURCES	STATE COLLEGES & UNIVERSITIES	\$ 3,697,930	\$ 41,894
47.076	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (HRD-1201983)</i>	STATE COLLEGES & UNIVERSITIES	\$ 91,644	\$ -
		<b>Program 47.076 Total:</b>	<b>\$ 3,789,574</b>	<b>\$ 41,894</b>
47.079	OFFICE OF INTERNATIONAL AND INTEGRATIVE ACTIVITIES	STATE COLLEGES & UNIVERSITIES	\$ 4,612	\$ -

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

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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	EMPLOYMENT & ECONOMIC	\$ 1,734,998	\$ 1,734,998
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 198,026	\$ -
		<b>Program 59.037 Total:</b>	<b>\$ 1,933,024</b>	<b>\$ 1,734,998</b>
59.061	STATE TRADE AND EXPORT PROMOTION PILOT GRANT	EMPLOYMENT & ECONOMIC	\$ 133,627	\$ 81,537
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>				
64.005	STATE HOME FACILITIES CONSTRUCTION	VETERANS AFFAIRS	\$ 12,006,002	\$ -
64.027	POST-9/11 VETERANS EDUCATIONAL ASSISTANCE	STATE COLLEGES & UNIVERSITIES	\$ 3,364,117	\$ -
64.203	STATE CEMETERY GRANTS	VETERANS AFFAIRS	\$ 308,326	\$ -
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Drinking Water State Revolving Fund Cluster</b>				
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE FUNDS			
66.468	<i>PASS-THROUGH FROM THE MINNESOTA PUBLIC FACILITIES AUTHORITY (FS97581416)</i>	HEALTH	\$ 3,275,630	\$ 677,214
		<b>Drinking Water State Revolving Fund Cluster Total:</b>	<b>\$ 3,275,630</b>	<b>\$ 677,214</b>
66.032	STATE INDOOR RADON GRANTS	HEALTH	\$ 417,315	\$ -
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS CLEAN AIR ACT	POLLUTION CONTROL AGENCY	\$ 757,122	\$ -
66.040	STATE CLEAN DIESEL GRANT PROGRAM	POLLUTION CONTROL AGENCY	\$ 132,652	\$ 71,857
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	HEALTH	\$ 69,570	\$ -
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL	POLLUTION CONTROL AGENCY	\$ 268,077	\$ -
		<b>Program 66.419 Total:</b>	<b>\$ 337,647</b>	<b>\$ -</b>
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	HEALTH	\$ 2,704,639	\$ -
66.454	WATER QUALITY MANAGEMENT PLANNING	POLLUTION CONTROL AGENCY	\$ 251,865	\$ -

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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (Continued)</b>				
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	POLLUTION CONTROL AGENCY	\$ 2,223,034	\$ 1,500,316
66.460	R&D-NONPOINT SOURCE IMPLEMENTATION GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 68,306	\$ -
		<b>Program 66.460 Total:</b>	<b>\$ 2,291,340</b>	<b>\$ 1,500,316</b>
66.469	GREAT LAKES PROGRAM	HEALTH	\$ 754,950	\$ 469,512
66.469	GREAT LAKES PROGRAM	POLLUTION CONTROL AGENCY	\$ 1,876,945	\$ -
66.469	GREAT LAKES PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 1,810	\$ -
		<b>Program 66.469 Total:</b>	<b>\$ 2,633,705</b>	<b>\$ 469,512</b>
66.472	BEACH MONITORING AND NOTIFICATION PROGRAM GRANTS	HEALTH	\$ 59,926	\$ -
66.475	GULF OF MEXICO PROGRAM	POLLUTION CONTROL AGENCY	\$ 3,352	\$ -
66.605	PERFORMANCE PARTNERSHIP GRANTS	AGRICULTURE	\$ 694,103	\$ -
66.605	PERFORMANCE PARTNERSHIP GRANTS	POLLUTION CONTROL AGENCY	\$ 11,196,308	\$ -
		<b>Program 66.605 Total:</b>	<b>\$ 11,890,411</b>	<b>\$ -</b>
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION	HEALTH	\$ 315,572	\$ -
66.716	RESEARCH, DEVELOPMENT, MONITORING, EDUCATION	AGRICULTURE	\$ 94,683	\$ -
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE	POLLUTION CONTROL AGENCY	\$ 1,064,022	\$ -
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION	POLLUTION CONTROL AGENCY	\$ 523,613	\$ -
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND	POLLUTION CONTROL AGENCY	\$ 1,332,655	\$ -
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM	POLLUTION CONTROL AGENCY	\$ 129,861	\$ -
66.817	STATE AND TRIBAL RESPONSE PROGRAM GRANTS	POLLUTION CONTROL AGENCY	\$ 727,488	\$ -
66.818	BROWNFIELDS ASSESSMENT AND CLEANUP COOP AGREEMENTS	EMPLOYMENT & ECONOMIC	\$ 1,013,118	\$ 20,000

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CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF ENERGY</b>				
81.041	STATE ENERGY PROGRAM	COMMERCE	\$ 1,038,786	\$ 24,508
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	COMMERCE	\$ 8,671,287	\$ 7,757,691
81.119	STATE ENERGY PROGRAM SPECIAL PROJECTS	COMMERCE	\$ 435,898	\$ 401,249
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>TRIO Cluster</b>				
84.042	TRIO_STUDENT SUPPORT SERVICES	STATE COLLEGES & UNIVERSITIES	\$ 7,579,639	\$ -
84.044	TRIO_TALENT SEARCH	STATE COLLEGES & UNIVERSITIES	\$ 1,484,131	\$ -
84.047	TRIO_UPWARD BOUND	STATE COLLEGES & UNIVERSITIES	\$ 6,306,986	\$ -
84.066	TRIO_EDUCATIONAL OPPORTUNITY CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 663,452	\$ -
84.217	TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT	STATE COLLEGES & UNIVERSITIES	\$ 275,435	\$ -
		<b>TRIO Cluster Total:</b>	<b>\$ 16,309,643</b>	<b>\$ -</b>
<b>Special Education (IDEA) Cluster</b>				
84.027	SPECIAL EDUCATION_GRANTS TO STATES	EDUCATION	\$ 196,151,793	\$ 182,345,804
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	EDUCATION	\$ 6,694,778	\$ 5,697,223
84.173	SPECIAL EDUCATION_PRESCHOOL GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 81,067	\$ -
		<b>Special Education (IDEA) Cluster Total:</b>	<b>\$ 202,927,638</b>	<b>\$ 188,043,027</b>
<b>School Improvement Grants Cluster</b>				
84.377	SCHOOL IMPROVEMENT GRANTS	EDUCATION	\$ 3,067,289	\$ 2,824,425
		<b>School Improvement Grants Cluster Total:</b>	<b>\$ 3,067,289</b>	<b>\$ 2,824,425</b>
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	EDUCATION	\$ 6,268,589	\$ 5,459,085
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 4,749	\$ -
		<b>Program 84.002 Total:</b>	<b>\$ 6,273,338</b>	<b>\$ 5,459,085</b>
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	EDUCATION	\$ 144,390,898	\$ 142,462,729
84.011	MIGRANT EDUCATION_STATE GRANT PROGRAM	EDUCATION	\$ 3,236,193	\$ 2,924,550

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<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>				
84.013	TITLE I STATE AGENCY PROG FOR NEGLECTED, DELINQ CHILDREN	EDUCATION	\$ 270,990	\$ -
84.031	HIGHER EDUCATION_INSTITUTIONAL AID	STATE COLLEGES & UNIVERSITIES	\$ 1,965,217	\$ -
84.048	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	STATE COLLEGES & UNIVERSITIES	\$ 17,504,578	\$ -
84.129	REHABILITATION LONG-TERM TRAINING	STATE COLLEGES & UNIVERSITIES	\$ 352,102	\$ -
84.144	MIGRANT EDUCATION_COORDINATION PROGRAM	EDUCATION	\$ 3,302	\$ -
84.177	REHABILITATION SERVICES_IND LIVING SVS OLDER INDIVIDUALS	EMPLOYMENT & ECONOMIC	\$ 887,834	\$ -
84.181	SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	EDUCATION	\$ 6,679,570	\$ 5,499,179
84.181	SPECIAL EDUCATION-GRANTS FOR INFANTS AND FAMILIES	HEALTH	\$ 52,118	\$ 4,833
		<b>Program 84.181 Total:</b>	<b>\$ 6,731,688</b>	<b>\$ 5,504,012</b>
84.187	SUPPORTED EMPLOYMENT SERVICES	EMPLOYMENT & ECONOMIC	\$ 429,878	\$ 319,363
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	EDUCATION	\$ 621,156	\$ 487,162
84.206	JAVITS GIFTED AND TALENTED STUDENTS	EDUCATION	\$ 82,499	\$ -
84.265	REHABILITATION TRAINING-STATE VOC REHAB	EMPLOYMENT & ECONOMIC	\$ 20,245	\$ -
84.282	CHARTER SCHOOLS	EDUCATION	\$ 5,311,275	\$ 5,148,239
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	EDUCATION	\$ 11,835,251	\$ 11,333,422
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	EDUCATION	\$ 857,879	\$ 554,965
84.324	RESEARCH IN SPECIAL EDUCATION	STATE COLLEGES & UNIVERSITIES	\$ 250	\$ -
84.326	SPEC EDUC_TO IMPROVE SERVICES FOR DISABLED CHILDREN	EDUCATION	\$ 174,595	\$ 174,595
84.334	GAIN EARLY AWARENESS AND READINESS FOR UNDERGRADUATE	STATE COLLEGES & UNIVERSITIES	\$ 478,921	\$ -
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	STATE COLLEGES & UNIVERSITIES	\$ 333,772	\$ -
84.350	TRANSITION TO TEACHING	STATE COLLEGES & UNIVERSITIES	\$ 81,996	\$ -
84.358	RURAL EDUCATION	EDUCATION	\$ 531,467	\$ 522,765
84.365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	EDUCATION	\$ 8,526,612	\$ 8,008,211

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<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>				
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	EDUCATION	\$ 473,926	\$ 406,518
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	EDUCATION	\$ 29,127,559	\$ 28,178,774
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 136,896	\$ -
84.367	<i>PASS-THROUGH FROM THE MINNESOTA OFFICE OF HIGHER EDUCATION (S367B140020-14A)</i>	STATE COLLEGES & UNIVERSITIES	\$ 85,497	\$ -
		<b>Program 84.367 Total:</b>	<b>\$ 29,349,952</b>	<b>\$ 28,178,774</b>
84.368	GRANTS FOR ENHANCED ASSESSMENT INSTRUMENTS	EDUCATION	\$ 416,222	\$ -
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	EDUCATION	\$ 6,319,503	\$ -
84.372	STATEWIDE LONGITUDINAL DATA SYSTEMS	EDUCATION	\$ 330,637	\$ -
84.407	TRANSITION PROG-STUDENTS WITH INTELLECTUAL DISABILITIES	STATE COLLEGES & UNIVERSITIES	\$ 239,886	\$ 50,118
84.412	RACE TO THE TOP-EARLY LEARNING CHALLENGE	EDUCATION	\$ 13,713,207	\$ 3,881,646
84.412	RACE TO THE TOP-EARLY LEARNING CHALLENGE	STATE COLLEGES & UNIVERSITIES	\$ 19,805	\$ -
		<b>Program 84.412 Total:</b>	<b>\$ 13,733,012</b>	<b>\$ 3,881,646</b>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
<b>Aging Cluster</b>				
93.044	SPEC PROG FOR THE AGING_TITLE III, PART B_GRANTS	HUMAN SERVICES	\$ 6,926,411	\$ 5,522,179
93.045	SPEC PROG FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	HUMAN SERVICES	\$ 8,870,318	\$ 8,453,715
93.053	NUTRITION SERVICES INCENTIVE PROGRAM	HUMAN SERVICES	\$ 1,859,271	\$ 1,859,271
		<b>Aging Cluster Total:</b>	<b>\$ 17,656,000</b>	<b>\$ 15,835,165</b>
93.041	SPEC PROG FOR THE AGING_TITLE VII, CHAP 3	HUMAN SERVICES	\$ 99,162	\$ 78,875
93.042	SPEC PROG FOR THE AGING_TITLE VII, CHAP 2_LONG TERM CARE	HUMAN SERVICES	\$ 268,580	\$ -
93.043	SPEC PROG FOR THE AGING_TITLE III, PART D	HUMAN SERVICES	\$ 309,104	\$ 309,104
93.048	SPEC PROG FOR THE AGING_TITLE IV_AND TITLE II	HUMAN SERVICES	\$ 414,596	\$ 200,466
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	HUMAN SERVICES	\$ 47,234	\$ 43,387
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	HUMAN SERVICES	\$ 2,094,895	\$ 1,989,166
93.059	TRAINING IN GENERAL, PEDIATRIC DENTISTRY	STATE COLLEGES & UNIVERSITIES	\$ 267,046	\$ -

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<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.070	ENVIRON PUBLIC HEALTH & EMERG RESPONSE	HEALTH	\$ 1,907,303	\$ 77,624
93.071	MEDICARE ENROLLMENT ASSISTANCE	HUMAN SERVICES	\$ 369,540	\$ 369,540
93.073	BIRTH DEFECTS AND DEVELOPMENTAL DISABILITIES	HEALTH	\$ 70,426	\$ -
93.079	COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH	EDUCATION	\$ 373,055	\$ 60,241
93.090	GUARDIANSHIP ASSISTANCE	HUMAN SERVICES	\$ 751,057	\$ 288,417
93.092	ACA PERSONAL RESPONSIBILITY EDUCATION	HEALTH	\$ 654,616	\$ 452,565
93.103	FOOD AND DRUG ADMINISTRATION_RESEARCH	AGRICULTURE	\$ 1,156,757	\$ -
93.103	FOOD AND DRUG ADMINISTRATION_RESEARCH	HEALTH	\$ 1,493	\$ -
		<b>Program 93.103 Total:</b>	<b>\$ 1,158,250</b>	<b>\$ -</b>
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROG	HEALTH	\$ 716,014	\$ 210,236
93.116	PROJECT GRANTS AND COOP AGREEMENTS FOR TUBERCULOSIS	HEALTH	\$ 1,058,452	\$ 23,732
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	EMERGENCY MEDICAL SERVICES BD	\$ 119,788	\$ 87,538
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES	HEALTH	\$ 199,719	\$ -
93.136	INJURY PREVENTION AND CONTROL RESEARCH	HEALTH	\$ 914,469	\$ 190,659
93.143	NIEHS SUPERFUND HAZARDOUS SUBSTANCES BASIC RESEARCH AND EDUCATION			
93.143	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (5R25ES023595-03)</i>	STATE COLLEGES & UNIVERSITIES	\$ 6,156	\$ -
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS	HUMAN SERVICES	\$ 1,489,399	\$ 1,469,064
93.161	HEALTH PROGRAM FOR TOXIC SUBSTANCES AND DISEASE	HEALTH	\$ 54,740	\$ -
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	HEALTH	\$ 73,730	\$ -
93.235	AFFORDABLE CARE ACT (ACA) ABSTINENCE EDUCATION	HEALTH	\$ 253,840	\$ 154,319
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	HEALTH	\$ 209,921	\$ 63,167
93.240	STATE CAPACITY BUILDING	HEALTH	\$ 429,262	\$ -
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	HEALTH	\$ 743,136	\$ 419,330

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<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 1,061,297	\$ 864,577
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	STATE COLLEGES & UNIVERSITIES	\$ 551,172	\$ -
		<b>Program 93.243 Total:</b>	<b>\$ 1,612,469</b>	<b>\$ 864,577</b>
93.251	UNIVERSAL NEWBORN HEARING SCREENING	HEALTH	\$ 211,681	\$ 92,650
93.262	OCCUPATIONAL SAFETY & HEALTH GRANTS	HEALTH	\$ 134,827	\$ -
93.262	OCCUPATIONAL SAFETY & HEALTH GRANTS	STATE COLLEGES & UNIVERSITIES	\$ 24,432	\$ -
		<b>Program 93.262 Total:</b>	<b>\$ 159,259</b>	<b>\$ -</b>
93.267	STATE GRANTS FOR PROTECTION AND ADVOCACY	HUMAN SERVICES	\$ 2,376	\$ -
93.268	IMMUNIZATION COOPERATIVE AGREEMENTS	HEALTH	\$ 51,964,241	\$ 715,381
93.270	ADULT VIRAL HEPATITIS PREVENTION, CONTROL	HEALTH	\$ 110,863	\$ -
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_ASSISTANCE	HEALTH	\$ 7,876,418	\$ 26,857
93.283	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (N005338002)</i>	HEALTH	\$ 96,489	\$ -
		<b>Program 93.283 Total:</b>	<b>\$ 7,972,907</b>	<b>\$ 26,857</b>
93.296	STATE PARTNERSHIP TO IMPROVE MINORITY HEALTH	HEALTH	\$ 214,710	\$ -
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	HEALTH	\$ 1,440,889	\$ 1,389,604
93.305	NATIONAL STATE BASED TOBACCO CONTROL PROGRAMS	HEALTH	\$ 200,680	\$ -
93.310	TRANS-NIH RESEARCH SUPPORT			
93.310	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (P005395801)</i>	HEALTH	\$ 28,570	\$ -
93.314	EARLY HEARING DETECTION AND INTERVENTION INFO SYSTEM	HEALTH	\$ 109,381	\$ 36,170
93.317	EMERGING INFECTIONS PROGRAMS	HEALTH	\$ 255,089	\$ -
93.323	EPIDEMIOLOGY AND LAB CAPACITY FOR INFECTIOUS DISEASES	HEALTH	\$ 2,874,944	\$ -
93.324	STATE HEALTH INSURANCE ASSISTANCE PROGRAM	HUMAN SERVICES	\$ 970,395	\$ 538,428
93.336	BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM	HEALTH	\$ 128,040	\$ -
93.358	ADVANCED NURSING EDUCATION TRAINEESHIPS	VETERANS AFFAIRS	\$ 35,322	\$ -

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<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.369	ACL INDEPENDENT LIVING STATE GRANTS	EMPLOYMENT & ECONOMIC	\$ 1,643,675	\$ 1,386,446
93.393	CANCER CAUSE AND PREVENTION RESEARCH	HEALTH	\$ 35,710	\$ 34,359
93.397	CANCER CENTERS SUPPORTS GRANTS	HEALTH	\$ 779,232	\$ -
93.432	ACL CENTERS FOR INDEPENDENT LIVING	EMPLOYMENT & ECONOMIC	\$ 1,012,023	\$ 1,012,023
93.433	ACL NATIONAL INSTITUTE ON DISABILITY, INDEPENDENT LIVING, AND REHABILITATION RESEARCH			
93.433	<i>PASS-THROUGH FROM THE MEDICAL UNIVERSITY OF SOUTH CAROLINA (90DP0050-03-00)</i>	HEALTH	\$ 25,563	\$ -
93.448	FOOD SAFETY AND SECURITY MONITORING PROJECT	AGRICULTURE	\$ 617,907	\$ -
93.464	ACL ASSISTIVE TECHNOLOGY	ADMINISTRATION	\$ 437,206	\$ -
93.500	PREGNANCY ASSISTANCE FUND PROGRAM	HEALTH	\$ 1,202,606	\$ 848,763
93.500	PREGNANCY ASSISTANCE FUND PROGRAM	STATE COLLEGES & UNIVERSITIES	\$ 253,760	\$ -
		<b>Program 93.500 Total:</b>	<b>\$ 1,456,366</b>	<b>\$ 848,763</b>
93.505	ACA MATERNAL, INFANT, EARLY CHILDHOOD HOME VISIT	HEALTH	\$ 9,113,375	\$ 7,536,266
93.506	ACA NATIONWIDE PROGRAM-BACKGROUND CHECKS	HUMAN SERVICES	\$ 974,820	\$ -
93.511	ACA GRANTS FOR HEALTH INSURANCE PREMIUM REVIEW	COMMERCE	\$ 615,507	\$ -
93.511	ACA GRANTS FOR HEALTH INSURANCE PREMIUM REVIEW	HEALTH	\$ 388,150	\$ -
		<b>Program 93.511 Total:</b>	<b>\$ 1,003,657</b>	<b>\$ -</b>
93.521	ACA: BUILDING EPIDEMIOLOGY AND LAB CAPACITY	HEALTH	\$ 2,094,110	\$ -
93.536	ACA MEDICAID INCENT FOR PREVENT OF CHRONIC DISEASE	HUMAN SERVICES	\$ 1,133,757	\$ 532,797
93.538	ACA-NAT'L ENVIRON HEALTH PUBLIC HEALTH TRACKING	HEALTH	\$ 88,302	\$ 5,604
93.539	PPHF 2012-CAPACITY BUILDING ASSISTANCE	HEALTH	\$ 1,312,077	\$ 187,083
93.556	PROMOTING SAFE AND STABLE FAMILIES	HUMAN SERVICES	\$ 2,279,318	\$ 1,768,678
93.563	CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	\$ 119,734,665	\$ 92,780,463
93.566	REFUGEE AND ENTRANT ASSISTANCE_STATE PROGRAMS	HUMAN SERVICES	\$ 5,371,707	\$ 3,084,723
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	COMMERCE	\$ 109,550,609	\$ 106,856,388
93.569	COMMUNITY SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 7,323,644	\$ 6,995,552

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HEALTH	\$ 149,736	\$ -
93.576	REFUGEE AND ENTRANT ASSISTANCE_DISCRETIONARY GRANTS	HUMAN SERVICES	\$ 569,342	\$ 552,672
		<b>Program 93.576 Total:</b>	<b>\$ 719,078</b>	<b>\$ 552,672</b>
93.584	REFUGEE AND ENTRANT ASSISTANCE_TARGETED ASSISTANCE	HUMAN SERVICES	\$ 712,851	\$ 712,851
93.586	STATE COURT IMPROVEMENT PROGRAM	SUPREME COURT	\$ 362,157	\$ -
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	HUMAN SERVICES	\$ 1,524,320	\$ 1,237,527
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	HUMAN SERVICES	\$ 132,942	\$ 132,916
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS	HUMAN SERVICES	\$ 444,044	\$ 371,767
93.600	HEAD START	EDUCATION	\$ 122,840	\$ -
93.603	ADOPTION INCENTIVE PAYMENTS	HUMAN SERVICES	\$ 23,223	\$ 23,223
93.609	ACA-MEDICAID ADULT QUALITY GRANTS	HUMAN SERVICES	\$ 417,213	\$ -
93.617	VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES	SECRETARY OF STATE	\$ 13,957	\$ -
93.624	ACA-STATE INNOVATION MODELS	HEALTH	\$ 7,947,996	\$ 5,505,258
93.624	ACA-STATE INNOVATION MODELS	HUMAN SERVICES	\$ 15,122,238	\$ 1,210,145
		<b>Program 93.624 Total:</b>	<b>\$ 23,070,234</b>	<b>\$ 6,715,403</b>
93.627	AFFORDABLE CARE ACT: TESTING EXPERIENCE AND FUNCTIONAL ASSESSMENT TOOLS	HUMAN SERVICES	\$ 631,958	\$ 414,531
93.628	ACA-IMPLEMENTATION SUPPORT FOR STATE DEMONSTRATIONS	HUMAN SERVICES	\$ 409,455	\$ 51,704
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY	ADMINISTRATION	\$ 977,029	\$ 456,621
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	HUMAN SERVICES	\$ 378,051	\$ 271,366
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES	HUMAN SERVICES	\$ 3,737,841	\$ 620,500
93.659	ADOPTION ASSISTANCE	HUMAN SERVICES	\$ 26,325,549	\$ 1,820,203
93.667	SOCIAL SERVICES BLOCK GRANT	HUMAN SERVICES	\$ 31,647,463	\$ 30,214,991
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	HUMAN SERVICES	\$ 311,420	\$ 4,105
93.670	CHILD ABUSE AND NEGLECT DISCRETIONARY ACTIVITIES	HUMAN SERVICES	\$ 20,546	\$ -
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES	PUBLIC SAFETY	\$ 1,680,435	\$ 1,599,262
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	HUMAN SERVICES	\$ 1,677,648	\$ 1,304,674

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.721	ARRA-HEALTH INFO TECH PROF IN HEALTH CARE	STATE COLLEGES & UNIVERSITIES	\$ 361,343	\$ -
93.733	CAPACITY BUILDING ASSISTANCE	HEALTH	\$ 1,506,815	\$ 7,500
93.735	STATE PUBLIC HEALTH APPROACHES	HEALTH	\$ 232,113	\$ -
93.752	CANCER PREVENTION AND CONTROL PROGRAMS	HEALTH	\$ 3,114,795	\$ 105,217
93.753	CHILD LEAD POISONING PREVENTION SURVEILLANCE	HEALTH	\$ 334,387	\$ 32,250
93.755	SURVEILLANCE FOR DISEASES - IMMIGRANTS/REFUGEES	HEALTH	\$ 266,404	\$ -
93.757	STATE/LOCAL PUBLIC HEALTH PREVENTION ACTIONS	HEALTH	\$ 3,451,955	\$ 1,606,183
93.758	PREVENTATIVE HEALTH AND HEALTH SERVICES	HEALTH	\$ 3,696,073	\$ 21,692
93.761	EVIDENCE-BASED FALLS PREVENTION PROGRAMS BY PPHF	HUMAN SERVICES	\$ 192,643	\$ 136,865
93.763	ALZHEIMER'S DISEASE INITIATIVE: SPEC SUPPORTIVE SERVICES PROJECT THRU PPHF	HUMAN SERVICES	\$ 204,941	\$ 204,941
93.791	MONEY FOLLOWS THE PERSON REBALANCING DEMO	HUMAN SERVICES	\$ 5,109,650	\$ 402,223
93.800	ORGANIZED APPROACHES TO INCREASE COLORECTAL CANCER SCREENING	HEALTH	\$ 598,795	\$ -
93.810	PAUL COVERDELL NATIONAL ACUTE STROKE PROGRAM	HEALTH	\$ 533,648	\$ 3,917
93.815	DOMESTIC EBOLA SUPPLEMENT TO ELC	HEALTH	\$ 478,274	\$ -
93.817	HPP EBOLA PREPAREDNESS AND RESPONSE ACTIVITIES	HEALTH	\$ 1,123,654	\$ 995,301
93.822	HEALTH CAREERS OPPORTUNITY PROGRAM			
93.822	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (D18HP10618)</i>	STATE COLLEGES & UNIVERSITIES	\$ 6,800	\$ -
93.829	DEMO PROGS-IMPROVE COMMUNITY MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 132,585	\$ 63,981
93.837	CARDIOVASCULAR DISEASES RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 6,519	\$ -
93.847	DIABETES, DIGESTIVE, AND KIDNEY DISEASE RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 14,226	\$ -
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING			
93.859	<i>PASS-THROUGH FROM THE UNIVERSITY OF MINNESOTA (2R36GM053403-12)</i>	STATE COLLEGES & UNIVERSITIES	\$ 14,288	\$ -
93.865	CHILD HEALTH AND HUMAN DEVELOPMENT RESEARCH	STATE COLLEGES & UNIVERSITIES	\$ 250	\$ -
93.912	RURAL HEALTH CARE SERVICES OUTREACH & DEVELOPMENT	STATE COLLEGES & UNIVERSITIES	\$ 5,000	\$ -

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

**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (Continued)</b>				
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES RURAL HEALTH	HEALTH	\$ 390,430	\$ -
93.917	HIV CARE FORMULA GRANTS	HUMAN SERVICES	\$ 8,546,688	\$ 1,387,017
93.919	BREAST AND CERVICAL CANCER EARLY DETECTION	HEALTH	\$ 32,580	\$ 11,709
93.940	HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED	HEALTH	\$ 1,983,316	\$ 489,309
93.944	HIV/AIDS SURVEILLANCE	HEALTH	\$ 404,609	\$ -
93.945	ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION	HEALTH	\$ 1,671,988	\$ 458,408
93.946	COOP AGREEMTS TO SUPPORT SAFE MOTHERHOOD	HEALTH	\$ 248,386	\$ -
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	HUMAN SERVICES	\$ 7,872,516	\$ 6,148,886
93.959	BLOCK GRANTS - PREVENTION, TREATMENT OF SUBSTANCE ABUSE	HUMAN SERVICES	\$ 24,127,170	\$ 12,406,865
93.969	GERIATRIC EDUCATION CENTERS	STATE COLLEGES & UNIVERSITIES	\$ 1,927	\$ -
93.977	PREVENTIVE HLTH SERVICES_SEXUALLY TRANSMITTED DISEASES	HEALTH	\$ 1,253,589	\$ 155,804
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT	HEALTH	\$ 9,260,637	\$ 6,699,604
<b>U.S. SOCIAL SECURITY ADMINISTRATION</b>				
<b>Disability Insurance/SSI Cluster</b>				
96.001	SOCIAL SECURITY_DISABILITY INSURANCE	EMPLOYMENT & ECONOMIC	\$ 24,074,834	\$ -
<b>Disability Insurance/SSI Cluster Total:</b>			<b>\$ 24,074,834</b>	<b>\$ -</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
97.008	NON-PROFIT SECURITY PROGRAM	PUBLIC SAFETY	\$ 140,370	\$ 140,059
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	NATURAL RESOURCES	\$ 2,925,834	\$ 743,456
97.023	COMMUNITY ASSISTANCE	NATURAL RESOURCES	\$ 151,748	\$ 4,600
97.039	HAZARD MITIGATION GRANT	PUBLIC SAFETY	\$ 3,115,007	\$ 2,895,210
97.041	NATIONAL DAM SAFETY PROGRAM	NATURAL RESOURCES	\$ 148,036	\$ -
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	PUBLIC SAFETY	\$ 5,926,979	\$ 3,074,663
97.043	STATE FIRE TRAINING SYSTEMS GRANTS	PUBLIC SAFETY	\$ 39,000	\$ -

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



**STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2016**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)</b>				
97.044	ASSISTANCE TO FIREFIGHTERS GRANT	PUBLIC SAFETY	\$ 203,060	\$ -
97.045	COOPERATING TECHNICAL PARTNERS	NATURAL RESOURCES	\$ 357,125	\$ -
97.047	PRE-DISASTER MITIGATION	PUBLIC SAFETY	\$ 157,562	\$ 157,562
97.056	PORT SECURITY GRANT PROGRAM	NATURAL RESOURCES	\$ 90	\$ -
97.067	HOMELAND SECURITY GRANT PROGRAM	PUBLIC SAFETY	\$ 8,820,893	\$ 5,451,391
97.089	DRIVER'S LICENSE SECURITY GRANT	PUBLIC SAFETY	\$ 454,418	\$ -
97.091	HOMELAND SECURITY BIOWATCH PROGRAM	HEALTH	\$ 795,766	\$ -
<b>Non Major Program Total:</b>			<b>\$ 2,558,783,466</b>	<b>\$ 1,381,996,826</b>

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, 2016**

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**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 2016 conform to the Federal Single Audit Act of 1984 as amended in 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable. The required Schedule of Expenditures of Federal Awards is presented for the state’s fiscal year ended June 30, 2016. The Schedule of Expenditures of Federal Awards is divided into two sections: major and non-major federal programs.

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

For purposes of financial reporting, the Catalog of Federal Domestic Assistance (CFDA) number from the 2016 basic edition catalog identifies federal programs. The schedules are presented in numeric CFDA order within each federal agency, except for clusters of programs.

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

**Financial Reporting Entity of the State of Minnesota**

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

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

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

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

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

### **Basis of Accounting**

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

## Classification of Statement Information

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

## Note 2 – Perkins and Nursing Student Loan Programs

Below is a summary of the loan activity for the Perkins Loans (CFDA 84.038) and Nursing Student Loans (NSL) (CFDA 93.364) programs during fiscal year 2016. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	NSL
Loans Receivable, Beginning	\$ 32,175,757	\$ 25,851
Loan Repayments	(4,720,092)	(2,057)
Loan Cancellations	(405,764)	-
New Loans Issued	4,215,433	-
Loans Receivable, Ending	\$ 31,265,334	\$ 23,794
Allowance for Doubtful Accounts	(2,787,527)	-
Total Loans Receivable	<u>\$ 28,477,807</u>	<u>\$ 23,794</u>

## Note 3 – Federal Direct Student Loan Program

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

Under the Federal Direct Student Loan (FDSL) program (CFDA 84.268), the federal government, rather than a private lender, provides the loan principal to the student. MnSCU distributed the following FDSL loans to students attending state colleges or universities during fiscal year 2016.

Federal Direct Student Loans Issued:		
Direct Federal Subsidized Stafford	\$	238,690,346
Direct Federal Unsubsidized Stafford		329,428,452
Direct Federal Graduate PLUS		270,700
Direct Federal Parent Loans for Undergraduate Students		16,247,642
Total Federal Direct Student Loans	<u>\$</u>	<u>584,637,140</u>

#### Note 4 – Rebates

The Supplemental Food Program for Women, Infants, and Children (WIC) Program (CFDA 10.557), administered through the Minnesota Department of Health, receives cash rebates from infant formula manufacturers. The rebates are used to offset program costs and are reported as expenditure reductions. During fiscal year 2016, the state of Minnesota recognized a total rebate of about \$26,538,000 on sales of formula to participants in the WIC program.

The Medical Assistance Program (CFDA 93.778), administered through the Minnesota Department of Human Services, receives cash rebates from drug labelers on sales of drugs to participants in the Medical Assistance Program. The rebates are used to offset program costs and are reported as expenditure reductions. During fiscal year 2016, the state of Minnesota reduced expenditures by \$337,025,534 for the federal share of the rebate.

#### Note 5 – Unemployment Insurance Program

For fiscal year 2016, expenditures for the Unemployment Insurance Program (CFDA 17.225) include federal and state unemployment insurance expenditures as well as federal administrative expenditures. As shown in the following table, some of these expenditures were funded by American Recovery and Reinvestment Act (ARRA) funds:

	Non-ARRA Funds	ARRA Funds	Total
State Unemployment Expenditures	\$ 783,599,041	\$ -	\$ 783,599,041
Federal Unemployment Expenditures	7,937,111	-	7,937,111
Federal Administrative Expenditures	42,953,000	1,884,630	44,837,630
Total Expenditures	<u>\$ 834,489,152</u>	<u>\$ 1,884,630</u>	<u>\$ 836,373,782</u>

The Unemployment Insurance Program serves workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work. For audits and reporting under OMB Circular A-133 and the Uniform Guidance, the U.S. Department of Labor requires that both federal and state unemployment insurance funds be considered federal awards for determining Type A (major) federal programs and for reporting expenditures of federal awards.

**Note 6 – Water Quality Capitalization Grants**

Water quality capitalization grants (CFDA 66.458) are used by states to create revolving funds to provide financing for construction of wastewater treatment facilities and implementation of other water quality management activities. Loans are administered from these funds by the state departments of Employment and Economic Development, Agriculture, and Pollution Control. The state’s loan programs are Tourism Septic Loan (TLP), Agriculture Best Management Practices (AG BMP), and Clean Water Partnership (CWP). A summary of the loan activity for fiscal year 2016 is shown below.

	<u>TLP</u>	<u>AG BMP</u>	<u>CWP</u>
Loans Receivable, Beginning	\$ 222,492	\$ 27,130,667	\$ 17,698,914
Loan Repayments	(28,062)	(6,743,670)	(2,891,111)
New Loans Issued	61,145	6,808,569	2,267,977
Interest Capitalized	-	-	15,921
Loans Receivable, Ending	<u>\$ 255,575</u>	<u>\$ 27,195,566</u>	<u>\$ 17,091,701</u>

**Note 7 – Airport Improvement Program**

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

**Note 8 – CFDA Numbers**

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





**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2016**

**Section I:**

**Summary of Auditor's Results**

**Financial Statements**

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

**Schedule of Expenditures of Federal Awards**

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

**Federal Awards**

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

Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u> for all major programs, except for Temporary Assistance for Needy Families (CFDA 93.558), which was qualified.
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) and 2 CFR Part 200, Section .516?	_____ <u>X</u>	Yes	_____	No
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**Identification of Major Programs**

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

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2016**

**Section I: (continued)**

**Major Programs Audited**

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
<b>U. S. Department of Agriculture</b>	
<i>Supplemental Nutrition Assistance Program (SNAP) Cluster</i>	
Supplemental Nutrition Assistance Program (SNAP)	10.551
State Administrative Matching Grant for Supplemental Nutrition Program	10.561
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
<b>U. S. Department of The Interior</b>	
<i>Fish and Wildlife Cluster</i>	
Sport Fish Restoration Program	15.605
Wildlife Restoration And Basic Hunter Education	15.611
<b>U. S. Department of Labor</b>	
Unemployment Insurance	17.225
ARRA - Unemployment Insurance	17.225
<b>U. S. Department of Education</b>	
<i>Student Financial Assistance Cluster</i>	
Federal Supplemental Education Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Academic Competitiveness Grants	84.375
National Science and Mathematics Access to Retain	84.376
Teacher Education Assistance for College and Higher Ed. Grants (TEACH)	84.379
Nursing Student Loans	93.364
Rehabilitation Services - Vocational Rehabilitation Grants	84.126
<b>U. S. Department of Health &amp; Human Services</b>	
<i>Child Care and Development Fund (CCDF) Cluster</i>	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds	93.596
<i>Medicaid Cluster</i>	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777
Medical Assistance Program	93.778
<i>Temporary Assistance for Needy Families (TANF) Cluster</i>	
Temporary Assistance for Needy Families	93.558
Public Health Emergency Preparedness	93.069
State Planning, Establishment Grants for Affordable Care Act Exchanges	93.525
Basic Health Program	93.640
Foster Care Title IV-E	93.658
ARRA – Foster Care Title IV-E	93.658

**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2016**

**Section I: (continued)**

**Major Programs Audited**

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
<b>U. S. Department of Health &amp; Human Services (continued)</b>	
Children's Health Insurance Program	93.767
National Bioterrorism Hospital Preparedness	93.889
<b>U. S. Department of Homeland Security</b>	
Disaster Grants – Public Assistance	97.036



**Minnesota Office of the Legislative Auditor**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2016**

**Section II:**

**Financial Statement Audit Findings**

On February 16, 2017, we separately issued a report on *Internal Controls Over Statewide Financial Reporting* for the year ended June 30, 2016 in accordance with *Government Auditing Standards*. (Office of the Legislative Auditor, Financial Audit Division, Report 17-05). This report may also be accessed electronically at:  
**<http://www.auditor.leg.state.mn.us/fad/2017/fad17-05.htm>**. The report also includes responses from the individual agencies cited in the report.

The report contains one finding related to controls over the preparation of the State of Minnesota's financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings did not relate to federal awards or federal funds.

On November 16, 2016, an external public accounting firm for the Minnesota State Colleges and Universities, a part of the primary government of the State of Minnesota, separately issued a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for the Minnesota State Colleges and Universities' financial statements. Their report contained no findings. Their report may be accessed electronically at:  
**<http://www.minnstate.edu/system/finance/accounting/financialstatements/yearendstatements/docs/systemwide-fy16.pdf>**



**Minnesota Office of the Legislative Auditor  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2016**

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**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR**  
**STATEWIDE SINGLE AUDIT**  
**SECTION III**  
**SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS**  
**FISCAL YEAR ENDED JUNE 30, 2016**

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Agriculture</b>									
10.551	Supplemental Nutrition Assistance Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.551	Supplemental Nutrition Assistance Program	Human Services	17-11	2	2016-007	S	S	Not monitoring system access annually	P
10.553	School Breakfast Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.555	National School Lunch Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.556	Special Milk Program for Children	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.557	Special Supp. Nutrition Pgm - Women, Infant, Children	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.557	Special Supp. Nutrition Pgm - Women, Infant, Children	Health	17-09	1	2016-003	S	B	Inadequate documentation to support some payroll charges	\$17,473
10.558	Child and Adult Care Food Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.559	Summer Food Service Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
10.561	Supplemental Nutrition Assistance Administration	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
<b>U.S. Department of The Interior</b>									
15.605	Sport Fish Restoration Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
15.611	Wildlife Restoration and Basic Hunter Education	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
<b>U.S. Department of Labor</b>									
17.225	Unemployment Insurance	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
<b>U.S. Department of Education</b>									
84.007	Federal Supplemental Educational Opportunity Grants	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-16	1	2016-010	S	N	Inadequate internal controls over outstanding student refund checks	\$11,861
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-16	2	2016-011	S	N	Inaccurate information on NSLDS status update reports	P
84.010	Title I - Grant to Local Education Agencies	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.027	Special Education - State Grants	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.033	Federal Work Study Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-16	1	2016-010	S	N	Inadequate internal controls over outstanding student refund checks	\$11,861
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-16	2	2016-011	S	N	Inaccurate information on NSLDS status update reports	P

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**SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS**  
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(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Education (continued)</b>									
84.038	Federal Perkins Loans	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-16	1	2016-010	S	N	Inadequate internal controls over outstanding student refund checks	\$11,861
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-16	2	2016-011	S	N	Inaccurate information on NSLDS status update reports	P
84.063	Federal Pell Grant Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-16	1	2016-010	S	N	Inadequate internal controls over outstanding student refund checks	\$11,861
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-16	2	2016-011	S	N	Inaccurate information on NSLDS status update reports	P
84.126	Vocational Rehabilitation	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.126	Vocational Rehabilitation	Employment and Economic Development	17-10	1	2016-004	S	N	Noncompliance with the development of individualized employment plans	P
84.126	Vocational Rehabilitation	Employment and Economic Development	17-10	2	2016-005	S	G	Inadequate controls to ensure the required amount was spent on specified activities	P
84.173	Special Education - Preschool Grants	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.268	Federal Direct Student Loans	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-16	1	2016-010	S	N	Inadequate internal controls over outstanding student refund checks	\$11,861
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-16	2	2016-011	S	N	Inaccurate information on NSLDS status update reports	P
84.379	Teacher Ed Asst for College and Higher Education Grants	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
84.379	Teacher Ed Asst for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-16	1	2016-010	S	N	Inadequate internal controls over outstanding student refund checks	\$11,861
84.379	Teacher Ed Asst for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-16	2	2016-011	S	N	Inaccurate information on NSLDS status update reports	P
<b>U.S. Department of Health &amp; Human Services</b>									
93.069	Public Health Emergency Preparedness	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.069	Public Health Emergency Preparedness	Health	17-09	1	2016-003	S	B	Inadequate documentation to support some payroll charges	\$81,922
93.268	Immunization Cooperative Agreement	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.525	State Plan, Establishment Grants for ACA Exchanges	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.525	State Plan, Establishment Grants for ACA Exchanges	MNsure	17-07	1	2016-001	S	F	Did not maintain accurate and complete inventory of equipment	P
93.558	Temporary Assistance for Needy Families	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.558	Temporary Assistance for Needy Families	Human Services	17-11	1	2016-006	M	E	Noncompliance with federal eligibility requirements	P
93.558	Temporary Assistance for Needy Families	Human Services	17-11	2	2016-007	S	N	Not monitoring system access annually	P
93.558	Temporary Assistance for Needy Families	Human Services	17-11	3	2016-008	S	N	Did not consistently reduce cash assistance benefits	\$3,935
93.563	Child Support Enforcement	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.563	Child Support Enforcement	Human Services	17-11	2	2016-007	S	N	Not monitoring system access annually	P
93.568	Low-Income Home Energy Assistance	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.575	Child Care and Development Block Grant	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.575	Child Care and Development Block Grant	Human Services	17-11	2	2016-007	S	N	Not monitoring system access annually	P
93.575	Child Care and Development Block Grant	Human Services	17-11	4	2016-009	S	N	Not adequately monitoring program activities	P

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR**  
**STATEWIDE SINGLE AUDIT**  
**SECTION III**  
**SCHEDULE OF FEDERAL PROGRAM AUDIT FINDINGS**  
**FISCAL YEAR ENDED JUNE 30, 2016**

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
<b>U.S. Department of Health &amp; Human Services (continued)</b>									
93.596	Child Care Mandatory and Matching Fund	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.596	Child Care Mandatory and Matching Fund	Human Services	17-11	2	2016-007	S		Not monitoring system access annually	P
93.596	Child Care Mandatory and Matching Fund	Human Services	17-11	4	2016-009	S	N	Not adequately monitoring program activities	P
93.640	Basic Health Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.640	Basic Health Program	Human Services	17-11	2	2016-007	S		Not monitoring system access annually	P
93.658	Foster Care - Title IV-E	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.658	Foster Care - Title IV-E	Human Services	17-11	2	2016-007	S		Not monitoring system access annually	P
93.667	Social Services Block Grant	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.667	Social Services Block Grant	Human Services	17-11	2	2016-007	S		Not monitoring system access annually	P
93.767	Children's Health Insurance Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.767	Children's Health Insurance Program	Human Services	17-11	2	2016-007	S		Not monitoring system access annually	P
93.777	State Health Care Providers Survey	Human Services	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.778	Medical Assistance Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
93.778	Medical Assistance Program	Human Services	17-11	1	2016-006	S	A,B,E	Noncompliance with federal eligibility requirements	\$3,045
93.778	Medical Assistance Program	Human Services	17-11	2	2016-007	S		Not monitoring system access annually	P
93.889	National Bioterrorism Hospital Preparedness	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ
<b>U.S. Department of Homeland Security</b>									
97.036	Disaster Grants - Public Assistance Program	Management and Budget	17-08	1	2016-002	S	B	Noncompliance with federal cost principles and excess reserves	NQ

**Notes:**

(Note 1) - This summary schedule highlights federal program audit findings presented in the Minnesota Office of the Legislative Auditor's federal compliance reports to the applicable state agencies. These reports may be accessed at [www.auditor.leg.state.mn.us](http://www.auditor.leg.state.mn.us).  
 (Note 2) - The "RPT NO" column shows the report numbers in the format XX-XX, and identifies individual agency reports; and the "FIND NO" are finding numbers within those reports. The finding identifies whether the internal control (INT CONT) is a Material (M) weakness or a Significant (S) deficiency and/or compliance (COMP REQ) requirement addressed (A-N). The financial impact of a finding is shown as procedural (P), non-quantifiable (NQ) or as a questioned cost. The SF-SAC FIND REF is the Single Audit Report finding number for fiscal year 2016.  
 (Note 3) - CliftonLarsonAllen, LLP (CLA) audited the Minnesota State Colleges and Universities financial statements and the federal financial aid cluster.  
 The "RPT NO" for CliftonLarsonAllen federal program findings are reported in CLA-16; and the "FIND NO" are finding numbers within CliftonLarsonAllen's report.



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

**Report 17-07**

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

**Finding Number 2016-001 (17-07-1) *Did not maintain accurate and complete inventory of equipment.***

**1. MNsure did not maintain complete and accurate inventory records of equipment purchased. This is a repeat finding.<sup>1</sup>**

In February 2017, MNsure managers confirmed to us that they had not fully implemented our October 2014 recommendation to maintain complete and accurate inventory records for over \$5 million of equipment MNsure purchased with establishment grant money.<sup>2</sup>

In our prior audit report, we noted that MNsure had not updated its inventory records with specific equipment identification and location information. In addition, MNsure did not ensure its inventory records included all equipment MNsure purchased and exchange equipment purchased by other state agencies. Multiple agencies were involved in purchasing and housing the equipment, and miscommunication among these departments led to the issues we noted in our prior report.

Federal regulations require that, “A state must use, manage, and dispose of equipment acquired under a federal award by the state in accordance with state laws and procedures.”<sup>3</sup> The State of Minnesota’s Property Management Policy and User Guide defines “equipment” as having a useful life of two or more years with an acquisition cost of \$5,000 or more. The guide indicates the Asset Management Module in the state’s accounting system is the official record for all capital assets and requires agencies to assign asset identification numbers and identify physical location information

<sup>1</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-08, *MNsure* (Finding 2) issued March 24, 2016, and Financial Audit Division Report 14-21, *Minnesota Health Insurance Exchange: MNsure* (Finding 4) issued October 28, 2014.

<sup>2</sup> *Ibid.*

<sup>3</sup> 2 *CFR*, sec. 200.313 (2014).

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

at least every two years. MNsure Board Policy #7 further requires a “... *written inventory of all physical assets and supplies, and updates the same periodically through a physical inventory.*”

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

*Recommendation*

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

**MNsure’s Response:**

MNsure agrees with this finding. The creation of a fixed asset register in SWIFT is a significant undertaking, given the large number of assets purchased during the creation of the exchange. Over the past year, MNsure and DHS have identified and are implementing a resolution to this matter.

**Responsible Person:** Kari Koob, MNsure Chief Financial Officer

**Estimated Completion Date:** December 31, 2017

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

**Report 17-08**

<b>State Agency</b>	Minnesota Department of Management and Budget
<b>Federal Agency(ies)</b>	U.S. Department of Agriculture U.S. Department of the Interior U.S. Department of Labor U.S. Department of Education U.S. Department of Health and Human Services U.S. Department of Homeland Security
<b>CFDA Number(s)/ Program Name(s):</b>	10.551 – Supplemental Nutrition Assistance Program (SNAP) 10.553 – School Breakfast Program 10.555 – National School Lunch Program 10.556 – Special Milk Program for Children 10.557 – Special Supp. Nutrition Prgm for Women, Infants and Children 10.558 – Child and Adult Care Food Program 10.559 – Summer Food Service Program for Children 10.561 – State Admin. Matching Grant for Supp. Nutrition Program 15.605 – Sport Fish Restoration Program 15.611 – Wildlife Restoration and Basic Hunter Education 17.225 – Unemployment Insurance 84.007 – Federal Supplemental Education Opportunity Grants 84.010 – Title 1 Grants to Local Education Agencies 84.027 – Special Education – Grants to States 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loan 84.063 – Federal Pell Grant Program 84.126 – Rehabilitation Services - Vocational Rehabilitation Grants 84.173 – Special Education – Preschool Grants 84.268 – Federal Direct Student Loans 84.379 – Teacher Ed. Assistance for College & Higher Education Grants 93.069 – Public Health Emergency Preparedness 93.268 – Immunization Cooperative Agreement 93.525 – State Planning, Establishment Grants for ACA Exchanges 93.558 – Temporary Assistance for Needy Families 93.563 – Child Support Enforcement 93.568 – Low-Income Home Energy Assistance 93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Funds 93.640 – Basic Health Program (MinnesotaCare) 93.658 – Foster Care Title IV-E 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.777 – State Health Care Providers Survey 93.778 – Medical Assistance Program 93.889 – National Bioterrorism Hospital Preparedness 97.036 – Disaster Grants – Public Assistance

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

<b>Questioned Costs:</b>	Not Quantifiable
<b>Federal Project Nos./ Award Year</b>	Various

**Finding Number 2016-002 (17-08-1)** *Noncompliance with federal cost principles and excess reserves.*

- 1. For fiscal year 2016, the Department of Management and Budget approved rates for centralized information technology services that exceeded the cost of those services and overcharged federal programs. This is a repeat finding.<sup>4</sup>**

The Department of Management and Budget approved fiscal year 2016 billing rates for certain information technology services that were higher than the break-even rates calculated for those services. The Office of MN.IT Services (MN.IT) used the 2016 approved rates to bill other state agencies for information technology services it provided.<sup>5</sup> State agencies used money from federal grant programs, along with state money, to pay MN.IT for these information technology services.

For example, MN.IT’s 2016 billing rate for mainframe services was nearly 27 percent higher than the break-even rate the office calculated was necessary to cover the estimated cost of providing those services. The fiscal year 2016 billing rate was reduced from the rate for fiscal year 2015, which was 47 percent higher than break-even. Primary users of the state’s mainframe services are the Department of Human Services (for systems used to administer the state’s Medicaid, cash and food assistance, child support recovery, and various other state and federal programs) and the Department of Employment and Economic Development (for systems used to administer the state’s unemployment insurance system.)<sup>6</sup>

During our 2015 audit of the Office of MN.IT Services billings for information technology services,<sup>7</sup> MN.IT management told us they overcharged for some services to offset other services where it set rates below break-even. At that time, MN.IT management asserted that they were reluctant to increase the below break-even rates because of the impact these increases would have on agencies’ budgets. MN.IT management used the billing disparities to maximize federal dollars, and stated, “This is a strategy that Minnesota and many other states have historically

<sup>4</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-09, *Department of Management and Budget* (Finding 1), issued March 24, 2016.

<sup>5</sup> The Office of MN.IT Services is the state’s centralized information technology organization. The office provides more than 100 information technology services and technical support to state agencies, boards, and councils.

<sup>6</sup> These federal programs and their Catalog of Federal Domestic Assistance (CFDA) numbers are: Medical Assistance (CFDA 93.778), Temporary Assistance for Needy Families (CFDA 93.558), Supplemental Nutrition Assistance Program (CFDA 10.551 and 10.561), Child Support Enforcement (CFDA 93.563), and Unemployment Insurance (CFDA 17.225.) The CFDA number is a unique number assigned by the federal government to identify its programs.

<sup>7</sup> Office of the Legislative Auditor, Financial Audit Division Report 15-01, *Office of MN.IT Services - Billings for Shared Information Technology Services*, issued January 22, 2015.



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

used successfully to benefit state government, balancing federal penalties against leveraging the dollars for state investments.”<sup>8</sup>

We found no federal authorization to support MN.IT’s strategy. We believe this strategy (initially overbilling the federal government and subsequently paying refunds to the federal government when the overcharges result in excess fund balances) does not comply with federal cost principles, state statutes, or policies. While federal regulations allow for an annual adjustment (refund) when billing rates result in revenue greater than the actual cost of providing services, that does not eliminate the federal requirement that the billing rates “must be based on the estimated costs of providing the services.”<sup>9</sup> In addition, state statutes require state agencies to reimburse MN.IT for the “cost” of all services provided,<sup>10</sup> and state policy requires that state agencies set billing rates for internal services “as close to the break-even rate” as possible.<sup>11</sup>

The Department of Management and Budget identified the issue and began working with MN.IT in August 2013. Since then the department and MN.IT have taken or will take the following steps to move rates closer to break-even.

- For fiscal year 2015, the department required MN.IT to revise the proposed billing rates that were set higher than break-even. The department stated, “Those revisions reduced by \$1 million the revenue associated with four over recovering rates.”
- For fiscal year 2016, the department approved billing rates that were set 20 percent closer to break-even.
- For fiscal year 2017, MN.IT states, “with these rates, MN.IT continues to close the gap between historic charges and full breakeven rates...” adding, “these rates are adjusted by 40% towards the full breakeven rates...”<sup>12</sup>.
- For fiscal years 2018 and 2019, MN.IT proposed an additional adjustment to billing rates and the department has approved billing rates that it states will achieve 100% break-even across all information technology services in order to meet fiscal and audit requirements.

However, the fiscal year 2016 rates continued to overbill agencies for some services, such as for mainframe services, which are predominantly used to administer federal programs.

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<sup>8</sup> Memorandum from Carolyn Parnell, former Commissioner of the Office of MN.IT Services and State Chief Information Officer, to Margaret Kelly, Department of Management and Budget, State Budget Director, June 19, 2014.

<sup>9</sup> Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix V.

<sup>10</sup> Minnesota Statutes 2016, 16E.14, MN.IT Services Revolving Fund.

<sup>11</sup> Department of Management and Budget Policy 0108-01, *Internal Service Rate Approval*.

<sup>12</sup> Office of MN.IT Services *FY2017 Central Rates*, approved as of November 18, 2015.

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

As part of our audit, we quantified the amount MN.IT overcharged the federal Medical Assistance program administered by the Department of Human Services for mainframe services. Based on our analysis of the October 2015 MN.IT billings for mainframe services, we estimate that MN.IT overcharged the federal Medical Assistance program for that month approximately \$200,000. Because we believe the October 2015 billing is representative of all fiscal year 2016 monthly MN.IT billings, we estimate that MN.IT overcharged the federal Medical Assistance program by over \$2 million for the year.<sup>13</sup>

Due to higher than forecasted volume for certain information technology services, MN.IT issued rebates to state agencies. In May 2016, MN.IT issued a rebate of \$2.6 million. Of the \$2.6 million rebate, the Department of Human Services received \$1.8 million. According to MN.IT management, it plans to issue another rebate totaling \$2.6 million to state agencies, including the Department of Human Services.

Finally, the overcharges increased the revolving fund's reserve (or retained earnings) balance beyond the 60-day cash flow limit allowed by federal cost principles. In fiscal year 2016, the department refunded about \$2.5 million to the federal government because of the excess fund balance at the end of fiscal year 2014. In addition, in fiscal year 2017, the department refunded nearly \$4.2 million because of the excess fund balance at the end of fiscal year 2015. The department expects that in fiscal year 2018, it will again need to make a refund to the federal government because of the excess fund balance at the end of fiscal year 2016.

*Recommendations*

- *The Department of Management and Budget should ensure that the Office of MN.IT Services sets rates for information technology services that break-even with the costs of those services.*
- *The Department of Management and Budget and the Office of MN.IT Services should work with the federal government and state agencies to determine how to resolve overcharges.*

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<sup>13</sup> We did not quantify the amount MN.IT may have undercharged the federal Medical Assistance program.

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

**Minnesota Department of Management and Budgets and Office of MN.IT Services’  
Response:**

MMB and MN.IT appreciate the Office of the Legislative Auditor’s support in our work to correct over- and under-recovering billing rates. MN.IT and MMB have established a rate package for fiscal years (FY) 2018 and FY 2019 that are 100% break-even with the costs of services provided. MMB and MN.IT are committed to future rate packages that will do the same.

Despite this great work that has been done to bring the information technology services rate package into full compliance with state and federal legal requirements for FY 2018 and 2019, we recognize that we cannot change the rates that were charged for FY 2016 or FY 2017.

Since August 2013, MN.IT and MMB have been working to make adjustments to the rate packages for FY 2015, 2016 and 2017 to bring them closer to break-even while taking into consideration agencies’ ability to pay. As noted in the report, for FY 2016 MN.IT monitored its product line performance and was able to reduce the over recovery through rebates. For the remainder of FY 2017, MN.IT and MMB will continue to monitor and assess each product line’s performance and take actions to minimize over recovery. MN.IT has, and will continue, to adhere to OMB 2 CFR, Part 200 which specifies the four allowable methods for adjusting over billed amounts.

Also, starting in FY 2017, MNIT formed a Financial Steering Team comprised of state agency Chief Financial Officers, Chief Business Technology Officers, and MMB staff to assist MNIT with budget assumptions and rate setting methodology. In the future, we will continue to utilize this group in all our rate-setting processes.

**Responsible Persons:** Margaret Kelly, Assistant Commissioner MMB  
Tu Tong, Chief Financial Officer, MN.IT

**Estimated Completion Date:** July 1, 2017

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

**Report 17-09**

<b>State Agency</b>	Minnesota Department of Health
<b>Federal Agency(ies)</b>	U.S. Department of Agriculture U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) 93.069 – Public Health Emergency Preparedness
<b>Questioned Costs:</b>	\$17,473 – Special Supplemental Nutrition Program for Women, Infants, and Children \$81,922 – Public Health Emergency Preparedness
<b>Federal Project Nos./ Award Year</b>	Special Supplemental Nutrition Program for Women, Infants, and Children - 2014IW500342, 2015IW500342, 2016IW100342, 2016IW100642 Public Health Emergency Preparedness - 5U90TP000529, 3U90TP000529

**Finding Number 2016-003 (17-09-1) *Inadequate documentation to support some payroll charges.***

**1. The Department of Health did not have adequate documentation to support some payroll charges to federal programs.**

The Department of Health did not always have the required documentation to support some of the payroll charges we tested for the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA 10.557) and the Public Health Emergency Preparedness program (CFDA 93.069).

The federal government requires that charges to federal awards for salaries and wages must, “*Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.*”<sup>14</sup> Furthermore, federal requirements state, “*Costs of compensation are allowable to the extent that...the total compensation for individual employees...conforms to the established written policy of the non-Federal entity...*”<sup>15</sup> The department’s established written policy for employees paid from a single federal grant, or from multiple funding sources that have the same purpose and includes at least one federal grant, stated, “*Time worked by such employees will be supported by quarterly certifications. The certification form will be signed by the employee’s supervisor...*”<sup>16</sup>

<sup>14</sup> 2 CFR, sec. 200.430(i).

<sup>15</sup> 2 CFR, sec. 200.430(a).

<sup>16</sup> Minnesota Department of Health Policy 115.06, *Federal Time Reporting Requirements*.

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The department did not have quarterly certifications for selected quarters for 5 of the 29 employees in our sample test.<sup>17</sup> Department staff told us that certifications were not completed for two of the employees because they left the department before the end of the quarter, and their supervisors only completed certifications for employees still employed at the end of each quarter. For the other three employees, the department was not able to explain why it did not have required certifications on file. Based on the errors in the sample test, we expanded our testing and identified two additional missing quarterly certifications, which the department could not explain.

Without the required certifications, we questioned whether the payroll expenditures were allowable costs of the federal programs. The total questioned costs were about \$81,992 for the Public Health Emergency Preparedness program and about \$17,473 for the Special Supplemental Nutrition Program for Women, Infants, and Children.

*Recommendation*

- *The Department of Health should improve its control process for federal time reporting to ensure that all required payroll certifications are completed and retained.*

**Department of Health's Response**

We agree with this recommendation. We will evaluate our current process for receiving, tracking, and filing documents related to federal time reporting to ensure proper documentation is retained. We will update our department policy on federal time reporting to verify it conforms to federal requirements for auditing of these records.

**Responsible Person:** Sherry Kromschroeder, Financial Management Director

**Estimated Completion Date:** August 2017

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<sup>17</sup> We reviewed the supporting documentation for all payroll costs in fiscal year 2016 for 10 of the 53 employees who worked on Special Supplemental Nutrition Program for Women, Infants, and Children. We reviewed the supporting documentation for a sample of payroll costs in fiscal years 2015 and 2016 for 19 of the 141 employees who worked on the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.

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**Report 17-10**

<b>State Agency</b>	Minnesota Department of Employment and Economic Development
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	84.126 – Rehabilitation Services – Vocational Rehabilitation Grants
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	H126A160032-16C, H126A160033-16C, H126A150032-15D, H126A150033-15D

**Finding Number 2016-004 (17-10-1)** *Noncompliance with the development of individualized employment plans.*

- 1. The Department of Employment and Economic Development did not always develop individualized plans for employment for participants in the Rehabilitation Services – Vocational Rehabilitation Grants program within the required timeframe. This is a repeat finding.<sup>18</sup>**

The department did not always develop individualized plans for employment<sup>19</sup> for program participants within 90 days of determining the participants were eligible for services provided through the Rehabilitation Services – Vocational Rehabilitation Grants program (CFDA 84.126). For those cases, the department did not always document extensions to specific dates, agreed to by the participants, for developing the plans.

The federal requirement stated, “*The individualized plan for employment shall be developed as soon as possible, but not later than a deadline of 90 days after the date of the determination of eligibility...unless the designated State unit and the eligible individual agree to an extension of that deadline to a specific date....*”<sup>20</sup>

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

<sup>18</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-11, *Department of Employment and Economic Development Federal Compliance Audit*, (Finding 1), issued March 24, 2016.

<sup>19</sup> An individualized plan for employment is a written document signed by both the program participant and a department vocational rehabilitation counselor. Those plans include descriptions of the specific employment outcome chosen for the participant and the vocational rehabilitation services needed to achieve that outcome.

<sup>20</sup> 29 U.S. Code, sec. 722(b) (3) (F).

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

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

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

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

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

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

*Recommendations*

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

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**Department of Employment and Economic Development's Response:**

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

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

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

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

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

VRS and SSB work with customers with multiple barriers to employment and significant life challenges. We always strive to strike a balance between person-centered and responsive services with the compliance mandates issued from our federal funder. While we have demonstrated significant progress on this measure over the last 2 years, because of the realities of our customers and the profound challenges they face each and every day, we acknowledge that



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we may never achieve 100% compliance on this measure. We are continuing to seek guidance from our federal funder. With both our programs operating on order of selection, this regulation has serious implications for service delivery.

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

**Estimated Completion Date:** Ongoing Activity

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**Report 17-10**

<b>State Agency</b>	Minnesota Department of Employment and Economic Development
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	84.126 – Rehabilitation Services – Vocational Rehabilitation Grants
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	H126A160032-16C, H126A160033-16C, H126A150032-15D, H126A150033-15D

**Finding Number 2016-005 (17-10-2)** *Inadequate controls to ensure the required amount was spent on specified activities.*

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

The department did not spend at least 15 percent of its federal Rehabilitation Services – Vocational Rehabilitation Grant (CFDA 84.126) for the federal fiscal year ending September 30, 2015, on pre-employment transition services to students with disabilities.<sup>21</sup> Some federal grants have requirements about how the grant recipients can use certain amounts or percentages of the grant. Generally referred to as “earmarking,” these requirements allocate grant money for a specific purpose. The Rehabilitation Services – Vocational Rehabilitation Grant included an earmarking requirement that stated, “...*the State shall reserve not less than 15 percent of the allocated funds for the provision of pre-employment transition services.*”<sup>22</sup>

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

<sup>21</sup> 29 U.S. Code, sec. 733, lists the activities that may be considered pre-employment transition services. Activities include counseling for job exploration or for enrollment in transition or postsecondary educational programs; work-based learning experiences; workplace readiness training; and instruction in self-advocacy.

<sup>22</sup> 29 U.S. Code, sec. 730(d).

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*Recommendation*

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

**Department of Employment and Economic Development’s Response:**

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

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

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

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

The approach being used by RSA to ensure compliance to the new set-aside requirement is outlined on slides 10-15 of the power point presentation that was used at the September 2016

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technical assistance conference. These slides are entitled “Ensuring State Compliance with the Reservation of Funds Requirement”. Reference the power point presentation using this link: <https://www2.ed.gov/about/offices/list/osers/rsa/wioa/fiscal-overview-pre-employment-transition-services.pdf>. RSA is initially focusing their efforts on providing the technical assistance necessary to ensure States understand:

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

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

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

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

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

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

**Estimated Completion Date:** June 30, 2017

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**Report 17-11**

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.558 – Temporary Assistance for Needy Families 93.778 – Medical Assistance
<b>Questioned Costs:</b>	None – Procedural Finding Only – Temporary Assistance for Needy Families \$3,045 – Medical Assistance
<b>Federal Project Nos./ Award Year</b>	93.558 – 1102MNTANF, 1302MNTANF, 1402MNTANF, 1502MNTANF, 1601MNTANF 93.778 – 1405MN5ADM, 1405MN5MAP, 1405MNINCT, 1505MN5ADM, 1505MN5MAP, 1505MNINCT, 1605MN5ADM, 1605MN5MAP, 1605MNIMPL, 1605MNINCT

**Finding Number 2016-006 (17-11-1) *Noncompliance with federal eligibility requirements.***

- 1. The Department of Human Services did not adequately ensure eligibility requirements were met for families receiving Temporary Assistance for Needy Families benefits and the elderly and disabled people receiving Medical Assistance benefits. This is a repeat finding for the Temporary Assistance for Needy Families program.<sup>23</sup>**

In fiscal year 2016, the department paid cash assistance benefits to families not eligible for the Temporary Assistance for Needy Families program. In addition, the department paid benefits for some elderly and disabled people not eligible for the Medical Assistance program. The department generally works in coordination with the counties to determine eligibility for these programs.

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

**High error rates in eligibility determinations** – In fiscal year 2016, county workers continued to make errors when enrolling families in the Temporary Assistance for Needy Families (CFDA 93.558) program. State statutes provide the basis for Temporary Assistance for Needy Families eligibility requirements.<sup>24</sup> Based on the department’s review of eligibility determinations and our testing of a sample of families, we found 8 of 24 families were not eligible for benefits.

As part of the department’s oversight of the counties eligibility determinations, the department selects a sample of families to verify whether the county workers correctly determined the families’ eligibility. Last year the department’s sample testing identified that for about 49

<sup>23</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-06, *Department of Human Services Federal Compliance Audit*, (Finding 1), issued March 24, 2016.

<sup>24</sup> *Minnesota Statutes* 2015, 256J.11; 256J.12; 256J.14; 256J.20; 256J.21; 256J.30, subd. 11; and 256J.42.

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percent of the families enrolled in the program, the counties were either missing documents to support household members' relationships, assets or income, or had incomplete applications. Without this information, the department's reviewers were unable to determine whether these families were eligible for benefits. This year the department found the county workers did not obtain all required information for about 59 percent of the families.<sup>25</sup>

In response, the department implemented new procedures in March 2016 to have its program staff work with the county workers and obtain the information needed to determine eligibility. The department's program staff began tracking and monitoring how the counties resolved questions raised by the department's eligibility testing. The department also clarified its policies, identified additional guidance the county workers needed, and presented that information at the annual meeting with county workers, mentor meetings, or through its website.

To assess the effectiveness of the department's oversight, we looked back at 10 percent of the families reviewed by the department for fiscal year 2016 to verify the accuracy of the reviewers' work, whether the department followed up with the counties, and the final resolution of those families' eligibility status. We did not identify any errors in the department's review process. Of the 24 families we reviewed, the department's follow up procedures identified that 8 of the 24 families were indeed ineligible for benefits.

The department seems to be taking steps in the right direction; however, it is too soon to conclude whether the department's efforts will significantly decrease the number of inaccurate eligibility determinations.

**Inadequate oversight of elderly and disabled enrollees' eligibility** – In fiscal year 2016, county workers made errors while enrolling elderly and disabled people in the Medical Assistance (CFDA 93.778) program.<sup>26</sup> We tested 40 elderly and disabled enrollees to determine if counties made appropriate eligibility determinations, including obtaining any required documents to verify an enrollee's income and assets. During our reviews, we found 4 of 40 enrollees, or 10 percent, were not eligible for Medical Assistance. Table 2 shows the reasons these four people were not eligible and the benefit amount the department overpaid.

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<sup>25</sup> The department's reviewers found that 141 of 240 families in fiscal year 2016, or 59 percent, might not have been eligible for the program or may have been improperly dropped from the program even though eligible.

<sup>26</sup> The income methodology for elderly and disabled people is not based on the *modified adjusted gross income* method. The *Compliance Supplement* required us to test this group of people enrolled in the Medical Assistance program.

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**Table 2**  
**Medical Assistance Eligibility Determination Errors**  
**for the Elderly and Disabled Enrollees**  
**Fiscal Year 2016**

<u>Reason Enrollees were Ineligible</u>	<u>Overpayment<sup>a</sup></u>
<b>Assets over the limit:<sup>b</sup></b>	
Worker did not include available real property <sup>c</sup>	\$2,696
Worker did not use the correct bank balance	122
Worker did not verify the enrollee's bank balance	122
<b>Income over the limit:<sup>b</sup></b>	
Enrollee did not report pension income	<u>105</u>
<b>Total Overpayment</b>	<b><u>\$3,045</u></b>

<sup>a</sup> The overpayments in this table are the medical expenses the department paid in the month the county worker reverified whether the enrollees remained eligible for the program.

<sup>b</sup> *Minnesota Statutes* 2016, 256B.056, sub 1a (a) (1) establish the asset and income limits for elderly and disabled enrollees.

<sup>c</sup> Assets are available if the owner has both the legal authority and actual ability to use them or to convert them to cash.

Source: Auditor-determined based on verification of eligibility requirements for a sample of enrollees.

Until October 2015, the department had been reviewing the eligibility of a sample of elderly and disabled Medical Assistance enrollees. When the department conducted these reviews, the reviews ensured the county worker complied with the department's policies and procedures and whether the enrollee was eligible for benefits. The reviewers gave the potential eligibility errors to the department program staff, and the program staff reviewed whether they agreed with the potential errors. Through its sample reviews, the department could identify changes needed in its policies, procedures and training to help county workers avoid future errors. However, the department discontinued these case reviews in October 2015.

Verifying the eligibility of people enrolled in the public assistance programs is challenging because of the complexity of the eligibility requirements and the unique circumstances of applicants. However, it is one of the department's essential and fundamental responsibilities to ensure the state complies with federal and state laws and only pays benefits for eligible people.

*Recommendations*

- *The Department of Human Services should continue to identify and thoroughly analyze the causes of incorrect eligibility determinations, continue to educate the county workers, and ensure only eligible families receive Temporary Assistance for Needy Families benefits.*
- *The Department of Human Services should reinstate reviewing a sample of elderly and disabled Medical Assistance enrollees, analyzing the causes of*



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*incorrect eligibility determinations, educating county workers, and ensuring only eligible enrollees receive benefits.*

**Minnesota Department of Human Services' Response:**

**Audit Recommendation 1-1**

The department agrees with the finding and recommendation. The department implemented an extended review process, which confirmed that procedural errors do not always result in errors in eligibility determination. Having now established a successful extended review process, the department plans to use the findings to identify patterns in the errors and develop systemic solutions. That second stage of analysis will inform the efforts to:

- Provide additional training needed for county staff;
- Communicate more clearly through manuals and bulletins;
- Identify opportunities for process improvements and efficiencies; and
- Suggest legislative fixes to program complexity.

The department will also work with counties around their internal auditing processes. The department would like to assist counties with proactively identifying potential errors before cases are reviewed at the State level. This should improve error rates, as this will allow counties to proactively address missing verifications or other items that could result in technical or procedural errors identified by subsequent audits.

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

**Estimated Completion Date:** September 30, 2017

**Audit Recommendation 1-2**

The department agrees with the finding and recommendation. Current and upcoming eligibility audit projects directed by the Centers for Medicare & Medicaid Services include non-MAGI cases. We will make sure sufficient numbers of non-MAGI cases are included in the sampling conducted for these audits.

**Responsible Person:** Gary L. Johnson, Director of Internal Audits

**Estimated Completion Date:** December 31, 2017

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**Report 17-11**

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Agriculture U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	10.551 – Supplemental Nutrition Assistance Program 93.558 – Temporary Assistance for Needy Families Cluster 93.563 – Child Support Enforcement 93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Fund 93.640 – Basic Health Program (MinnesotaCare) 93.658 – Foster Care – Title IV-E 93.667 – Social Services Block Grant 93.767 – Children’s Health Insurance Program 93.778 – Medical Assistance Program
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	10.551 – 2014IS601842, 2015IS601842, 2015IS604542, 2015IS806942, 201616S601842, 201616S604542 93.558 – 1102MNTANF, 1302MNTANF, 1402MNTANF, 1502MNTANF, 1601MNTANF 93.563 – 1504MNCSES, 1604MNCSES 93.575 – 1401MNCCDF, 1501MNCCDF, 1601MNCCDF 93.596 – 1401MNCCDF, 1501MNCCDF, 1601MNCCDF 93.640 – None 93.658 – 1401MN1401, 1501MNFOST, 1601MNFOST 93.667 – 1401MNSOSR, 1501MNSOSR, 1601MNSOSR 93.767 – 1505MN1081, 1505MN5021, 1605MN5021 93.778 – 1405MN5MAP, 1405MNINCT, 1405MN5ADM, 1505MNINCT, 1505MN5MAP, 1505MN5ADM, 1605MNIMPL, 1605MN5MAP, 1605MN5ADM, 1605MNINCT

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**Finding Number 2016-007 (17-11-2) *Not monitoring system access annually.***

**2. The Department of Human Services did not ensure county workers with access to the department's computer systems needed the access. This is a repeat finding.<sup>27</sup>**

The department did not ensure that the Office of MN.IT Services (MN.IT) had counties complete an annual recertification of county workers' access to various state systems.<sup>28</sup> Thousands of county workers have access to these systems to enable them to determine eligibility for public assistance enrollees and/or to process payments on behalf of these enrollees.<sup>29</sup> An annual recertification helps ensure the access provided to each of these county workers is still needed. MN.IT is responsible on behalf of the department to verify that counties complete and submit recertifications for their employees.<sup>30</sup> MN.IT had not requested any recertification documents from the counties in fiscal year 2016. MN.IT staff told us they plan to complete the recertification process by July 2017.

Good information technology controls require that entities restrict access to computer systems to only users who need the access to accomplish assigned tasks. It also requires a periodic review of the access granted to ensure that only current employees with valid business needs have access to the electronic systems.<sup>31</sup>

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

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<sup>27</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-06, *Department of Human Services Federal Compliance Audit*, (Finding 2), issued March 24, 2016.

<sup>28</sup> The department's systems include software applications used by department and county employees to determine the eligibility of recipients on public assistance and process various benefit payments. These include: Minnesota Eligibility Child Care, MAXIS (the cash and food assistance system), Medicaid Management Information System, MNsure/Minnesota Eligibility Technology System, Social Services Information System, and PRISM (the child support enforcement system).

<sup>29</sup> This finding applies to the following fiscal year 2016 major federal programs: Supplemental Nutrition Assistance Program (CFDA 10.551), Temporary Assistance for Needy Families (CFDA 93.558), Child Care and Development Fund Cluster (CFDA 93.575 and 93.596), Foster Care (CFDA 93.658), Children's Health Insurance Program (CFDA 93.767), Basic Health Program (CFDA 93.640) and Medical Assistance Program (CFDA 93.778). This finding also applies to the Child Support Enforcement (CFDA 93.563, Federal Award Numbers 1504MNCSES and 1604MNCSES) and Social Services Block Grant (CFDA 93.667, Federal Award Numbers 1401MNSOSR, 1501MNSOSR and 1601MNSOSR) programs that were major federal programs in fiscal year 2015. See Appendix C (page 23) for federal award numbers for this program.

<sup>30</sup> The Office of MN.IT Services provides information technology services to the Department of Human Services and other state agencies.

<sup>31</sup> National Institute of Standards and Technology 800-53, Revision 4, Audit Control-6 "Least Privilege," Control Enhancement (7), and Minnesota Management and Budget's Statewide Operating Policy, *Security and Access*, Number 1101-07.

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

*Recommendation*

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

**Minnesota Department of Human Services' Response:**

The department and the Office of MN.IT Services (MN.IT) agree with the finding and recommendation. MN.IT is working with the department to implement a new recertification process, and to ensure timely completion of recertification reports. A project is underway with assigned resources.

**Responsible Persons:**

Chris Luhman, Information Security Manager, MN.IT at  
Department of Human Services  
Gary Johnson, Director, Department of Human Services'  
Internal Audits Office

**Estimated Completion Date:**

December 31, 2017

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

**Report 17-11**

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.558 – Temporary Assistance for Needy Families
<b>Questioned Costs:</b>	\$3,935
<b>Federal Project Nos./ Award Year</b>	1102MNTANF, 1302MNTANF, 1402MNTANF, 1502MNTANF, 1601MNTANF

**Finding Number 2016-008 (17-11-3) *Did not consistently reduce cash assistance benefits.***

**3. The Department of Human Services did not consistently reduce enrollees’ cash assistance benefits when the enrollees refused to cooperate with child support enforcement requirements. This is a repeat finding.<sup>32</sup>**

The department did not reduce Temporary Assistance for Needy Families (CDFA 93.558) cash assistance benefits for 10 of 60, or about 17 percent, of enrollees tested who refused to cooperate with child support enforcement requirements during fiscal year 2016. During fiscal year 2016, about 2,500 cash assistance enrollees did not cooperate.

Federal regulations require state agencies to reduce an enrollee’s cash assistance benefits by no less than 25 percent when the enrollee refuses to cooperate with establishing paternity or establishing, modifying, or enforcing a support order with respect to a child in the care of an enrollee.<sup>33</sup> The department chose to reduce the benefits by 30 percent.<sup>34</sup> When a custodial parent or care giver refuses to cooperate with child support enforcement requirements, the county worker receives an automated notification to reduce the enrollee’s benefits.

Table 3 shows the amounts the department overpaid the 10 enrollees during the months the enrollees did not cooperate with child support requirements during fiscal year 2016.

<sup>32</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-06, *Department of Human Services Federal Compliance Audit*, (Finding 3), issued March 24, 2016.

<sup>33</sup> 45 CFR, sec. 264.30.

<sup>34</sup> Department of Human Services Combined Manual, Child Support Sanctions, section 12.24.

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

**Table 3**  
**Cash Assistance Benefits Overpaid while**  
**Enrollees did not Cooperate with Child Support Requirements**  
**During Fiscal Year 2016**

Number of Enrollees	Number of Months of Not Cooperating	Amount of Cash Benefits Overpaid
4	1	\$ 944
2	2	594
3	3	946
1	4	<u>1,451</u>
Total Overpayment		<u>\$3,935</u>

Source: Auditor-determined based on review of information in the cash and food assistance system and child support system for a sample of the enrollees not cooperating with child support enforcement requirements.

Federal regulations allow the federal Department of Health and Human Services to penalize states who fail to substantially comply with these requirements.<sup>35</sup>

*Recommendation*

- *The Department of Human Services should develop a procedure to identify and review enrollees who do not cooperate with child support requirements and ensure county workers reduce cash assistance benefits when required.*

**Minnesota Department of Human Services' Response:**

The department agrees with the finding and recommendation. The department will examine cases where child support sanctions were not imposed, to identify root causes behind the high number of delays in imposing sanctions in situations where families are not cooperating with child support. Additionally, the department is working to update the MAXIS system to prevent the deletion of sanction notices sent to county caseworkers until the notice has been processed. The department is also providing clearer guidance around timely sanctions from Child Support via the Combined Manual (CM). This update to the CM will clarify that sanctions can be imposed in the next applicable eligibility month.

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

**Estimated Completion Date:** December 31, 2017

<sup>35</sup> 45 CFR, sec. 264.31.

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

**Report 17-11**

<b>State Agency</b>	Minnesota Department of Human Services
<b>Federal Agency(ies)</b>	U.S. Department of Health and Human Services
<b>CFDA Number(s)/ Program Name(s):</b>	93.575 – Child Care and Development Block Grant 93.596 – Child Care Mandatory and Matching Funds
<b>Questioned Costs:</b>	None – Procedural Finding Only
<b>Federal Project Nos./ Award Year</b>	93.575 – 1401MNCCDF, 1501MNCCDF, 1601MNCCDF 93.596 – 1401MNCCDF, 1501MNCCDF, 1601MNCCDF

**Finding Number 2016-009 (17-11-4) *Not adequately monitoring program activities.***

**4. The Department of Human Services did not always perform on-site licensing reviews of child care centers within the required timeframe. This is a repeat finding.<sup>36</sup>**

The department licenses all child care centers in the state of Minnesota. Many child care centers receive federal money from the department because they provide services to families eligible to participate in the Child Care and Development Fund program (CFDA 93.575 and 93.596).<sup>37</sup> The Child Care and Development Fund allows each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within the state.

In addition to paying for eligible families’ child care, the department uses money from the fund to administer the program. In the Child Care and Development Fund plan it submits to the federal government,<sup>38</sup> the department certifies that it has procedures in place to ensure that child care centers comply with applicable state health and safety requirements.<sup>39</sup> The plan states that the department’s licensing staff will perform on-site reviews of child care centers once every two years to ensure compliance with these requirements.<sup>40</sup>

The department, however, did not always perform on-site reviews of child care centers once every two years. We selected 40 child care centers for review and found that the department delayed on-site reviews beyond two years for 19 centers, with an average delay of three months. Table 4 below shows the results from our testing.

<sup>36</sup> Office of the Legislative Auditor, Financial Audit Division Report 16-06, *Department of Human Services Federal Compliance Audit*, (Finding 4), issued March 24, 2016.

<sup>37</sup> 45 *CFR*, Part 98, established the Child Care and Development Fund (CCDF). The purpose of the fund is to increase the availability, affordability, and quality of child care services. This program offers federal funding to states, Indian Tribes, and tribal organizations in order to provide low-income families with necessary child care services and to enhance the quality of child care and early development programs.

<sup>38</sup> The department submits its plan to the U.S. Department of Health and Human Services’ Administration for Children and Family (ACF).

<sup>39</sup> 45 *CFR*, sec. 98.41 (d), requires the department to certify that procedures are in effect to ensure that child care service providers comply with applicable health and safety requirements.

<sup>40</sup> Child Care Development Plan, section 5.2.2.(b).

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

**Table 4**  
**Length of the Delays in**  
**Child Care Center On-Site Licensing Reviews**

<u>Delay in Reviews (in months)</u>	<u>Number of Child Care Centers</u>
2 months or under	8
Between 3 and 4 months	5
Between 5 and 6 months	5
Between 7 and 8 months	<u>1</u>
<b>Total delayed reviews</b>	<b>19</b>

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

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

A key feature of the federal Child Care and Development Block Grant Act of 2014,<sup>41</sup> which reauthorizes the Child Care and Development Fund program, includes an increased focus on the improved health and safety of children. One of the changes requires an annual, unannounced, on-site review of licensed child care centers.<sup>42</sup> The department must demonstrate the ability to comply with this requirement by September 30, 2017.

*Recommendation*

- *The Department of Human Services should ensure it performs on-site reviews and enforces licensing requirements for child care centers according to federal requirements.*

**Minnesota Department of Human Services' Response:**

The State currently employs 9.5 child care licensors, 2 supervisors and 1 manager, who are responsible for monitoring 1,750 child care centers. This results in a caseload ratio of approximately 1:175. The funding of child care center licensing staff is supported largely by licensing fees. Increasing staff sufficient to ensure 100% compliance with a two-year review cycle would require additional resources and funding, which could significantly increase licensing fees.

In addition, the federal Child Care and Development Block Grant Act of 2014, enacted on November 19, 2014, will require several significant changes for child care center licensing

<sup>41</sup> Public Law 113-186.

<sup>42</sup> Public Law 113-186, sec. 5 (b)(2)(K)(II)(bb).



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

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

DHS is preparing for implementation of these provisions, which will require passage of state legislation and the identification of additional resources to meet the more demanding inspection and monitoring requirements. In 2016, the Governor recommended the Legislature provide additional funding to hire licensors in sufficient numbers to ensure annual inspections, but the bill did not advance in a non-budget year. The Governor's recommendation for additional funding is still under consideration for the 2017 Legislature. If additional funding is approved, DHS anticipates complying by December 2018.

**Responsible Person:** Regina Wagner, Licensing Deputy Inspector General

**Estimated Completion Date:** December 31, 2018

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

**Report CLA 16**

<b>State Agency</b>	Minnesota State Colleges and Universities
<b>Federal Agency(ies)</b>	U.S. Department of Education
<b>CFDA Number(s)/ Program Name(s):</b>	84.007 – Federal Supplemental Education Opportunity Grants 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loans 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants
<b>Questioned Costs:</b>	\$11,860.89
<b>Federal Project Nos./ Award Year</b>	Not Provided

**Finding Number 2016-010 (CLA-16-1) (CLA Report 2016-001) *Inadequate internal controls over outstanding student refund checks.***

**Award Period**

July 1, 2015 to June 30, 2016

**Type of Finding**

Significant Deficiency in Internal Control over Compliance

**Criteria or Specific Requirement**

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

**Condition**

Twenty-eight checks related to student refunds of Title IV federal financial aid were outstanding more than 240 days as of June 30, 2016 at Metropolitan State University. We noted that \$11,602 of the questioned costs below were subsequently return to the Department of Education.

**Questioned Costs:**

\$11,860.89

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

**Context:**

During the review of the bank reconciliation at Metropolitan State University, we noted checks caused by Title IV funds were outstanding greater than 240 days.

**Cause:**

University's management was under transition and compliance relating to returning checks was not being addressed in a timely manner.

**Effect**

The University is not in compliance with Department of Education requirements that all student checks that are outstanding for more than 240 days be returned to the Department.

**Repeat Finding**

No

**Auditor's Recommendation**

We recommend that the University review its procedures related to outstanding student refund checks to ensure they are being returned to the Department of Education after 240 days.

**Institutional Response:**

The University has returned \$11,602.00 as of March 3, 2017. The University is currently working with their Department of Education contact to gain access to the system to return the remaining \$258.89 associated with closed years and will return the remaining funds as soon as access is granted.

Going forward, a formal process has been written to systematically review and return any unclaimed financial aid refunds on an ongoing basis and before the expiration of the 240 day period.

**Responsible Persons:**

Metropolitan State University

Robert Mokuia, Accounts Receivable  
Manager

Lois Larson, Director of Financial Aid

**Estimated Completion Date:**

March 3, 2017, and as soon as access is  
granted

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

**Report CLA 16**

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

**Finding Number 2016-011 (CLA-16-2) (CLA Report 2016-002) *Inaccurate information on National Student Loan Data system status update reports.***

**Award Period**

July 1, 2015 to June 30, 2016

**Type of Finding**

Significant Deficiency in Internal Control over Compliance

**Criteria or Specific Requirement**

The Code of Federal Regulations, 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 30 days or with 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that don't pass the NSLDS enrollment reporting edits.

**Condition**

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

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

This issue occurred at the majority of colleges and universities in the U.S. during 2016, attributable to a processing error within the National Student Clearinghouse and the NSLDS websites. The U.S. Department of Education is aware of this processing error and institutions around the country utilizing the National Student Clearinghouse are also facing this same issue and have the same finding.

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

**Questioned Costs:**

None

**Context:**

During the review of the SCHER1 reports, we noted error records were not being corrected and resubmitted within the required 10 days.

**Cause:**

The colleges and universities processes and controls did not ensure that student status change were properly and timely reported to NSLDS.

**Effect**

The NSLDS system is not updated with the student information which can cause overawarding should the student transfer to another institution and the students may not properly enter the repayment period.

**Repeat Finding**

Yes, prior year finding CLA Report 2015-003

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

**Auditor's Recommendation**

We recommend that the Minnesota State review its reporting procedures to ensure that students' statuses are accurately and timely reported to NSLDS as required by regulations.

**Institutional Response:**

The system agrees with the auditor's recommendation. For two years the system has negotiated with the Clearinghouse to produce a permanent solution for ensuring compliance with these requirements. We look forward to the promised solution from the Clearinghouse staff in the near future. The system office therefore will convene a committee of system office and college and university staff to develop a standardized method for producing the Enrollment Reporting Summary Report that is independent of future enhancements from the National Clearinghouse. The system staff will continue and will expend training to the Colleges and Universities to ensure its timely application and will monitor the performance of the steps necessary to review that report and manually correct any actual errors in student status reporting in a timely fashion.

**Responsible Persons:**

Minnesota State Colleges and Universities

Chris Halling, System Director of Financial Aid

**Estimated Completion Date:**

April 30, 2017

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**State of Minnesota**  
**Financial and Compliance Report on Federally Assisted Programs**  
**Fiscal Year Ended June 30, 2016**

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STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
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CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
10-551	U.S. Department of Agriculture Supplemental Nutrition Assistance Program	Human Services	Insufficient monitoring of resolution of income discrepancies	1	13-05	2		2012
10-551	Supplemental Nutrition Assistance Program	Human Services	Insufficient monitoring of resolution of income discrepancies	1	14-11	5	2013-014	2013
10-551	Supplemental Nutrition Assistance Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-551	Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal eligibility requirements	1	15-07	1	2014-023	2014
10-551	Supplemental Nutrition Assistance Program	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
10-551	Supplemental Nutrition Assistance Program	Human Services	Noncompliance with federal eligibility requirements	1	16-06	1	2015-011	2015
10-551	Supplemental Nutrition Assistance Program	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
10-551	Supplemental Nutrition Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-553	School Breakfast Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-553	School Breakfast Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-555	National School Lunch Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-555	National School Lunch Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-556	Special Milk Program for Children	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-556	Special Milk Program for Children	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-557	Special Supp. Nutrition Pgm - Women, Infant, Children	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-557	Special Supp. Nutrition Pgm - Women, Infant, Children	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-558	Child and Adult Care Food Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-558	Child and Adult Care Food Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-559	Summer Food Service Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-559	Summer Food Service Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
10-561	Supplemental Nutrition Assistance Administration	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
10-561	Supplemental Nutrition Assistance Administration	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
15-605	U.S. Department of Interior Sport Fish Restoration Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
15-605	Sport Fish Restoration Program	Natural Resources	Noncompliance with federal standards for payroll cost allocations	1	16-10	1	2015-021	2015
15-611	Wildlife Restoration and Basic Hunter Education	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
15-611	Wildlife Restoration and Basic Hunter Education	Natural Resources	Noncompliance with federal standards for payroll cost allocations	1	16-10	1	2015-021	2015
17-225	U.S. Department of Labor Unemployment Insurance	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
17-225	Unemployment Insurance	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-007	U.S. Department of Education Federal Supp Educational Opportunity Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-007	Federal Supplemental Educational Opportunity Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	Discrepancies in reporting disbursements to the COD system	1	CLA-15	1	2015-023	2015
84-007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84-010	Title I - Grant to Local Education Agencies	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-010	Title I - Grant to Local Education Agencies	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-027	Special Education - State Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-027	Special Education - State Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-033	Federal Work Study Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-033	Federal Work Study Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-033	Federal Work Study Program	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-033	Federal Work Study Program	Minnesota State Colleges and Universities	Discrepancies in reporting disbursements to the COD system	1	CLA-15	1	2015-023	2015
84-033	Federal Work Study Program	Minnesota State Colleges and Universities	One college did not have an off-campus workstudy agreement	2	CLA-15	2	2015-024	2015
84-033	Federal Work Study Program	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84-038	Federal Perkins Loans	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-038	Federal Perkins Loans	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-038	Federal Perkins Loans	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-038	Federal Perkins Loans	Minnesota State Colleges and Universities	Discrepancies in reporting disbursements to the COD system	1	CLA-15	1	2015-023	2015
84-038	Federal Perkins Loans	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84-063	Federal Pell Grant Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-063	Federal Pell Grant Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015

**STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
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CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
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84-063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84-063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Discrepancies in reporting disbursements to the COD system	1	CLA-15	1	2015-023	2015
84-063	Federal Pell Grant Program	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84-126	Vocational Rehabilitation	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-126	Vocational Rehabilitation	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-126	Vocational Rehabilitation	Employment and Economic Development	Noncompliance with the development of individualized employment plans	2	16-11	1	2015-022	2015
84-173	Special Education - Preschool Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-173	Special Education - Preschool Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-268	Federal Direct Student Loans	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
84-268	Federal Direct Student Loans	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Noncompliance with federal cost principles and excess reserves	2	CLA-14	3	2014-037	2014
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	1	2015-023	2015
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Discrepancies in reporting disbursements to the COD system	2	CLA-15	3	2015-025	2015
84-268	Federal Direct Student Loans	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	4	2015-026	2015
84-376	National Science and Mathematics Talent Grants	MN.IT Services	Three students were not properly awarded subsidized Stafford loans	2	15-01	1	2014-018	2014
84-376	National Science and Mathematics Talent Grants	Minnesota State Colleges and Universities	Noncompliance with federal cost principles and excess reserves	1	CLA-14	3	2014-037	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	MN.IT Services	Inaccurate information on NSLDS status update reports	2	15-01	1	2014-018	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Minnesota State Colleges and Universities	Noncompliance with federal cost principles and excess reserves	2	CLA-14	3	2014-037	2014
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	1	2015-023	2015
84-379	Teacher Education Assistance for College and Higher Ed. Grants	Minnesota State Colleges and Universities	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
	<b>U.S. Department of Health and Human Services</b>							
93-268	Immunization Cooperative Agreement	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Did not maintain accurate and complete inventory of equipment	2	14-21	4	2014-003	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MNSure	Noncompliance with federal standards for payroll cost allocations	1	14-21	5	2014-004	2014
93-525	State Planning, Establishment Grants for ACA Exchanges	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93-525	State Plan, Establishment Grants for ACA Exchanges	MNSure	Used federal money for unallowable activities	1	16-08	1	2015-017	2015
93-525	State Plan, Establishment Grants for ACA Exchanges	MNSure	Did not maintain accurate and complete inventory of equipment	2	16-08	2	2015-018	2015
93-525	State Plan, Establishment Grants for ACA Exchanges	MNSure	Noncompliance with federal standards for payroll cost allocations	1	16-08	3	2015-019	2015
93-525	State Plan, Establishment Grants for ACA Exchanges	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93-558	Temporary Assistance for Needy Families	Human Services	Insufficient monitoring of resolution of income discrepancies	1	13-05	2		2012
93-558	Temporary Assistance for Needy Families	Human Services	Insufficient monitoring of resolution of income discrepancies	1	14-11	5	2013-014	2013
93-558	Temporary Assistance for Needy Families	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93-558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal cost principles and excess reserves	2	15-07	1	2014-023	2014
93-558	Temporary Assistance for Needy Families	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93-558	Temporary Assistance for Needy Families	Human Services	Noncompliance with federal eligibility requirements	2	16-06	1	2015-011	2015
93-558	Temporary Assistance for Needy Families	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93-558	Temporary Assistance for Needy Families	Human Services	Did not consistently reduce cash assistance benefits	2	16-06	3	2015-013	2015
93-558	Temporary Assistance for Needy Families	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93-563	Child Support Enforcement	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93-563	Child Support Enforcement	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93-563	Child Support Enforcement	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93-563	Child Support Enforcement	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93-568	Low-Income Home Energy Assistance	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93-568	Low-Income Home Energy Assistance	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93-575	Child Care and Development Block Grant	Human Services	Not adequately monitoring program activities	2	14-11	4	2013-013	2013
93-575	Child Care and Development Block Grant	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93-575	Child Care and Development Block Grant	Human Services	Noncompliance with federal eligibility requirements	1	15-07	1	2014-023	2014
93-575	Child Care and Development Block Grant	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93-575	Child Care and Development Block Grant	Human Services	Not adequately monitoring program activities	2	15-07	5	2014-027	2014
93-575	Child Care and Development Block Grant	Human Services	Noncompliance with federal eligibility requirements	1	16-06	1	2015-011	2015
93-575	Child Care and Development Block Grant	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93-575	Child Care and Development Block Grant	Human Services	Not adequately monitoring program activities	2	16-06	4	2015-014	2015

STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2016

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
93.575	U.S. Department of Health and Human Services (continued) Child Care and Development Block Grant	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.596	Child Care Mandatory and Matching Fund	Human Services	Not adequately monitoring program activities	2	14-11	4	2013-013	2013
93.596	Child Care Mandatory and Matching Fund	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Noncompliance with federal eligibility requirements	1	15-07	1	2014-023	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Not adequately monitoring program activities	2	15-07	5	2014-027	2014
93.596	Child Care Mandatory and Matching Fund	Human Services	Noncompliance with federal eligibility requirements	1	16-06	1	2015-011	2015
93.596	Child Care Mandatory and Matching Fund	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93.596	Child Care Mandatory and Matching Fund	Human Services	Not adequately monitoring program activities	2	16-06	4	2015-014	2015
93.596	Child Care Mandatory and Matching Fund	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.596	Child Care Mandatory and Matching Fund	Human Services	Noncompliance with eligibility verification requirements	2	16-02	1	2015-001	2015
93.640	Basic Health Program	Human Services	Inadequate controls to ensure security over the transfer of data	2	16-02	2	2015-002	2015
93.640	Basic Health Program	Human Services	Insufficient training for county eligibility workers	2	16-02	3	2015-003	2015
93.640	Basic Health Program	Human Services	Did not verify that enrollees remained eligible	2	16-02	4	2015-004	2015
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements for citizenship and social security information	2	16-02	5	2015-005	2015
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements over income	2	16-02	6	2015-006	2015
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	2	16-02	7	2015-007	2015
93.640	Basic Health Program	Human Services	Enrolled participants in the wrong public program	2	16-02	8	2015-008	2015
93.640	Basic Health Program	Human Services	Inappropriate use of federal funds to pay for health care costs	2	16-02	9	2015-009	2015
93.640	Basic Health Program	Human Services	Noncompliance with federal eligibility requirements	2	16-06	1	2015-011	2015
93.640	Basic Health Program	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93.640	Basic Health Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.640	Basic Health Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.658	Foster Care - Title IV-E	Human Services	Noncompliance with federal cost principles and excess reserves	2	15-07	3	2014-025	2014
93.658	Foster Care - Title IV-E	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.658	Foster Care - Title IV-E	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93.658	Foster Care - Title IV-E	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.667	Social Services Block Grant	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.667	Social Services Block Grant	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.667	Social Services Block Grant	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93.667	Social Services Block Grant	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.767	Children's Health Insurance Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.767	Children's Health Insurance Program	Human Services	Overcharge of federal share of expenditures	2	15-07	3	2014-025	2014
93.767	Children's Health Insurance Program	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93.767	Children's Health Insurance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.777	State Health Care Providers Survey	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.777	State Health Care Providers Survey	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.778	Medical Assistance Program	Human Services	Overcharge of federal share of expenditures	1	16-06	2	2015-015	2015
93.778	Medical Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.778	Medical Assistance Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.778	Medical Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
93.778	Medical Assistance Program	Human Services	Inadequate controls to ensure security over the transfer of data	2	14-22	1	2014-008	2014
93.778	Medical Assistance Program	Human Services	Inadequate controls to ensure security over the transfer of data	2	14-22	2	2014-009	2014
93.778	Medical Assistance Program	Human Services	Insufficient training for county eligibility workers	2	14-22	3	2014-010	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over citizenship and social security information	2	14-22	5	2014-012	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over income	2	14-22	6	2014-013	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	2	14-22	7	2014-014	2014
93.778	Medical Assistance Program	Human Services	Enrolled participants in the wrong public program	2	14-22	8	2014-015	2014
93.778	Medical Assistance Program	Human Services	Paid benefits for participants in both public program and Medicare	1	14-22	9	2014-016	2014
93.778	Medical Assistance Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with federal eligibility requirements	2	15-07	1	2014-023	2014
93.778	Medical Assistance Program	Human Services	Not monitoring system access annually	2	15-07	3	2014-025	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility verification requirements	2	16-02	1	2015-001	2015
93.778	Medical Assistance Program	Human Services	Inadequate controls to ensure security over the transfer of data	2	16-02	2	2015-002	2015
93.778	Medical Assistance Program	Human Services	Insufficient training for county eligibility workers	2	16-02	3	2015-003	2015
93.778	Medical Assistance Program	Human Services	Did not verify that enrollees remained eligible	2	16-02	4	2015-004	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements for citizenship and social security information	2	16-02	5	2015-005	2015

STATE OF MINNESOTA  
STATUS OF PRIOR FEDERAL AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2016

CFDA NO.	PROGRAM NAME	STATE AGENCY	IDENTIFIED PROBLEM IN PRIOR SINGLE AUDIT REPORT	CATEGORY OF CORRECTIVE ACTION TAKEN*	RPT NO.	FIND. NO.	SF-SAC FIND REF	AUDIT REPORT FISCAL YR.
	<b>U.S. Department of Health and Human Services (continued)</b>							
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over income	2	16-02	6	2015-006	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	2	16-02	7	2015-007	2015
93.778	Medical Assistance Program	Human Services	Did not ensure newborns turning age one remained eligible	2	16-02	10	2015-010	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with federal eligibility requirements	2	16-06	1	2015-011	2015
93.778	Medical Assistance Program	Human Services	Not monitoring system access annually	2	16-06	2	2015-012	2015
93.778	Medical Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
	<b>U.S. Department of Homeland Security</b>							
97.036	Disaster Grants - Public Assistance Program	MIN.IT Services	Noncompliance with federal cost principles and excess reserves	2	15-01	1	2014-018	2014
97.036	Disaster Grants - Public Assistance Program	Public Safety	Duplicate payment made to a grant recipient	1	16-07	1	2015-016	2015
97.036	Disaster Grants - Public Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	2	16-09	1	2015-020	2015
<p>Note 1: Beginning in Fiscal Year 2010, the regularly appropriated and Recovery Act funded benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551) are no longer separately reported per federal requirements. Therefore, prior audit findings for this program, regardless of funding source, are being reported under CFDA 10.554, Supplemental Nutrition Assistance Program.</p> <p>*CATEGORY OF CORRECTIVE ACTION TAKEN</p> <p>1 - Findings have been fully corrected.</p> <p>2 - Findings are not corrected or are only partially corrected.</p> <p>3 - Corrective action taken was significantly different than previously reported.</p> <p>4 - Audit findings are no longer valid or do not warrant further action.</p> <p>For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.</p>								

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**Supplemental Information  
Status of Prior Federal Program Audit Findings**

Below are explanations for findings not fully corrected or where the corrective action taken differs significantly from the previously-stated corrective action plan.

**Report 14-11**

**State Agency:** Minnesota Department of Human Services

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

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

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

**Finding 2013-013 (14-11-4)** *Not adequately monitoring program activities.*

**4. The Department of Human Services did not adequately monitor some aspects of the Child Care Assistance Program.**

This finding is repeated in the current audit report. See Section III, Report 17-11, Finding 4 (2016-009), for the Department of Human Service's response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 14-21**

**State Agency:** MNsure

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

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

93.525 State Planning and Establishment Grants for the Affordable  
Care Act's (ACA) Exchanges

**Finding 2014-003 (14-21-4)** *Did not maintain accurate and complete inventory of equipment.*

**4. The Department of Commerce and MNsure did not maintain complete and accurate inventory records of equipment purchased for the Exchange.**

This finding is repeated in the current audit report. See Section III, Report 17-07, Finding 1 (2016-001), for MNsure's response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-008 (14-22-1)** *Noncompliance with eligibility verification requirements.*

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department verifies attested wage and income information with available information in electronic data sources at the time the application or renewal is processed. The department will work with MN.IT Services to add DEED wage and unemployment information at renewal and to display this information.

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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-009 (14-22-2)** *Inadequate controls to ensure security over the transfer of data.*

- 2. The Department of Human Services lacked adequate controls to ensure the accurate and complete transfer of recipient data from MNsure to DHS’s medical payment system, and to detect whether Office of MN.IT Services staff inappropriately accessed recipients’ personal information.**

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department continues working with MN.IT Services to add additional logging associated with the certain datasets and resources identified during the audit.



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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-010 (14-22-3)** *Insufficient training for county eligibility workers.*

**3. The Department of Human Services did not provide the county human service eligibility workers with sufficient training on MNsure.**

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department released In-Person Paper Application Training which runs on a monthly basis, renews training which included supported training sessions, and developed and published many new procedures in ONEsource, their procedural manual.

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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-012 (14-22-5)** *Noncompliance with eligibility requirements for citizenship and social security information.*

- 5. The Department of Human Services did not have an effective process to resolve discrepancies with social security numbers and citizenship or immigration status that MNsure identified for further verification.**

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department is developing business processes to close enrollees when attestations cannot be adequately verified via available online information resources.

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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-013 (14-22-6)** *Noncompliance with eligibility requirements over income.*

**6. The Department of Human Services paid Medical Assistance and MinnesotaCare benefits for recipients whose income exceeded federal and state program limits.**

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

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

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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-014 (14-22-7)** *Noncompliance with eligibility requirements over household size and family relationships.*

**7. The Department of Human Services paid health care costs for some ineligible people based on the applicants' reported household size and family relationships.**

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, "The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination)." The Office of the Legislative Auditor's audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services' explanation for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has not been resolved. The department continues to collaborate with MN.IT Services and MNsure to identify and resolve systems issues and to prioritize systems enhancements.

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

**Report 14-22**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

**Finding 2014-015 (14-22-8)** *Incorrectly enrolled participants in the wrong public program.*

- 8. MNsure incorrectly enrolled some people in MinnesotaCare when they were eligible for Medical Assistance, and the Department of Human Services did not transfer MinnesotaCare recipients to the Medical Assistance Program when their income dropped.**

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department will continue to identify and resolve systems flaws that contribute to incorrect eligibility determinations. The department will also continue to develop ONEsource procedures so workers can promptly update METS when enrollees report changes in circumstances.

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

**Report 15-01**

**State Agency:** MN.IT Services

**Federal Agency(ies):** U.S. Department of Agriculture  
U.S. Department of Labor  
U.S. Department of Education  
U.S. Department of Health and Human Services  
U.S. Department of Homeland Security

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.557	Special Supp. Nutrition Program for Women, Infants, Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.561	Supplemental Nutrition Assistance Administration
17.225	Unemployment Insurance
84.007	Federal Supplemental Educational Opportunity Grants
84.010	Title I – Grant to Local Educational Agencies
84.027	Special Education – State Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan
84.063	Federal Pell Grant Program
84.126	Vocational Rehabilitation Grants
84.173	Special Education – Preschool Grants
84.268	Federal Direct Student Loans
84.376	National Science and Mathematics Talent Grants
84.379	Teacher Education Asst. for College and Higher Education
93.525	State Planning and Establishment Grants for ACA Exchanges
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care and Development – Mandatory and Matching
93.658	Foster Care
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.777	State Health Care Providers Survey
93.778	Medical Assistance Program
97.036	Disaster Grants – Public Assistance

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

**Finding 2014-018 (15-01-1)** *Noncompliance with federal cost principles and excess reserves.*

- 1. The Office of MN.IT Services used billing rates that significantly overcharged for some shared information technology services to offset other billing rates that significantly undercharged for some shared information technology services.**

This finding is repeated in the current audit report and is now included in Minnesota Management and Budget's report. See Section III, Report 17-08, Finding 1 (2016-002), for Minnesota Management and Budget and Minnesota MN.IT's joint response which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 15-07**

**State Agency:** Minnesota Department of Human Services

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

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

93.558 Temporary Assistance for Needy Families (TANF)  
93.778 Medical Assistance Program

**Finding 2014-023 (15-07-1) *Noncompliance with federal eligibility requirements.***

- 1. The Department of Human Services did not adequately ensure that recipients receiving benefits met the eligibility requirements for Medical Assistance, Children’s Health Insurance, Temporary Assistance for Needy Families, Child Care and Development Fund, and Supplemental Nutrition Assistance programs. This is a repeat finding.**

The portion of this finding related to Temporary Assistance for Needy Families is repeated in the current audit report. See Section III, Report 17-11, Finding 1 (2016-006), for the Department of Human Services’ response, which includes the reasons for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable.

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report. The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

The portion of this finding related to Medical Assistance has been partially resolved. The department will continue to identify and resolve systems flaws that contribute to incorrect eligibility determinations. The department will continue to develop ONEsource procedures so workers can promptly update METS when enrollees report changes in circumstances.



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

**Report 15-07**

**State Agency:** Minnesota Department of Human Services

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

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds
93.658	Foster Care – Title IV-E
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.778	Medical Assistance Program

**Finding 2014-025 (15-07-3)** *Incompatible system access without mitigating controls.*

**3. The Department of Human Services did not consistently ensure county workers with access to the department's computer systems needed the access.**

This finding is repeated in the current audit report. See Section III, Report 17-11, Finding 2 (2016-007), for the Department of Human Services' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 15-07**

**State Agency:** Minnesota Department of Human Services

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

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

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

**Finding 2014-027 (15-07-5) *Not adequately monitoring program activities.***

**5. The Department of Human Services did not always perform licensing visits to child care facilities in timely manner. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 17-11, Finding 4 (2016-009), for the Department of Human Services' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department will continue to identify and resolve systems flaws that contribute to incorrect eligibility determinations. The department will also continue to develop ONEsource procedures so workers can promptly update METS when enrollees report changes in circumstances.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department continues working with MN.IT Services to add additional logging associated with the certain datasets and resources identified during the audit.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department released In-Person Paper Application Training which runs on a monthly basis, renews training which included supported training sessions, and developed and published many new procedures in ONEsource, their procedural manual.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department has worked with MN.IT Services to improve system functionality related to renewals processing and timeliness.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department is developing business processes to close enrollees when attestations cannot be adequately verified via available online information resources.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

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



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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)  
93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, "The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination)." The Office of the Legislative Auditor's audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services' explanation for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has not been resolved. The department continues to collaborate with MN.IT Services and MNsure to identify and resolve systems issues and to prioritize systems enhancements.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department will work with MN.IT Services to add DEED wage and unemployment information at renewal and to display this information. In February 2015, the department corrected the residency and unemployment defects that were cited.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.640 Basic Health Program (Affordable Care Act)

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding has been partially resolved. The department and MN.IT Services have been identifying and fixing interface problems between the METS and MMIS and will continue to identify and resolve these issues. The department will continue to run reports to identify enrollees who become eligible for Medicare, and will redetermine eligibility for these enrollees as appropriate.

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

**Report 16-02**

**State Agency:** Minnesota Department of Human Services

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

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

93.778 Medical Assistance Program

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

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

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, “The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination).” The Office of the Legislative Auditor’s audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Medical Assistance Program. Therefore, the unresolved finding is not reported in a current audit report.

The Department of Human Services’ explanation for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

This finding is unresolved. The department will monitor counties to ensure workers determine eligibility for auto-newborns turning age 1.

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

**Report 16-06**

**State Agency:** Minnesota Department of Human Services

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

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

93.558	Temporary Assistance for Needy Families (TANF)
93.640	Basic Health Program (Affordable Care Act)
93.778	Medical Assistance Program

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

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

The portion of this finding related to Temporary Assistance for Needy Families is repeated in the current audit report. See Section III, Report 17-11, Finding 1 (2016-006), for the Department of Human Services' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

For fiscal year 2016, the Compliance Supplement, Part 4, explicitly stated, "The auditor shall not test eligibility for determinations based on Modified Adjusted Gross Income (MAGI-based determination)." The Office of the Legislative Auditor's audit scope for the fiscal year 2016 Single Audit did not include testing internal control and compliance over eligibility for the Basic Health and Medical Assistance Programs. Therefore, the unresolved finding is not reported in a current audit report. The Department of Human Services' explanation for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable, is included here:

The portion of this finding related to the Basic Health and Medical Assistance Programs has been partially resolved. The department will continue to identify and resolve systems flaws that contribute to incorrect eligibility determinations. The department will continue to develop ONEsource procedures so workers can promptly update METS when enrollees report changes in circumstances.

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

**Report 16-06**

**State Agency:** Minnesota Department of Human Services

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

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds
93.640	Basic Health Program (Affordable Care Act)
93.658	Foster Care – Title IV-E
93.667	Social Services Block Grant
93.767	Children’s Health Insurance Program
93.778	Medical Assistance Program

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

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

This finding is repeated in the current audit report. See Section III, Report 17-11, Finding 2 (2016-007), for the Department of Human Services’ response, which includes the reasons for the finding’s recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 16-06**

**State Agency:** Minnesota Department of Human Services

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

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

93.558 Temporary Assistance for Needy Families (TANF)

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

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

This finding is repeated in the current audit report. See Section III, Report 17-11, Finding 3 (2016-008), for the Department of Human Services' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 16-06**

**State Agency:** Minnesota Department of Human Services

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

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

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

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

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

This finding is repeated in the current audit report. See Section III, Report 17-11, Finding 4 (2016-009), for the Department of Human Services' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.



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

**Report 16-08**

**State Agency:** MNSure

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

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

93.525 State Planning and Establishment Grants for the Affordable  
Care Act's (ACA) Exchanges

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

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

This finding is repeated in the current audit report. See Section III, Report 17-07, Finding 1 (2016-001), for MNSure's response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 16-09**

**State Agency:** Minnesota Management and Budget

**Federal Agency(ies):** U.S. Department of Agriculture  
U.S. Department of the Interior  
U.S. Department of Labor  
U.S. Department of Education  
U.S. Department of Health and Human Services  
U.S. Department of Homeland Security

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

10.551	Supplemental Nutrition Assistance Program (SNAP)
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.557	Special Supp. Nutrition Program for Women, Infants, Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.561	Supplemental Nutrition Assistance Administration
15.605	Sport Fish Restoration Program
15.611	Wildlife Restoration and Basic Hunter Education
17.225	Unemployment Insurance
84.007	Federal Supplemental Educational Opportunity Grants
84.010	Title I – Grant to Local Educational Agencies
84.027	Special Education – State Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan
84.063	Federal Pell Grant Program
84.126	Vocational Rehabilitation Grants
84.173	Special Education – Preschool Grants
84.268	Federal Direct Student Loans
84.379	Teacher Education Asst. for College and Higher Education
93.268	Immunization Cooperative Agreement
93.525	State Planning and Establishment Grants for ACA Exchanges
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care and Development – Mandatory and Matching
93.640	Basic Health Program (Affordable Care Act)
93.658	Foster Care
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.777	State Health Care Providers Survey

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

93.778      Medical Assistance Program  
97.036      Disaster Grants – Public Assistance

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

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

This finding is repeated in the current audit report and is now included in Minnesota Management and Budget's report. See Section III, Report 17-08, Finding 1 (2016-002), for Minnesota Management and Budget and Minnesota MN.IT's joint response which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report 16-11**

**State Agency:** Minnesota Department of Employment and Economic Development

**Federal Agency(ies):** U.S. Department of Education

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

84.126 Rehabilitation Services – Vocational Rehabilitation Grants

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

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

This finding is repeated in the current audit report. See Section III, Report 17-10, Finding 1 (2016-004), for the Department Employment and Economic Development's response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report CLA-14**

**State Agency:** Minnesota State Colleges and Universities

**Federal Agency(ies):** U.S. Department of Education

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

84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education Grants

**Finding 2014-037 (CLA-14-3) (CLA Report 2014-003)**

*Inaccurate information on the National Student Loan Data System status update reports.*

This finding is repeated in the current audit report. See Section III, Report CLA-2016-002, Finding 2 (2016-011), for Minnesota State Colleges and Universities' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.

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

**Report CLA-15**

**State Agency:** Minnesota State Colleges and Universities

**Federal Agency(ies):** U.S. Department of Education

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

84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education Grants

**Finding 2015-025 (CLA-15-3) (CLA Report 2015-003)**

*Inaccurate information on National Student Loan Data System status update reports.*

This finding is repeated in the current audit report. See Section III, Report CLA-2016-002, Finding 2 (2016-011), for Minnesota State Colleges and Universities' response, which includes the reasons for the finding's recurrence, planned corrective action, and any partial corrective action taken, if applicable.