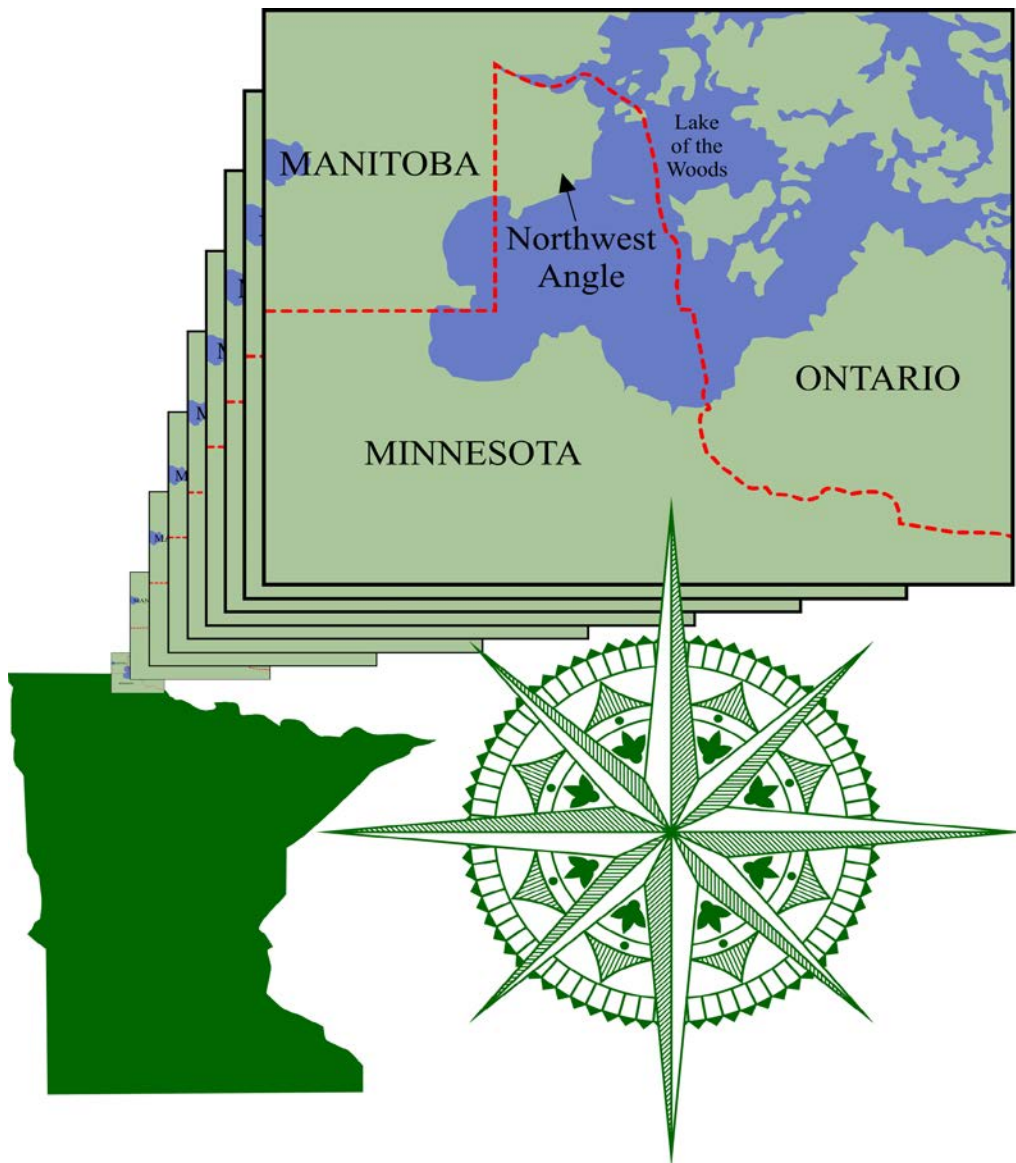


State of Minnesota Financial and Compliance Report on Federally Assisted Programs



For the Year Ended June 30, 2017



A fortunate mistake

A mistake made in 1783 has given Minnesota the distinction of being the most northern state in the contiguous 48. At the conclusion of the American Revolutionary War, the Treaty of Paris between the United States and Great Britain delineated the boundary between the U.S. territory and Canada as running "...through the Lake of the Woods to the northwestern-most point thereof, and from thence on a due west course to the river Mississippi..." The mistake was made when they relied on a map that showed the Mississippi extending far to the north. In a subsequent agreement, the Anglo-American Convention of 1818, the error was corrected by having the western boundary run directly from the northwest point of the lake to the 49th parallel and then westward along it. When a survey team finally located the northwestern-most point of the lake, they determined that a portion of the U.S. territory was "cut off," jutting about 30 miles north of the 49th parallel. This portion of land, now known as the Northwest Angle (or "the Angle" by locals), remains a region of the state of Minnesota and, with the exception of Alaska, is the only part of the U.S. that is north of the 49th parallel.

The Northwest Angle, including several small islands, can only be accessed by air, water, or ice cover across the Lake of the Woods or by land through Canada. The border crossing is unstaffed. Travelers wishing to enter by land are expected to use a dedicated telephone at one of three locations to contact Canadian or U.S. Customs and make their declarations.

The Angle, a portion (70%) of which is held in trust by the Red Lake Indian Reservation, has a population of 119 (2010 census), 34 who live on surrounding islands. It is a popular destination for fishermen year-round and for snowmobilers in the winter.

The Northwest Angle is a treasured part of Minnesota, its history and its uniqueness, proving that not all mistakes are bad.



State of Minnesota

Financial and Compliance Report on Federally Assisted Programs

For the Year Ended June 30, 2017

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

2017
Financial and
Compliance Report on
Federally Assisted
Programs

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

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

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

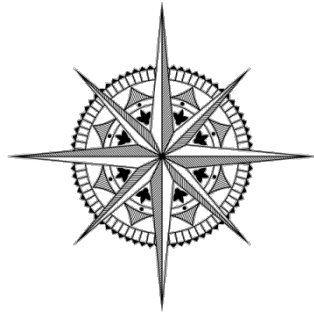
The State of Minnesota Comprehensive Annual Financial Report is available at the following website:
<http://www.mn.gov/mmb/accounting/reports/>



2017 Financial and Compliance Report on Federally Assisted Programs

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March 16, 2018

The Honorable Mark Dayton, Governor
Members of the Legislature

**RE: 2017 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, 2017. This report meets the requirements of the Federal Single Audit Act of 1984 as amended in 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable.

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

For purposes of the single audit in Minnesota, the audited entity is the state rather than each state agency. With this approach, the 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, 2017.

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 2017, 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 and the Uniform Guidance contained in 2 CFR Part 200, 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, 2017.

All subrecipients receiving federal assistance from Minnesota state agencies have been required to have audits in accordance with the Uniform Guidance contained in 2 CFR Part 200, as applicable. Results of these audits are summarized in the Report 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, 2017, and includes financial information on federal programs which was compiled by Minnesota Management and Budget.

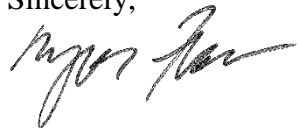
The Office of the Legislative Auditor is responsible for preparing the auditor's report on compliance with requirements applicable to each major federal program and on internal control over compliance, the summary of auditor's results, and the schedules of audit findings and questioned costs for federal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

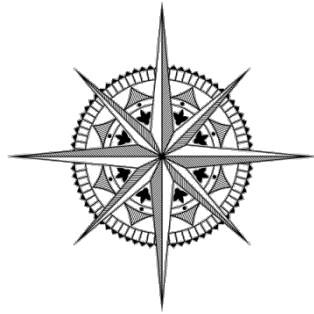
Acknowledgments

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,

A handwritten signature in black ink, appearing to read "Myron Frans", written in a cursive style.

Myron Frans
Commissioner





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 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) Uniform Guidance¹ 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, 2017. 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

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 the Uniform Guidance. Those standards 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 other procedures as we considered necessary in the circumstances.

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.

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

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, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in 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.

The State of Minnesota's response and corrective action plan to the noncompliance findings identified in our audit are described in the accompanying Agency Provided Corrective Action Plan. The state's response and corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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.

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. 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. 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.

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 in the State of Minnesota's internal controls over compliance that might be material weaknesses or significant and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal controls over compliance, as described in Section III of the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies.

The State of Minnesota's response and corrective action plan to the internal controls over compliance findings identified in our audit are described in the accompanying Agency Provided Corrective Action Plan. The state's response and corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

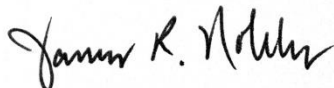
The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by 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, 2017, and have issued our report thereon dated December 15, 2017, 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 \$1.51 billion in federal awards for the year ended June 30, 2017. 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, 2017. 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 the Uniform Guidance.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

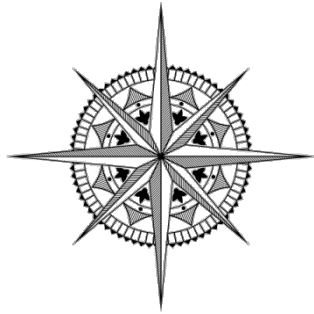


James R. Nobles
Legislative Auditor



Tracy Gebhard, CPA
Legislative Audit Director

March 16, 2018



**State of Minnesota
Major Federal Programs
Schedule of Expenditures
Year Ended June 30, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department Of Agriculture				
Supplemental Nutrition Assistance Program (SNAP) Cluster				
10.551	Supplemental Nutrition Assistance Program	Human Services	\$ 606,020,191	\$ -
10.561	State Admin Matching Grants For Supp Nutr	Human Services	\$ 75,814,184	\$ 63,893,266
Supplemental Nutrition Assistance Program (SNAP) Cluster Total:			\$ 681,834,375	\$ 63,893,266
Child Nutrition Cluster				
10.553	School Breakfast Program	Education	\$ 52,713,603	\$ 52,584,184
10.555	National School Lunch Program	Education	\$ 204,290,425	\$ 168,166,914
10.556	Special Milk Program For Children	Education	\$ 735,788	\$ 734,082
10.559	Summer Food Service Program For Children	Education	\$ 10,186,201	\$ 9,867,042
Child Nutrition Cluster Total:			\$ 267,926,017	\$ 231,352,222
10.557	Special Supp. Nutrition Program For Women, Infants (4)	Health	\$ 90,686,198	\$ 25,187,577
10.558	Child And Adult Care Food Program	Education	\$ 67,828,968	\$ 66,079,565
10.558	Child And Adult Care Food Program	MnSCU	\$ 44,454	\$ -
Program 10.558 Total:			\$ 67,873,422	\$ 66,079,565
U.S. Department Of Defense				
12.401	National Guard Military Operations And Maint	Military Affairs	\$ 53,200,615	\$ -
12.401	National Guard Military Operations And Maint	Water & Soil Resources	\$ 1,522,473	\$ -
Program 12.401 Total:			\$ 54,723,088	\$ -
U.S. Department Of Education				
Student Financial Assistance Cluster				
84.007	Federal Supp. Educational Opportunity Grants	MnSCU	\$ 6,168,171	\$ -
84.033	Federal Work-Study Program	MnSCU	\$ 6,820,781	\$ -
84.038	Federal Perkins Loan (2)	MnSCU	\$ 35,323,869	\$ -
84.063	Federal Pell Grant Program	MnSCU	\$ 223,008,864	\$ -
84.268	Federal Direct Student Loans (3)	MnSCU	\$ 526,319,318	\$ -
84.375	Academic Competitiveness Grants	MnSCU	\$ 1,200	\$ -
84.376	National Science And Mathematics Access To Retain	MnSCU	\$ 25,150	\$ -
84.379	Teacher Ed. Assist. For College And Higher Ed. Grants	MnSCU	\$ 407,411	\$ -
93.364	Nursing Student Loans (2)	MnSCU	\$ 23,794	\$ -
Student Financial Assistance Cluster Total:			\$ 798,098,558	\$ -
84.126	Rehab Services Vocational Rehab Grants	Employment & Economic	\$ 60,497,129	\$ 376,746
U.S. Department Of Health & Human Services				
Temporary Assistance for Needy Families (TANF) Cluster				
93.558	Temporary Assistance For Needy Families	Human Services	\$ 216,745,218	\$ 82,122,053
Temporary Assistance for Needy Families (TANF) Cluster Total:			\$ 216,745,218	\$ 82,122,053
Medicaid Cluster				
93.775	State Medicaid Fraud Control Units	Attorney General	\$ 1,969,956	\$ -
93.777	State Survey And Cert. Of Health Care Providers	Health	\$ 14,958,523	\$ -
93.777	State Survey And Cert. Of Health Care Providers	Human Services	\$ 9,554,000	\$ -
93.778	Medical Assistance Program (4)	Human Services	\$ 6,838,623,018	\$ 197,027,698
Medicaid Cluster Total:			\$ 6,865,105,497	\$ 197,027,698
Child Care and Development Fund (CCDF) Cluster				
93.575	Child Care And Development Block Grant	Human Services	\$ 73,648,336	\$ -
93.596	Child Care Mandatory And Matching Funds	Human Services	\$ 49,098,891	\$ 14,819,349
Child Care and Development Fund (CCDF) Cluster Total:			\$ 122,747,227	\$ 14,819,349
93.069	Public Health Emergency Preparedness	Health	\$ 13,459,624	\$ 5,207,082

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, 2017

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.268	Immunization Cooperative Agreements	Health	\$ 52,705,353	\$ 580,470
93.525	State Planning, Establishmt Grants For ACA Exchanges	MNsure	\$ 15,570,916	\$ 363,803
93.568	Low-Income Home Energy Assistance	Commerce	\$ 108,525,354	\$ 106,130,660
93.640	Basic Health Program (ACA)	Human Services	\$ 340,177,608	\$ -
93.767	Children's Health Insurance Program	Human Services	\$ 117,117,699	\$ 18,794
93.889	National Bioterrorism Hospital Preparedness	Health	\$ 4,343,749	\$ 3,405,396
Major Federal Programs Total			\$ 9,878,137,032	\$ 796,564,681

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department Of Agriculture				
Forest Service Schools and Roads Cluster				
10.665	Schools And Roads - Grants To States	MN Management & Budget	\$ 7,022,873	\$ 7,022,873
	Forest Service Schools and Roads Cluster Total:		\$ 7,022,873	\$ 7,022,873
Food Distribution Cluster				
10.565	Commodity Supplemental Food Program	Health	\$ 1,218,797	\$ 1,092,653
10.568	Emergency Food Assistance (Administrative Costs)	Human Services	\$ 688,351	\$ 497,676
	Food Distribution Cluster Total:		\$ 1,907,148	\$ 1,590,329
10.001	Agricultural Research Service	MnSCU	\$ 8,854	\$ -
10.025	Plant And Animal Disease, Pest Control, And Animal Care	Agriculture	\$ 782,672	\$ -
10.025	Plant And Animal Disease, Pest Control, And Animal Care	Animal Health Board	\$ 438,112	\$ -
10.025	<i>Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)</i>	Agriculture	\$ 32,600	\$ -
	Program 10.025 Total:		\$ 1,253,384	\$ -
10.028	Wildlife Services	Natural Resources	\$ 16,447	\$ -
10.072	Wetlands Reserve Program	Water & Soil Resources	\$ 124,792	\$ -
10.093	Voluntary Public Access & Habitat Incentive Program	Natural Resources	\$ 310,796	\$ 9,438
10.117	Biofuel Infrastructure Partnership	Agriculture	\$ 2,231,753	\$ 2,231,753
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture	\$ 1,291,219	\$ 1,085,736
10.171	Organic Certification Cost Share	Agriculture	\$ 418,695	\$ -
10.215	Sustainable Agriculture Research and Education			
10.215	<i>Pass-Through from the University of Minnesota (Unknown)</i>	Agriculture	\$ 4,466	\$ -
10.221	Tribal Colleges Education Equity Grants	MnSCU	\$ 61,256	\$ -
10.222	Tribal Colleges Endowment Program	MnSCU	\$ 140,932	\$ -
10.227	1994 Institutions Research Program	MnSCU	\$ 42,654	\$ -
10.310	Agriculture And Food Research Initiative	MnSCU	\$ 91,125	\$ -
10.319	Farm Business Management Grants	MnSCU	\$ 73,290	\$ -
10.351	Rural Business Development Grant	MnSCU	\$ 88,382	\$ -
10.443	Outreach And Assist. For Disadvantaged Farmers	MnSCU	\$ 22,383	\$ -
10.460	Risk Management Education Partnerships	MnSCU	\$ 85,875	\$ -
10.475	Coop Agmnts With States For Intrastate Meat, Poultry	Agriculture	\$ 1,353,448	\$ -
10.479	Food Safety Cooperative Agreements	Agriculture	\$ 356,453	\$ -
10.500	Cooperative Extension Service	MnSCU	\$ 54,648	\$ -
10.500	<i>Pass-Through from the University of Minnesota (20154152023815)</i>	MnSCU	\$ 127,180	\$ -
	Program 10.500 Total:		\$ 181,828	\$ -
10.547	Professional Standards School Nutrition Employees	Education	\$ 72,796	\$ -
10.560	State Administrative Expenses For Child Nutrition	Education	\$ 4,618,739	\$ -
10.572	WIC Farmers' Market Nutrition Program (FMNP)	Agriculture	\$ 304,900	\$ -
10.574	Team Nutrition Grants	Education	\$ 170,972	\$ -
10.576	Senior Farmers' Market Nutrition Program	Agriculture	\$ 104,740	\$ -
10.578	WIC Grants To States (WGS)	Health	\$ 343,636	\$ -
10.579	Child Nutrition Discretionary Grants Limited Availability	Education	\$ 738,324	\$ 695,797
10.582	Fresh Fruit And Vegetable Program	Education	\$ 3,135,363	\$ 3,085,066
10.664	Cooperative Forestry Assistance	Natural Resources	\$ 1,493,369	\$ 635,368
10.674	Wood Utilization Assistance	Natural Resources	\$ 134,794	\$ 9,000
10.675	Urban And Community Forestry Program	Natural Resources	\$ 309,555	\$ 175,991
10.676	Forest Legacy Program	Natural Resources	\$ 70,480	\$ -

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
10.678	Forest Stewardship Program	Natural Resources	\$ 417,978	\$ 82,136
10.680	Forest Health Protection	Agriculture	\$ 81,292	\$ -
10.680	Forest Health Protection	Natural Resources	\$ 234,566	\$ -
10.680	Forest Health Protection	MnSCU	\$ 6,370	\$ -
10.680	<i>Pass-Through from the Gypsy Moth Slow the Spread Foundation (Unknown)</i>	Agriculture	\$ 356,553	\$ -
	Program 10.680 Total:		\$ 678,781	\$ -
10.855	Distance Learning & Telemedicine Loans & Grants	MnSCU	\$ 59,718	\$ -
10.912	Environmental Quality Incentives Program	Agriculture	\$ 25,000	\$ -
10.912	Environmental Quality Incentives Program	Water & Soil Resources	\$ 14,377	\$ -
	Program 10.912 Total:		\$ 39,377	\$ -
U.S. Department Of Commerce				
Economic Development Cluster				
11.307	Economic Adjustment Assistance	Transportation	\$ 4,670,383	\$ -
	Economic Development Cluster Total:		\$ 4,670,383	\$ -
11.407	Interjurisdictional Fisheries Act Of 1986	Natural Resources	\$ 19,345	\$ -
11.417	Sea Grant Support	MnSCU	\$ 52,411	\$ -
11.419	Coastal Zone Management Administration Awards	Natural Resources	\$ 980,993	\$ 487,784
11.549	State And Local Implementation Grant Program	Public Safety	\$ 450,319	\$ 25,287
U.S. Department Of Defense				
12.113	Reimbursement Of Technical Services	Pollution Control Agency	\$ 237,453	\$ -
12.300	Basic And Applied Scientific Research	MnSCU	\$ 4,569	\$ -
12.400	Military Construction, National Guard	Military Affairs	\$ 4,946,258	\$ -
12.404	National Guard Challenge Program	Military Affairs	\$ 994,727	\$ 994,727
12.630	R&D-Basic, Applied, And Adv Res In Science, Engineer	Natural Resources	\$ 89,315	\$ -
12.903	GenCyber Grants Program	MnSCU	\$ 302,605	\$ -
U.S. Department Of Housing & Urban Development				
14.228	CDBG/State's Program And Non-Entitlement Grants	Employment & Economic	\$ 15,396,632	\$ 14,069,925
14.231	Emergency Solutions Grants Program	Human Services	\$ 2,115,581	\$ 2,044,893
U.S. Department Of The Interior				
Fish and Wildlife Cluster				
15.605	Sport Fish Restoration Program	Natural Resources	\$ 12,073,227	\$ -
15.611	Wildlife Restoration And Basic Hunter Education	Natural Resources	\$ 21,863,483	\$ 37,500
	Fish and Wildlife Cluster Total:		\$ 33,936,710	\$ 37,500
15.028	Tribally Controlled Community College Endowments	MnSCU	\$ 30,530	\$ -
15.608	Fish And Wildlife Management Assistance	Agriculture	\$ 2,644	\$ -
15.608	Fish And Wildlife Management Assistance	Natural Resources	\$ 137,920	\$ -
	Program 15.608 Total:		\$ 140,564	\$ -
15.615	Cooperative Endangered Species Conservation Fund	Natural Resources	\$ 55,057	\$ -
15.622	Sportfishing And Boating Safety Act	Natural Resources	\$ 89,636	\$ 89,636
15.626	Enhanced Hunter Education And Safety Program	Natural Resources	\$ 209,208	\$ -
15.634	State Wildlife Grants	Natural Resources	\$ 1,370,539	\$ 2,410
15.657	Endangered Species Conservation - Rec Implement	MN Zoological Board	\$ 10,281	\$ -
15.657	Endangered Species Conservation - Rec Implement	Natural Resources	\$ 45,972	\$ -
	Program 15.657 Total:		\$ 56,253	\$ -
15.660	Endangered Species - Candidate Conservation	Natural Resources	\$ 5,000	\$ -
15.662	Great Lakes Restoration	Natural Resources	\$ 611,126	\$ -
15.662	Great Lakes Restoration	MnSCU	\$ 320,663	\$ -

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, 2017**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
Program 15.662 Total:			\$ 931,789	\$ -
15.808	US Geological Survey Research And Data Collection	Natural Resources	\$ 6,249	\$ -
15.916	Outdoor Recreation Acquisition, Developmt, Planning	Natural Resources	\$ 1,674,644	\$ 89,760
15.945	Cooperative Research And Training	MnSCU	\$ 12,373	\$ -
15.978	Upper Mississippi River System LT Resource Monitoring	Natural Resources	\$ 520,194	\$ -
15.980	National Ground-Water Monitoring Network	Pollution Control Agency	\$ 20,265	\$ -
U.S. Department Of Justice				
16.004	Law Enforcement Assist. Narcotics, Dangerous Drugs	Public Safety	\$ 32,998	\$ -
16.013	Violence Against Women Act Training	Trial Courts	\$ 172,493	\$ -
16.017	Sexual Assault Services Formula Program	Public Safety	\$ 297,520	\$ 276,354
16.021	Justice Systems Response To Families	Trial Courts	\$ 197,226	\$ -
16.320	Services For Trafficking Victims	Health	\$ 187,417	\$ 137,701
16.523	Juvenile Accountability Block Grants	Public Safety	\$ 172,980	\$ 172,980
16.525	Grants To Reduce Violence On Campus	MnSCU	\$ 122,530	\$ -
16.540	Juvenile Justice And Delinquency Prevention	Public Safety	\$ 460,124	\$ 392,574
16.543	Missing Children's Assistance	Public Safety	\$ 325,623	\$ 607
16.550	State Justice Statistics Program For Statistical Analysis	Public Safety	\$ 135,801	\$ -
16.554	National Criminal History Improvement Program (NCHIP)	Public Safety	\$ 843,825	\$ -
16.560	Nat'l Institute Of Justice Research, Evaluation, And Dev	Public Safety	\$ 44,720	\$ -
16.575	Crime Victim Assistance	Public Safety	\$ 27,874,827	\$ 26,856,060
16.576	Crime Victim Compensation	Public Safety	\$ 1,355,563	\$ -
16.582	Crime Victim Assistance/Discretionary Grants	Public Safety	\$ 327,655	\$ 327,655
16.585	Drug Court Discretionary Grant Program	Trial Courts	\$ 332,345	\$ -
16.588	Violence Against Women Formula Grants	Public Safety	\$ 1,854,167	\$ 1,581,507
16.588	Violence Against Women Formula Grants	Supreme Court	\$ 84,402	\$ -
Program 16.588 Total:			\$ 1,938,569	\$ 1,581,507
16.590	Arrest Policies And Enforcemt Of Protection Orders	Corrections	\$ 169,801	\$ 90,767
16.593	Residential Substance Abuse Treatment State Prisoners	Public Safety	\$ 72,829	\$ 20,952
16.606	State Criminal Alien Assistance Program	Corrections	\$ 383,017	\$ -
16.607	Bulletproof Vest Partnership	Corrections	\$ 185	\$ -
16.734	Special Data Collections & Statistical Studies	Public Safety	\$ 433,453	\$ -
16.735	Protecting Inmates And Safeguarding Communities	Corrections	\$ 99,998	\$ -
16.738	Edward Byrne Memorial Justice Assistance Grant	Public Safety	\$ 1,635,590	\$ 1,437,880
16.738	Edward Byrne Memorial Justice Assistance Grant	Trial Courts	\$ 86,696	\$ -
Program 16.738 Total:			\$ 1,722,286	\$ 1,437,880
16.741	Forensic DNA Backlog Reduction Program	Public Safety	\$ 415,057	\$ -
16.742	Paul Coverdell Forensic Sciences Improvement Grant	Public Safety	\$ 122,351	\$ 34,316
16.745	Criminal And Juvenile Justice And Mental Health	Corrections	\$ 2,299	\$ -
16.745	Criminal And Juvenile Justice And Mental Health	Trial Courts	\$ 18,127	\$ -
Program 16.745 Total:			\$ 20,426	\$ -
16.750	Support For Adam Walsh Act	Public Safety	\$ 127,057	\$ -
16.751	Edward Byrne Memorial Competitive Grant	Public Safety	\$ 223,435	\$ -
16.754	Harold Rogers Prescription Drug Monitoring	Pharmacy Board	\$ 183,006	\$ 64,400
16.812	Second Chance Act Prisoner Reentry Initiative	Corrections	\$ 1,021,150	\$ 361,168
U.S. Department Of Labor				
WIOA Cluster				
17.258	WIA/WIOA Adult Program	Employment & Economic	\$ 6,991,875	\$ 6,329,086
17.259	WIA/WIOA Youth Activities	Employment & Economic	\$ 7,851,314	\$ 6,802,677

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, 2017**

CFDA Number	Federal Program Name or Pass-Through Entity (Identifying Number)	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
17.278	WIA/WIOA Dislocated Worker Formula Grants	Employment & Economic	\$ 8,445,869	\$ 6,468,653
	WIOA Cluster Total:		\$ 23,289,058	\$ 19,600,416
Employment Service Cluster				
17.207	Employment Service/Wagner-Peyser Funded Activities	Employment & Economic	\$ 20,381,266	\$ 1,492,406
17.801	Disabled Veterans' Outreach Program (DVOP)	Employment & Economic	\$ 2,304,096	\$ -
17.804	Local Veterans' Employment Representative Program	Employment & Economic	\$ 387,319	\$ -
	Employment Service Cluster Total:		\$ 23,072,681	\$ 1,492,406
17.002	Labor Force Statistics	Employment & Economic	\$ 1,339,859	\$ -
17.005	Compensation And Working Conditions	Labor And Industry	\$ 108,525	\$ -
17.225	Unemployment Insurance (5)	Employment & Economic	\$ 816,768,411	\$ -
17.225	ARRA-Unemployment Insurance (5)	Employment & Economic	\$ 1,370,880	\$ -
	Program 17.225 Total:		\$ 818,139,291	\$ -
17.235	Senior Community Service Employment Program	Employment & Economic	\$ 2,005,692	\$ 1,926,433
17.245	Trade Adjustment Assistance	Employment & Economic	\$ 16,608,715	\$ -
17.267	Incentive Grants - WIA Section 503	Employment & Economic	\$ 2,141,609	\$ 810,843
17.267	Incentive Grants - WIA Section 503	MnSCU	\$ 234	\$ -
	Program 17.267 Total:		\$ 2,141,843	\$ 810,843
17.268	H-1B Job Training Grants	Employment & Economic	\$ 196,979	\$ 54,880
17.271	Work Opportunity Tax Credit Program (WOTC)	Employment & Economic	\$ 212,201	\$ -
17.273	Temporary Labor Certification For Foreign Workers	Employment & Economic	\$ 95,709	\$ -
17.274	Youthbuild	MnSCU	\$ 34,630	\$ -
17.277	Workforce Investment Act (WIA) Nat'l Emergency Grants	Employment & Economic	\$ 3,109,256	\$ 2,848,161
17.281	WIA Dislocated Worker National Reserve Tech Assist	Employment & Economic	\$ 48,301	\$ -
17.282	Trade Adj Assist Comm Clg And Career Training Grants	MnSCU	\$ 12,021,067	\$ -
17.283	Workforce Innovation Fund	Employment & Economic	\$ 584,280	\$ -
17.285	Apprenticeship USA Grants	Labor And Industry	\$ 168,694	\$ 84,840
17.503	Occupational Safety And Health State Program	Labor And Industry	\$ 3,812,457	\$ -
17.504	Consultation Agreements	Labor And Industry	\$ 1,037,452	\$ -
17.600	Mine Health And Safety Grants	MnSCU	\$ 96,270	\$ -
U.S. Department Of Transportation				
Transit Services Programs Cluster				
20.513	Enhanced Mobility For Srs And Individuals With Disabilities	Transportation	\$ 2,922,354	\$ 2,707,045
	Transit Services Programs Cluster Total:		\$ 2,922,354	\$ 2,707,045
Highway Safety Cluster				
20.600	State And Community Highway Safety	Public Safety	\$ 7,967,770	\$ 1,364,133
20.600	State And Community Highway Safety	Transportation	\$ 602,124	\$ -
20.609	Safety Belt Performance Grants	Public Safety	\$ 1,801	\$ -
20.616	National Priority Safety Programs	Public Safety	\$ 6,055,803	\$ 1,612,304
20.616	National Priority Safety Programs	Trial Courts	\$ 170,160	\$ -
	Highway Safety Cluster Total:		\$ 14,797,658	\$ 2,976,437
Highway Planning and Construction Cluster				
20.205	Highway Planning And Construction	MnSCU	\$ 469,500	\$ -
20.205	Highway Planning And Construction	Transportation	\$ 598,382,257	\$ 137,379,737
20.205	R&D-Highway Planning And Construction	Transportation	\$ 10,559,270	\$ -
20.219	Recreational Trails Program	Natural Resources	\$ 3,058,415	\$ 1,620,494
	Highway Planning and Construction Cluster Total:		\$ 612,469,442	\$ 139,000,231
Federal Transit Cluster				
20.500	Federal Transit Capital Investment Grants	Transportation	\$ 1,318,855	\$ 1,318,107

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
20.526	Bus And Bus Facilities Formula Program	Transportation	\$ 524,024	\$ 524,024
	Federal Transit Cluster Total:		\$ 1,842,879	\$ 1,842,131
20.106	Airport Improvement Program (7)	Transportation	\$ 47,524,431	\$ 47,524,431
20.200	R&D-Highway Research And Development Program	Transportation	\$ 3,400,986	\$ 109,033
20.215	R&D-Highway Training And Education	Transportation	\$ 150,000	-
20.218	National Motor Carrier Safety	Public Safety	\$ 4,742,694	-
20.218	National Motor Carrier Safety	Transportation	\$ 418,268	-
	Program 20.218 Total:		\$ 5,160,962	\$ -
20.224	Federal Lands Access Program	Transportation	\$ 400,000	\$ 400,000
20.232	Commercial Driver's License Prog Improvement	Public Safety	\$ 123,899	-
20.233	Border Enforcement Grants	Public Safety	\$ 212,687	-
20.240	Fuel Tax Evasion-Intergovt. Encmt	Transportation	\$ 129,451	-
20.317	Intercity Passenger Rail Service	Transportation	\$ 56,312	-
20.319	Rail Corridors And Service Cap Assistance	Transportation	\$ 389,812	\$ 389,812
20.319	ARRA-Rail Corridors And Service Cap Assistance	Transportation	\$ 2,598,073	-
	Program 20.319 Total:		\$ 2,987,885	\$ 389,812
20.505	Metropolitan Transportation Planning	Transportation	\$ 5,894,732	\$ 5,865,893
20.505	R&D - Metropolitan Transportation Planning	Transportation	\$ 1,399,239	\$ 1,399,239
	Program 20.505 Total:		\$ 7,293,971	\$ 7,265,132
20.509	Formula Grants For Rural Areas	Transportation	\$ 12,193,370	\$ 10,066,312
20.528	Rail Fixed Guideway Public Trans State Safety Oversight	Public Safety	\$ 128,186	-
20.608	Minimum Penalties For Repeat Offenders	Public Safety	\$ 6,232,175	\$ 2,838,790
20.608	Minimum Penalties For Repeat Offenders	Trial Courts	\$ 1,660,092	-
	Program 20.608 Total:		\$ 7,892,267	\$ 2,838,790
20.614	NHTSA Discretionary Safety Grants	Public Safety	\$ 93,911	-
20.700	Pipeline Safety Program Base Grants	Public Safety	\$ 1,678,076	-
20.703	Interagency Hazardous Materials Public Sector Training	Public Safety	\$ 339,561	\$ 75,603
20.703	Interagency Hazardous Materials Public Sector Training	MnSCU	\$ 2,455	-
	Program 20.703 Total:		\$ 342,016	\$ 75,603
20.720	State Damage Prevention Program Grants	Public Safety	\$ 98,002	-
20.721	PHMSA Pipeline Safety Program	Public Safety	\$ 47,053	-
20.933	National Infrastructure Investments	Transportation	\$ 17,167	\$ 5,956
U.S. General Services Administration				
39.003	Donation Of Federal Surplus Personal Property	Administration	\$ 459,098	-
U.S. National Aeronautics & Space Administration				
43.001	Science	MnSCU	\$ 238,991	-
43.001	<i>Pass-Through from the University of Minnesota (NNX15A118H)</i>	MnSCU	\$ 22,902	-
	Program 43.001 Total:		\$ 261,893	\$ -
43.008	Education Grants	MnSCU	\$ 137,827	-
43.008	<i>Pass-Through from the University of Minnesota (NNX14AR04A)</i>	MnSCU	\$ 27,071	-
	Program 43.008 Total:		\$ 164,898	\$ -
U.S. National Foundation Arts & Humanities				
45.024	Promotion Of The Arts Grants To Orgs And Individuals	Center For Arts Education	\$ 750	-
45.025	Promotion Of The Arts Partnership Agreements	Arts Board	\$ 790,420	\$ 109,988
45.025	Promotion Of The Arts Partnership Agreements	MnSCU	\$ 600	-
	Program 45.025 Total:		\$ 791,020	\$ 109,988

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
45.161	Promotion Of The Humanities Research	MnSCU	\$ 82,926	\$ -
45.162	Promotion Of Humanities	MnSCU	\$ 37,623	\$ -
45.163	Promotion Of The Humanities Professional Development	MnSCU	\$ 8,290	\$ -
45.310	Grants To States	Education	\$ 2,593,237	\$ 1,670,418
45.310	Grants To States	Veterans Affairs	\$ 29,146	\$ -
	Program 45.310 Total:		\$ 2,622,383	\$ 1,670,418
U.S. National Science Foundation				
47.041	Engineering Grants	MnSCU	\$ 28,507	\$ -
47.049	R&D-Mathematical And Physical Sciences	MnSCU	\$ 15,547	\$ -
47.050	Geosciences	MnSCU	\$ 20,744	\$ -
47.070	Computer And Information Science And Engineering	MnSCU	\$ 4,979	\$ -
47.074	R&D-Biological Sciences	MnSCU	\$ 184,435	\$ -
47.075	Social, Behavioral, And Economic Sciences	MnSCU	\$ 110,682	\$ -
47.076	R&D-Education And Human Resources	MnSCU	\$ 3,847,568	\$ 171,789
47.076	<i>Pass-Through from the University of Minnesota (HRD-1201983)</i>	MnSCU	\$ 108,257	\$ -
	Program 47.076 Total:		\$ 3,955,825	\$ 171,789
47.079	Office Of International And Integrative Activities	MnSCU	\$ 3,942	\$ -
U.S. Small Business Administration				
59.037	Small Business Development Centers	Employment & Economic	\$ 1,770,793	\$ 1,770,793
59.037	Small Business Development Centers	MnSCU	\$ 374,570	\$ -
	Program 59.037 Total:		\$ 2,145,363	\$ 1,770,793
59.061	State Trade And Export Promotion Pilot Grant	Employment & Economic	\$ 64,486	\$ 43,643
U.S. Department Of Veterans Affairs				
64.005	State Home Facilities Construction	Veterans Affairs	\$ 18,663,365	\$ -
64.027	Post-9/11 Veterans Educational Assistance	MnSCU	\$ 373,968	\$ -
64.028	Post 9/11 Veterans Educational Assistance	MnSCU	\$ 115,565	\$ -
64.203	State Cemetery Grants	Veterans Affairs	\$ 2,569,183	\$ -
U.S. Environmental Protection Agency				
Drinking Water State Revolving Fund Cluster				
66.468	Capitalization Grants for Drinking Water State Revolving Funds			
66.468	<i>Pass-Through from the Minnesota Public Facilities Authority (FS97581416)</i>	Health	\$ 3,321,752	\$ 693,601
	Drinking Water State Revolving Fund Cluster Total:		\$ 3,321,752	\$ 693,601
66.032	State Indoor Radon Grants	Health	\$ 404,428	\$ -
66.034	Surveys, Studies, Research, Investigations Clean Air Act	Pollution Control Agency	\$ 423,533	\$ -
66.040	State Clean Diesel Grant Program	Pollution Control Agency	\$ 323,568	\$ 267,862
66.419	Water Pollution Control State, Interstate, And Tribal	Health	\$ 36,532	\$ -
66.419	Water Pollution Control State, Interstate, And Tribal	Pollution Control Agency	\$ 309,690	\$ -
	Program 66.419 Total:		\$ 346,222	\$ -
66.432	State Public Water System Supervision	Health	\$ 2,537,706	\$ -
66.454	Water Quality Management Planning	Pollution Control Agency	\$ 241,757	\$ -
66.460	Nonpoint Source Implementation Grants	Pollution Control Agency	\$ 2,469,752	\$ 1,731,405
66.461	Regional Wetland Program Development Grants	Water & Soil Resources	\$ 32,154	\$ -
66.469	Great Lakes Program	Health	\$ 639,698	\$ 367,517
66.469	Great Lakes Program	Natural Resources	\$ 746,384	\$ -
66.469	Great Lakes Program	Pollution Control Agency	\$ 1,149,085	\$ -
66.469	<i>Pass-Through from the National Fish and Wildlife Foundation (0501.13.038260)</i>	Natural Resources	\$ 225,544	\$ -

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
Program 66.469 Total:			\$ 2,760,711	\$ 367,517
66.472	Beach Monitoring And Notification Program Grants	Health	\$ 254,640	\$ -
66.605	Performance Partnership Grants	Agriculture	\$ 647,071	\$ -
66.605	Performance Partnership Grants	Pollution Control Agency	\$ 12,010,783	\$ 5,422
Program 66.605 Total:			\$ 12,657,854	\$ 5,422
66.608	Environmental Information Exchange Network Grant	Health	\$ 1,637	\$ -
66.700	Consolidated Pesticide Enforcement Coop Agreements	Agriculture	\$ 39,623	\$ -
66.707	TSCA Title IV State Lead Grants Certification	Health	\$ 376,396	\$ -
66.716	Research, Development, Monitoring, Education	Agriculture	\$ 45,331	\$ -
66.802	Superfund State, Political Subdivision, And Indian Tribe	Pollution Control Agency	\$ 736,145	\$ -
66.804	Underground Storage Tank Prevention, Detection	Pollution Control Agency	\$ 538,085	\$ -
66.805	Leaking Underground Storage Tank Trust Fund	Pollution Control Agency	\$ 1,379,345	\$ -
66.809	Superfund State And Indian Tribe Core Program	Pollution Control Agency	\$ 94,291	\$ -
66.817	State And Tribal Response Program Grants	Pollution Control Agency	\$ 649,846	\$ -
66.818	Brownfields Assessment And Cleanup Coop Agreements	Employment & Economic	\$ 2,033	\$ -
66.954	Tribal ecoAmbassadors	MnSCU	\$ 9,128	\$ -
U.S. Nuclear Regulatory Commission				
77.008	Nuclear Education Grant Program	MnSCU	\$ 45,000	\$ -
U.S. Department Of Energy				
81.041	State Energy Program	Commerce	\$ 511,866	\$ 10,861
81.042	Weatherization Assistance For Low-Income Persons	Commerce	\$ 9,410,138	\$ 8,410,070
81.119	State Energy Program Special Projects	Commerce	\$ 385,185	\$ 348,773
81.119	<i>Pass-Through from the Tennessee Dept of Environment & Conservation (EE00007219)</i>	Commerce	\$ 12,435	\$ -
Program 81.119 Total:			\$ 397,620	\$ 348,773
U.S. Department Of Education				
TRIO Cluster				
84.042	Trio Student Support Services	MnSCU	\$ 8,915,300	\$ -
84.044	Trio Talent Search	MnSCU	\$ 1,347,425	\$ -
84.047	Trio Upward Bound	MnSCU	\$ 6,840,938	\$ -
84.066	Trio Educational Opportunity Centers	MnSCU	\$ 831,337	\$ -
84.217	Trio Mcnair Post-Baccalaureate Achievement	MnSCU	\$ 271,445	\$ -
TRIO Cluster Total:			\$ 18,206,445	\$ -
Special Education (IDEA) Cluster				
84.027	Special Education Grants To States	Education	\$ 182,981,547	\$ 168,487,906
84.173	Special Education Preschool Grants	Education	\$ 7,730,051	\$ 6,327,538
84.173	Special Education Preschool Grants	MnSCU	\$ 1,055	\$ -
Special Education (IDEA) Cluster Total:			\$ 190,712,653	\$ 174,815,444
84.002	Adult Education - Basic Grants To States	Education	\$ 5,319,523	\$ 4,407,830
84.010	Title I Grants To Local Educational Agencies	Education	\$ 152,001,506	\$ 150,063,138
84.011	Migrant Education State Grant Program	Education	\$ 2,566,269	\$ 2,227,118
84.013	Title I State Agency Prog For Neglected, Delinq Children	Education	\$ 307,176	\$ 98,000
84.016	Undergrad International Studies And Foreign Lang	MnSCU	\$ 49,419	\$ -
84.031	Higher Education Institutional Aid	MnSCU	\$ 1,161,485	\$ -
84.048	Career And Technical Education -- Basic Grants To States	Corrections	\$ 25,894	\$ -
84.048	Career And Technical Education -- Basic Grants To States	MnSCU	\$ 17,154,911	\$ -
Program 84.048 Total:			\$ 17,180,805	\$ -
84.129	Rehabilitation Long-Term Training	MnSCU	\$ 364,196	\$ -

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
84.144	Migrant Education Coordination Program	Education	\$ 16,021	\$ -
84.169	Independent Living State Grants	Employment & Economic	\$ 444,539	\$ 434,774
84.177	Rehabilitation Services Ind Living Svs Older Individuals	Employment & Economic	\$ 388,388	\$ -
84.181	Special Education-Grants For Infants And Families	Education	\$ 7,314,287	\$ 5,868,697
84.181	Special Education-Grants For Infants And Families	Health	\$ 967	\$ 967
	Program 84.181 Total:		\$ 7,315,254	\$ 5,869,664
84.187	Supported Employment Services	Employment & Economic	\$ 374,752	\$ -
84.196	Education For Homeless Children And Youth	Education	\$ 877,157	\$ 694,119
84.206	Javits Gifted And Talented Students	Education	\$ 181,209	\$ -
84.282	Charter Schools	Education	\$ 5,988,798	\$ 5,830,675
84.287	Twenty-First Century Community Learning Centers	Education	\$ 12,234,115	\$ 11,784,776
84.323	Special Education - State Personnel Development	Education	\$ 519,886	\$ 328,587
84.325	Special Ed - Personnel Develop. For Disabled Children	MnSCU	\$ 138,063	\$ -
84.326	Spec Educ To Improve Services For Disabled Children	Education	\$ 194,990	\$ 194,990
84.334	Gain Early Awareness And Readiness For Undergraduate	MnSCU	\$ 342,620	\$ -
84.335	Child Care Access Means Parents In School	MnSCU	\$ 133,277	\$ -
84.350	Transition To Teaching	MnSCU	\$ 90,675	\$ -
84.358	Rural Education	Education	\$ 390,036	\$ 372,467
84.365	English Language Acquisition State Grants	Education	\$ 9,821,460	\$ 9,355,170
84.366	Mathematics And Science Partnerships	Education	\$ 1,532,794	\$ 1,468,876
84.367	Supporting Effective Instruction State Grants	Education	\$ 27,425,375	\$ 26,319,699
84.367	<i>Pass-Through from the Minnesota Office of Higher Education (S367B140020-14A)</i>	MnSCU	\$ 115,347	\$ -
	Program 84.367 Total:		\$ 27,540,722	\$ 26,319,699
84.368	Grants For Enhanced Assessment Instruments	Education	\$ 932,348	\$ -
84.369	Grants For State Assessments And Related Activities	Education	\$ 9,149,391	\$ -
84.372	Statewide Longitudinal Data Systems	Education	\$ 969,560	\$ -
84.377	School Improvement Grants	Education	\$ 6,446,155	\$ 6,264,538
84.407	Transition Prog-Students With Intellectual Disabilities	MnSCU	\$ 121,416	\$ 22,761
84.412	Race To The Top-Early Learning Challenge	Education	\$ 5,532,914	\$ -
84.412	Race To The Top-Early Learning Challenge	MnSCU	\$ 689	\$ -
	Program 84.412 Total:		\$ 5,533,603	\$ -
84.419	Preschool Development Grants	Education	\$ 22,946	\$ -
U.S. Department Of Health & Human Services				
Maternal, Infant, and Early Childhood Home Visiting Cluster				
93.505	ACA Maternal, Infant, Early Childhood Home Visit	Health	\$ 8,529,597	\$ 7,595,950
93.870	Maternal Infant Early Childhood Home Visiting	Health	\$ 72,982	\$ 33,962
	Maternal, Infant, and Early Childhood Home Visiting Cluster Total:		\$ 8,602,579	\$ 7,629,912
Aging Cluster				
93.044	Spec Prog For The Aging Title III, Part B Grants	Human Services	\$ 6,710,221	\$ 5,390,903
93.045	Spec Prog For The Aging Title III, Part C Nutrition Services	Human Services	\$ 8,648,696	\$ 8,276,383
93.053	Nutrition Services Incentive Program	Human Services	\$ 1,786,760	\$ 1,786,760
	Aging Cluster Total:		\$ 17,145,677	\$ 15,454,046
93.041	Spec Prog For The Aging Title VII, Chap 3	Human Services	\$ 116,966	\$ 30,000
93.042	Spec Prog For The Aging Title VII, Chap 2 Long Term Care	Human Services	\$ 277,687	\$ -
93.043	Spec Prog For The Aging Title III, Part D	Human Services	\$ 305,251	\$ 305,251
93.048	Spec Prog For The Aging Title IV And Title II	Human Services	\$ 277,910	\$ 142,700
93.051	Alzheimer's Disease Demonstration Grants To States	Human Services	\$ 119,579	\$ 119,579

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.052	National Family Caregiver Support, Title III, Part E	Human Services	\$ 2,273,416	\$ 2,178,678
93.059	Training In General, Pediatric Dentistry	Health	\$ 16,898	\$ -
93.059	Training In General, Pediatric Dentistry	MnSCU	\$ 322,126	\$ -
	Program 93.059 Total:		\$ 339,024	\$ -
93.068	Chronic Diseases: Research, Control, Prevention	Health	\$ 8,250	\$ -
93.070	Environ Public Health & Emerg Response	Health	\$ 1,909,767	\$ 95,462
93.071	Medicare Enrollment Assistance	Human Services	\$ 305,388	\$ 305,388
93.073	Birth Defects And Developmental Disabilities	Health	\$ 342,190	\$ -
93.079	Cooperative Agreements To Promote Adolescent Health	Education	\$ 382,145	\$ 49,485
93.090	Guardianship Assistance	Human Services	\$ 727,659	\$ 120,865
93.092	ACA Personal Responsibility Education	Health	\$ 894,634	\$ 669,194
93.103	Food And Drug Administration Research	Agriculture	\$ 1,668,938	\$ 19,827
93.103	Food And Drug Administration Research	Health	\$ 22,216	\$ -
93.103	<i>Pass-Through from the Association of Food and Drug Officials (AFDO) (Unknown)</i>	Agriculture	\$ 31,495	\$ -
	Program 93.103 Total:		\$ 1,722,649	\$ 19,827
93.110	Maternal And Child Health Federal Consolidated Prog	Health	\$ 582,507	\$ 221,840
93.110	<i>Pass-Through from the University of Colorado (FY16.368.021)</i>	Health	\$ 20,846	\$ -
	Program 93.110 Total:		\$ 603,353	\$ 221,840
93.116	Project Grants And Coop Agreements For Tuberculosis	Health	\$ 1,113,608	\$ 32,484
93.127	Emergency Medical Services For Children	Emergency Med. Services	\$ 118,265	\$ 105,913
93.130	Cooperative Agreements To States/Territories	Health	\$ 202,706	\$ -
93.136	Injury Prevention And Control Research	Health	\$ 1,101,854	\$ 326,493
93.136	Injury Prevention And Control Research	Pharmacy Board	\$ 330	\$ -
	Program 93.136 Total:		\$ 1,102,184	\$ 326,493
93.143	NIEHS Superfund Hazardous Substances Basic Research			
93.143	<i>Pass-Through from the University of Minnesota (2R25ES023595-04)</i>	MnSCU	\$ 8,921	\$ -
93.150	Projects For Assistance In Transition From Homelessness	Human Services	\$ 678,509	\$ 648,957
93.165	Grants To States For Loan Repayment Program	Health	\$ 100,000	\$ -
93.184	Disabilities Prevention	Health	\$ 188,716	\$ 60,686
93.235	ACA Abstinence Education	Health	\$ 579,146	\$ 460,224
93.236	Grants For Dental Public Health Residency Training	Health	\$ 116,350	\$ 7,885
93.240	State Capacity Building	Health	\$ 450,472	\$ -
93.241	State Rural Hospital Flexibility Program	Health	\$ 788,415	\$ 493,557
93.243	Substance Abuse And Mental Health Services	Health	\$ 193,799	\$ 25,970
93.243	Substance Abuse And Mental Health Services	Human Services	\$ 827,470	\$ 580,104
93.243	Substance Abuse And Mental Health Services	MnSCU	\$ 659,730	\$ -
93.243	Substance Abuse And Mental Health Services	Trial Courts	\$ 87,613	\$ -
	Program 93.243 Total:		\$ 1,768,612	\$ 606,074
93.251	Universal Newborn Hearing Screening	Health	\$ 196,862	\$ 63,225
93.262	Occupational Safety & Health Grants	Health	\$ 137,470	\$ -
93.262	Occupational Safety & Health Grants	MnSCU	\$ 8,913	\$ -
93.262	<i>Pass-Through from the University of Minnesota (P005501201)</i>	Health	\$ 11,553	\$ -
	Program 93.262 Total:		\$ 157,936	\$ -
93.270	Adult Viral Hepatitis Prevention, Control	Health	\$ 102,469	\$ -
93.283	Centers For Disease Control And Prevention Assistance	Health	\$ 5,332,724	\$ 10,000
93.283	<i>Pass-Through from the University of Minnesota (N005338002)</i>	Health	\$ 67,672	\$ -

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
Program 93.283 Total:			\$ 5,400,396	\$ 10,000
93.296	State Partnership To Improve Minority Health	Health	\$ 155,258	\$ -
93.301	Small Rural Hospital Improvement Grant Program	Health	\$ 719,716	\$ 681,074
93.305	National State Based Tobacco Control Programs	Health	\$ 1,089,717	\$ -
93.310	Trans-NIH Research Support			
93.310	<i>Pass-Through from the University of Minnesota (P005395801)</i>	Health	\$ 27,980	\$ -
93.314	Early Hearing Detection And Intervention Info System	Health	\$ 124,885	\$ 39,173
93.317	Emerging Infections Programs	Health	\$ 1,472,335	\$ -
93.322	CSELS Partnership: Strengthening Public Health Laboratories			
93.322	<i>Pass-Through from the Association of Public Health Laboratories (5NU600E000103)</i>	Health	\$ 73,011	\$ -
93.323	Epidemiology And Lab Capacity For Infect Diseases	Health	\$ 5,844,965	\$ -
93.324	State Health Insurance Assistance Program	Human Services	\$ 962,126	\$ 624,733
93.336	Behavioral Risk Factor Surveillance System	Health	\$ 386,470	\$ -
93.369	ACL Independent Living State Grants	Employment & Economic	\$ 2,324,773	\$ 2,069,138
93.393	Cancer Cause And Prevention Research	Health	\$ 40,623	\$ 19,281
93.424	NON-ACA/PPHF Building Capacity of the Public Health System			
93.424	<i>Pass-Through from the Council of State & Territorial Epidemiologist (5U38OT00143-04)</i>	Health	\$ 7,855	\$ -
93.432	ACL Centers For Independent Living	Employment & Economic	\$ 1,067,328	\$ 1,067,328
93.448	Food Safety And Security Monitoring Project	Agriculture	\$ 644,311	\$ -
93.464	ACL Assistive Technology	Administration	\$ 635,439	\$ -
93.500	Pregnancy Assistance Fund Program	Health	\$ 1,495,098	\$ 1,070,323
93.500	Pregnancy Assistance Fund Program	MnSCU	\$ 247,501	\$ -
Program 93.500 Total:			\$ 1,742,599	\$ 1,070,323
93.506	ACA Nationwide Program-Background Checks	Human Services	\$ 1,070,943	\$ -
93.511	ACA Grants For Health Insurance Premium Review	Commerce	\$ 279,232	\$ -
93.511	ACA Grants For Health Insurance Premium Review	Health	\$ 1,042,464	\$ -
Program 93.511 Total:			\$ 1,321,696	\$ -
93.521	ACA Building Epidemiology And Lab Capacity	Health	\$ 2,859,591	\$ -
93.536	ACA Medicaid Incent For Prevent Of Chronic Disease	Human Services	\$ 371,980	\$ -
93.539	PPHF 2012-Capacity Building Assistance	Health	\$ 2,419,091	\$ 226,008
93.556	Promoting Safe And Stable Families	Human Services	\$ 4,078,856	\$ 3,671,380
93.563	Child Support Enforcement	Human Services	\$ 122,767,962	\$ 93,770,031
93.566	Refugee And Entrant Assistance State Programs	Human Services	\$ 5,507,099	\$ 3,270,755
93.569	Community Services Block Grant	Human Services	\$ 9,405,634	\$ 8,946,064
93.569	Community Services Block Grant	MnSCU	\$ 42,461	\$ -
Program 93.569 Total:			\$ 9,448,095	\$ 8,946,064
93.576	Refugee And Entrant Assistance Discretionary Grants	Health	\$ 128,795	\$ -
93.576	Refugee And Entrant Assistance Discretionary Grants	Human Services	\$ 182,496	\$ 182,496
Program 93.576 Total:			\$ 311,291	\$ 182,496
93.584	Refugee And Entrant Assistance Targeted Assistance	Human Services	\$ 735,993	\$ 735,993
93.586	State Court Improvement Program	Supreme Court	\$ 291,460	\$ -
93.590	Community-Based Child Abuse Prevention Grants	Human Services	\$ 1,977,144	\$ 1,737,562
93.597	Grants To States For Access And Visitation Programs	Human Services	\$ 119,004	\$ 119,004
93.599	Chafee Education And Training Vouchers	Human Services	\$ 755,485	\$ 641,206
93.600	Head Start	Education	\$ 114,925	\$ -
93.603	Adoption Incentive Payments	Human Services	\$ 162,106	\$ 162,106

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.624	ACA State Innovation Models	Health	\$ 27,000	\$ -
93.624	ACA State Innovation Models	Human Services	\$ 10,185,941	\$ 1,583,905
	Program 93.624 Total:		\$ 10,212,941	\$ 1,583,905
93.627	ACA Testing Experience And Functional Assessment Tools	Human Services	\$ 1,056,303	\$ 634,783
93.628	ACA Implementation Support For State Demonstrations	Human Services	\$ 152,939	\$ 25,036
93.630	Developmental Disabilities Basic Support And Advocacy	Administration	\$ 1,051,823	\$ 309,586
93.643	Children's Justice Grants To States	Human Services	\$ 258,099	\$ 149,127
93.645	Stephanie Tubbs Jones Child Welfare Services	Human Services	\$ 3,771,910	\$ 992,701
93.658	Foster Care Title IV-E	Human Services	\$ 57,491,697	\$ 51,998,755
93.658	ARRA-Foster Care Title IV-E	MnSCU	\$ 181,799	\$ -
	Program 93.658 Total:		\$ 57,673,496	\$ 51,998,755
93.659	Adoption Assistance	Human Services	\$ 30,895,334	\$ 1,853,584
93.667	Social Services Block Grant	Human Services	\$ 31,658,046	\$ 30,339,869
93.669	Child Abuse And Neglect State Grants	Human Services	\$ 370,016	\$ 4,258
93.671	Family Violence Prevention And Services	Public Safety	\$ 1,718,032	\$ 1,665,679
93.674	Chafee Foster Care Independence Program	Human Services	\$ 1,932,101	\$ 1,538,312
93.721	ARRA-Health Info Tech Prof In Health Care	MnSCU	\$ 590,130	\$ -
93.733	Capacity Building Assistance	Health	\$ 1,375,251	\$ 70,506
93.735	State Public Health Approaches	Health	\$ 284,083	\$ -
93.745	Health Care Surveillance/Health Stats	Health	\$ 4,073	\$ -
93.752	Cancer Prevention And Control Programs	Health	\$ 608,852	\$ 93,062
93.753	Child Lead Poisoning Prevention Surveillance	Health	\$ 413,379	\$ 36,759
93.755	Surveillance For Diseases - Immigrants/Refugees	Health	\$ 649,482	\$ -
93.757	State/Local Public Health Prevention Actions	Health	\$ 5,358,770	\$ 3,093,365
93.758	Preventative Health And Health Services	Health	\$ 3,490,619	\$ 81,073
93.761	Evidence-Based Falls Prevention Programs By PPHF	Human Services	\$ 144,272	\$ 82,660
93.763	Alzheimer's Disease Initiative: Spec Support Svcs Proj Thru PPHF	Human Services	\$ 350,647	\$ 350,647
93.788	Opioid STR	Human Services	\$ 59,411	\$ 35,379
93.791	Money Follows The Person Rebalancing Demo	Human Services	\$ 6,961,071	\$ 593,826
93.800	Organized Approaches To Increase Colorectal Cancer Screenings	Health	\$ 1,236,479	\$ 178,673
93.810	Paul Coverdell National Acute Stroke Program	Health	\$ 889,025	\$ 119,083
93.815	Domestic Ebola Supplement To ELC	Health	\$ 1,138,239	\$ -
93.817	HPP Ebola Preparedness And Response Activities	Health	\$ 1,104,161	\$ 869,990
93.829	Demo Progs-Improve Community Mental Health Svcs	Human Services	\$ 828,318	\$ 230,436
93.847	Diabetes, Digestive, And Kidney Disease Research	MnSCU	\$ 3,992	\$ -
93.859	Biomedical Research And Research Training	MnSCU	\$ 50,443	\$ -
93.866	Aging Research			
93.866	<i>Pass-Through from the University of Minnesota (4R37AG026160-11)</i>	MnSCU	\$ 17,675	\$ -
93.875	Assistance For Oral Disease Prevention And Control	Health	\$ 80,015	\$ -
93.876	Antimicrobial Resistance Surveillance	Health	\$ 99,114	\$ -
93.879	Medical Library Assistance	MnSCU	\$ 1,552	\$ -
93.881	Health Ins Enforce & Consumer Protection Grants Program	Commerce	\$ 50,066	\$ -
93.898	Cancer Prevent Control Prog For State Territory Tribal Orgs	Health	\$ 7,253	\$ -
93.912	Rural Health Care Services Outreach & Developmt	MnSCU	\$ 5,000	\$ -
93.913	Grants To States For Operation Of Offices Rural Health	Health	\$ 162,927	\$ -
93.917	HIV Care Formula Grants	Human Services	\$ 9,651,408	\$ 1,935,214
93.919	Breast And Cervical Cancer Early Detection	Health	\$ 3,734,874	\$ 205,936

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, 2017**

CFDA Number	Federal Program Name or <i>Pass-Through Entity (Identifying Number)</i>	State Agency	Total Federal Expenditures	Amounts Provided to Subrecipients
93.940	HIV Prevention Activities Health Department Based	Health	\$ 1,802,854	\$ 353,807
93.944	HIV/Aids Surveillance	Health	\$ 462,051	\$ -
93.945	Assistance Programs For Chronic Disease Prevention	Health	\$ 1,045,591	\$ 5,400
93.946	Coop Agreemts To Support Safe Motherhood	Health	\$ 262,493	\$ -
93.958	Block Grants For Community Mental Health Services	Human Services	\$ 8,971,440	\$ 7,350,841
93.959	Block Grants - Prevention, Treatment Of Substance Abuse	Human Services	\$ 22,254,047	\$ 9,741,480
93.977	Preventive Hlth Services Sexually Transmitted Diseases	Health	\$ 1,402,214	\$ 201,852
93.994	Maternal And Child Health Services Block Grant	Health	\$ 8,297,509	\$ 5,419,520
U.S. Social Security Administration				
Disability Insurance/SSI Cluster				
96.001	Social Security Disability Insurance	Employment & Economic	\$ 23,978,345	\$ -
Disability Insurance/SSI Cluster Total:			\$ 23,978,345	\$ -
U.S. Department Of Homeland Security				
93.747	Elder Abuse Prevention Intervention Program	Human Services	\$ 39,586	\$ -
97.008	Non-Profit Security Program	Public Safety	\$ 8,411	\$ 8,243
97.012	Boating Safety Financial Assistance	Natural Resources	\$ 2,825,833	\$ 769,434
97.023	Community Assistance	Natural Resources	\$ 151,751	\$ 2,200
97.036	Disaster Grants - Public Assistance	Public Safety	\$ 14,452,394	\$ 12,845,133
97.039	Hazard Mitigation Grant	Public Safety	\$ 2,096,131	\$ 1,860,240
97.041	National Dam Safety Program	Natural Resources	\$ 74,453	\$ -
97.042	Emergency Management Performance Grants	Public Safety	\$ 6,124,014	\$ 3,409,880
97.043	State Fire Training Systems Grants	Public Safety	\$ 20,000	\$ -
97.044	Assistance To Firefighters Grant	Public Safety	\$ 14,354	\$ -
97.045	Cooperating Technical Partners	Natural Resources	\$ 532,947	\$ 30,333
97.047	Pre-Disaster Mitigation	Public Safety	\$ 10,876	\$ 10,876
97.056	Port Security Grant Program	Natural Resources	\$ 85,044	\$ -
97.067	Homeland Security Grant Program	Public Safety	\$ 8,171,239	\$ 4,907,700
97.091	Homeland Security Biowatch Program	Health	\$ 936,754	\$ -
Nonmajor Federal Programs Total			\$ 2,826,450,809	\$ 1,019,574,513

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, 2017

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 2017 conform to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) contained in 2 CFR Part 200, as applicable. The required Schedule of Expenditures of Federal Awards is presented for the state’s fiscal year ended June 30, 2017. 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 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) numbers from the 2017 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 & Technical College
Anoka Technical College	Normandale Community College
Bemidji State University	North Hennepin Community College
Central Lakes College	Northland Community & Technical College
Century College	Northwest Technical College
Dakota County Technical College	Pine Technical 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 2017. These programs are administered by Minnesota State Colleges and Universities (MnSCU).

	Perkins	Nursing Student Loans
Loans Receivable, Beginning	\$ 31,265,334	\$ 23,794
Loan Repayments	(4,516,107)	(2,023)
Loan Cancellations	(392,706)	-
New Loans Issued	4,058,535	-
Loans Receivable, Ending	\$ 30,415,056	\$ 21,771
Allowance for Doubtful Accounts	(2,861,412)	-
Total Loans Receivable	<u>\$ 27,553,644</u>	<u>\$ 21,771</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 2017.

Federal Direct Student Loans Issued:		
Direct Federal Subsidized Stafford	\$	250,216,039
Direct Federal Unsubsidized Stafford		264,817,190
Direct Federal Graduate PLUS		87,155
Direct Federal Parent Loans for Undergraduate Students		11,198,934
Total Federal Direct Student Loans	<u>\$</u>	<u>526,319,318</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 2017, the state of Minnesota recognized a total rebate of about \$26,125,000 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 2017, the state of Minnesota reduced expenditures by \$362,549,891 for the federal share of the rebate.

Note 5 – Unemployment Insurance Program

For fiscal year 2017, 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	\$ 770,644,608	\$ -	\$ 770,644,608
Federal Unemployment Expenditures	5,269,714	-	5,269,714
Federal Administrative Expenditures	40,854,089	1,370,880	42,224,969
Total Expenditures	<u>\$ 816,768,411</u>	<u>\$ 1,370,880</u>	<u>\$ 818,139,291</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 2017 is shown below. All loan issues are made from repaid funds and no new federal funding has been provided. Therefore, no expenditures are shown on the face of the Schedule of Expenditures but the amounts are added to the total expenditures for the Data Collection Form.

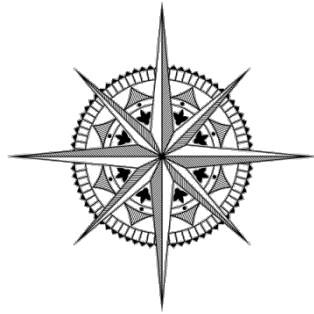
	TLP	AG BMP	CWP
Loans Receivable, Beginning	\$ 255,575	\$ 27,195,566	\$ 17,091,701
Loan Repayments	(34,855)	(6,225,502)	(3,000,435)
New Loans Issued	-	7,658,381	1,629,133
Interest Capitalized	-	-	135,152
Loans Receivable, Ending	<u>\$ 220,720</u>	<u>\$ 28,628,445</u>	<u>\$ 15,855,551</u>

Note 7 – Airport Improvement Program

In accordance with Minnesota Statutes 360.0161, Minnesota Department of Transportation (MnDOT) acts as an agent for airports/airport sponsors (i.e. various cities, counties, and airport authorities) regarding Airport Improvement Program grants from the Federal Aviation Administration (FAA). MnDOT's main responsibilities are to review and process 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, 2017**

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?	_____ Yes	_____ <u>X</u> 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:	Unqualified		
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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?	_____ Yes	_____ <u>X</u> No	

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2017**

Section I: (continued)

Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
U. S. Department of Agriculture	
<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
<i>Child Nutrition Cluster</i>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Child and Adult Care Food Program	10.558
U. S. Department of Defense	
National Guard Military Operations and Maintenance Projects	12.401
U. S. Department of Education	
<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
Teacher Education Assistance for College and Higher Ed. Grants (TEACH)	84.379
Nursing Student Loans	93.364
Rehabilitation Services - Vocational Rehabilitation Grants	84.126
U. S. Department of Health & Human Services	
Immunization Cooperative Agreements	93.268
Low-Income Home Energy Assistance	93.568
<i>Child Care and Development Fund (CCDF) Cluster</i>	
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Child Care Mandatory and Matching Funds	93.596
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State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers	93.777
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**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2017**

Section I: (continued)

Major Programs Audited

<u>Federal Agency and Major Program Name</u>	<u>CFDA#</u>
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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
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National Bioterrorism Hospital Preparedness	93.889

Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2017

Section II:

Financial Statement Audit Findings

On December 15, 2017, we separately issued a report on *Internal Controls Over Statewide Financial Reporting* for the year ended June 30, 2017 in accordance with *Government Auditing Standards*. The report contained no findings. The report may also be accessed electronically at: **<https://www.auditor.leg.state.mn.us/fad/2018/ICCFRFY17.pdf>**.

On November 14, 2017, 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* for the year ended June 30, 2017. This report was based on an audit of the Minnesota State Colleges and Universities' financial statements performed in accordance with *Government Auditing Standards*. The report contained no findings. The report may be accessed electronically at: **<http://www.minnstate.edu/system/finance/accounting/financialstatements/yearendstatements/docs/Minnesota%20State%20Annual%20Financial%20Report%20FY17.pdf>**.

**Minnesota Office of the Legislative Auditor
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2017**

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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, 2017**

(Note 1)

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	SF-SAC FIND REF	INT CONT	COMP REQ	PROBLEM	FIN IMPACT
(Note 2)									
U.S. Department of Agriculture									
10.551	Supplemental Nutrition Assistance Program	Human Services	18-05	1	2017-001	S	B	Reimbursed for unallowable costs.	\$8,409,517
(Note 3)									
U.S. Department of Education									
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-17	1	2017-008	S	N	There was no reading tutor listed on the FISAP	P
84.007	Federal Supplemental Educational Opportunity Grants	Minnesota State Colleges and Universities	CLA-17	2	2017-009	S	N	School has not had any procedures in place to correct errors within 10 days	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-17	1	2017-008	S	N	There was no reading tutor listed on the FISAP	P
84.033	Federal Work Study Program	Minnesota State Colleges and Universities	CLA-17	2	2017-009	S	N	School has not had any procedures in place to correct errors within 10 days	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-17	1	2017-008	S	N	There was no reading tutor listed on the FISAP	P
84.038	Federal Perkins Loans	Minnesota State Colleges and Universities	CLA-17	2	2017-009	S	N	School has not had any procedures in place to correct errors within 10 days	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-17	1	2017-008	S	N	There was no reading tutor listed on the FISAP	P
84.063	Federal Pell Grant Program	Minnesota State Colleges and Universities	CLA-17	2	2017-009	S	N	School has not had any procedures in place to correct errors within 10 days	P
84.126	Vocational Rehabilitation	Employment and Economic Development	18-06	1	2017-006	S	G	Noncompliance with federal earmarking requirements	P
84.126	Vocational Rehabilitation	Employment and Economic Development	18-06	2	2017-007	S	B	Indirect costs overcharged	\$56,238
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-17	1	2017-008	S	N	There was no reading tutor listed on the FISAP	P
84.268	Federal Direct Student Loans	Minnesota State Colleges and Universities	CLA-17	2	2017-009	S	N	School has not had any procedures in place to correct errors within 10 days	P
84.379	Teacher Ed Asst for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-17	1	2017-008	S	N	There was no reading tutor listed on the FISAP	P
84.379	Teacher Ed Asst for College and Higher Education Grants	Minnesota State Colleges and Universities	CLA-17	2	2017-009	S	N	School has not had any procedures in place to correct errors within 10 days	P
U.S. Department of Health & Human Services									
93.558	Temporary Assistance for Needy Families	Human Services	18-05	2	2017-002	S	E	Noncompliance with federal eligibility requirements	P
93.558	Temporary Assistance for Needy Families	Human Services	18-05	3	2017-003	S	N	Did not consistently reduce cash assistance benefits	P
93.575	Child Care and Development Block Grant	Human Services	18-05	4	2017-004	S	N	Not adequately monitoring program activities	P
93.596	Child Care Mandatory and Matching Fund	Human Services	18-05	4	2017-004	S	N	Not adequately monitoring program activities	P
93.778	Medical Assistance Program	Human Services	18-05	5	2017-005	S	E	Did not ensure completion of training prior to approving eligibility	P

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.

(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 2017.

(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-XX, 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 18-05

State Agency	Minnesota Department of Human Services
Federal Agency(ies)	U.S. Department of Agriculture
CFDA Number(s)/ Program Name(s):	10.551 – Supplemental Nutrition Assistance Program (SNAP)
Questioned Costs:	\$8,409,517
Federal Project Nos./ Award Year	10.551 – 201717S604542, 201616S604542

Finding Number 2017-001 (18-05-1) Reimbursed for unallowable costs.

Award Period:

July 1, 2016, through June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

The Code of Federal Regulations, Title 2, Part 200 Section 403, (b) requires states to conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amounts of cost items.

Condition:

The Department of Human Services requested reimbursement for unallowable costs, related to Group Residential Housing. During our testing, we found that the criteria used to determine the amount requested for reimbursement was incorrect.

Questioned Costs:

The department estimates the total questioned costs for fiscal year 2017 to be \$8,409,517.

Context:

During fiscal year 2017, the department revised the criteria used to determine the amount requested for reimbursement. The department’s revised criteria resulted in an approximately 43% increase in federal expenditures from fiscal year 2016. When we questioned the increase in

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

expenditures, the department indicated that they were aware of an error in their criteria that was fixed in August 2017.

Cause:

The department used the full cost of the housing allotment, instead of deducting the cost paid from other public assistance benefits, when requesting reimbursement from the Federal Government.

Effect:

From its federal fiscal year 2016 and 2017 grants, the department received reimbursement for unallowable costs totaling just over \$8.4 million.

Repeat Finding:

No.

Auditor's Recommendation:

The Department of Human Services should correct the criteria used to determine the amount requested for reimbursement and should repay the Federal Government for unallowable costs.

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

Report 18-05

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)
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year	93.558 – 1701MNTANF

Finding Number 2017-002 (18-05-2) *Noncompliance with federal eligibility requirements.*

Award Period:

July 1, 2016, through June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

45 U.S. Code, sec. 602, B, iii, requires each state create a document to set forth determination of eligibility. Minnesota Statute 2017, 256J.10 describes the general eligibility requirements. A needy family, which is defined in the State’s quantified income and resource criteria, consists of a minor child, a full-time student in secondary school who is less than 19 years of age, or a pregnant woman.

Condition:

Our sample testing validated 17 percent of determinations were not eligible to receive cash assistance benefits.

Questioned Costs:

None.

Context:

As part of the department’s oversight of the counties’ eligibility determinations, the department annually selects a sample of benefit recipients to verify whether the county workers correctly

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

determined the recipients' eligibility. Our testing confirmed their control is working effectively, however counties still need to improve their eligibility determinations.

Cause:

The department's training and outreach was not sufficient to aid counties in properly assessing eligibility.

Effect:

The department paid cash assistance benefits to ineligible individuals.

Repeat Finding:

Yes, see prior audit finding 2016-006.

Auditor's Recommendation:

The Department of Human Services should enhance its training and outreach to ensure county workers accurately assess eligibility.

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

Report 18-05

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)
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year	93.558 – 1701MNTANF

Finding Number 2017-003 (18-05-3) *Did not consistently reduce cash assistance benefits.*

Award Period:

July 1, 2016, through June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

For individuals receiving temporary assistance for needy families cash assistance benefits who are not cooperating with child support requirements, the Code of Federal Regulations, Title 45, Part 264, Section 30, (c) requires the state to take appropriate action by 1) deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or 2) denying the family any assistance under the program.

Condition:

The Department of Human Services did not consistently reduce temporary assistance for needy families' cash assistance benefits, as required by federal regulations. During our testing of individuals receiving cash assistance benefits and not cooperating with child support requirements, we identified 8 of the 40 samples tested where the department did not reduce cash assistance by no less than 25%.

Questioned Costs:

None.

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

Context:

The department's child support enforcement system notifies county workers when individuals are not cooperating with child support requirements. However, the department continues to have ineffective controls to ensure county workers are appropriately reducing cash assistance benefits.

Cause:

The department did not have effective internal controls to ensure county workers were complying with federal regulations and appropriately reducing cash assistance benefits.

Effect:

The department overpaid benefits.

Repeat Finding:

Yes, prior audit finding 2016-008.

Auditor's Recommendation:

The Department of Human Services should enhance procedures to ensure county workers reduce cash assistance benefits when required.

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

Report 18-05

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 of the Child Care and Development Fund
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year	93.575 - 1701MNCCDF, 1601MNCCDF, 1501MNCCDF 93.596 - 1701MNCCDF, 1601MNCCDF, 1501MNCCDF

Finding Number 2017-004 (18-05-4) *Not adequately monitoring program activities.*

Award Period:

July 1, 2016 to June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

The Code of Federal Regulations, Title 45, Part 98, Section 41 (d) requires that the state comply with the State Plan [Child Care Development Plan]. In addition, the Child Care Development Plan, section 5.2.2 requires that the state conducting licensing reviews at least every two years.

Condition:

The Department of Human Services did not comply with federal requirements and complete licensing reviews timely. During our testing of 40 samples, we found 22 instances where the department did not complete licensing reviews within the two years. The 22 late reviews were completed between 1 month and 16 months late, with an average of 7.3 months late.

Questioned Costs:

None.

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

Context:

In fiscal years 2014, 2015, 2016 and 2017, the department did not complete licensing reviews timely. To address these issues, the department hired additional staff to complete the licensing reviews in fiscal year 2018.

Cause:

The department did not have sufficient resources to complete the licensing reviews timely. In addition, the department has seen an increase in the amount of noncompliance issues and investigations that also require timely resolution.

Effect:

There is an increased risk that health and safety issues at child care centers will go undetected which may result in potential harm to the children and families served.

Repeat Finding:

Yes, see prior audit finding 2016-009.

Auditor's Recommendation:

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

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

Report 18-05

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
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year	93.778 – 1705MN5MAP, 1705MN5ADM, 1705MNINCT, 1705MNIMPL, 1605MN5MAP, 1605MN5ADM, 1605MNINCT, 1605MNIMPL

Finding Number 2017-005 (18-05-5) *Did not ensure completion of training prior to approving eligibility.*

Award Period:

July 1, 2016, through June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

The Code of Federal Regulations, Title 2 Part 200, Section 303, (a) requires the state to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The Uniform Guidance, Part 6, Control Activities, Principle 10 requires personnel to possess adequate knowledge and experience to discharge their responsibilities.

Condition:

The Department of Human Services did not ensure county and department employees completed the required training before determining and approving individual eligibility for medical assistance benefits. During our testing of 40 samples, we identified 9 employees who were assessing eligibility for medical assistance benefits without completing required training.

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

Questioned Costs:

None.

Context:

The department relies on county and department employees to have adequate knowledge of the eligibility requirements for medical assistance benefits. To ensure these employees have that knowledge, the department requires applicable county and department employees to complete specific training on the determination of eligibility for medical assistance benefits.

Cause:

The department did not have effective internal controls to ensure all applicable county and department employees completed the required training before assessing eligibility for medical assistance benefits.

Effect:

County or department employees may inaccurately assess eligibility for medical assistance benefits.

Repeat Finding:

No.

Auditor's Recommendation:

The Department of Human Services should enhance its procedures to ensure that applicable county and department employees complete the required training before assessing eligibility for medical assistance benefits.

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

Report 18-06

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 to States
Questioned Costs:	None - Procedural
Federal Project Nos./ Award Year	H126A170032 – 17C, H126A170033 – 17D, H126A160032 – 16C, H126A160033 – 16C

Finding Number 2017-006 (18-06-1) *Noncompliance with federal earmarking requirements.*

Award Period:

July 1, 2016, through June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

29 U.S. Code, sec. 730(d), requires states to spend at least 15 percent of the federal grant for pre-employment transition services to students with disabilities. In addition, 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.

Condition:

The Department of Employment and Economic Development did not spend the required amount of its Rehabilitation Services - Vocational Rehabilitation Grants for federal fiscal year 2016 on pre-employment transition services to students with disabilities. Specifically, the department spent just 12.9 percent of the grants on those services instead of the required 15 percent.

Questioned Costs:

None.

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

Context:

The federal government implemented this requirement for federal fiscal year 2015 grant awards. The department spent just 9.6 percent of the federal fiscal year 2015 grant on pre-employment transition services. For federal fiscal year 2016, the department increased its spending on those services to 12.9 percent.

Cause:

The department did not have effective internal controls to ensure the earmarking requirement was met.

Effect:

From its federal fiscal year 2016 grants, the department spent \$1,113,319 less than required by the federal government on pre-employment transition services to students with disabilities.

Repeat Finding:

Yes, see prior audit finding 2016-005.

Auditor's Recommendation:

The Department of Employment and Economic Development should enhance its procedures to ensure it spends the required amount of its Rehabilitation Services - Vocational Rehabilitation Grants on pre-employment transition services to students with disabilities.

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

Report 18-06

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 to States
Questioned Costs:	\$56,238
Federal Project Nos./ Award Year	H126A170032 – 17C, H126A170033 – 17D, H126A160032 – 16C, H126A160033 – 16C

Finding Number 2017-007 (18-06-2) *Indirect costs overcharged.*

Award Period:

July 1, 2016, through June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control Over Compliance.

Criteria or Specific Requirement:

The Negotiated Indirect Cost Rate Agreement between the Department of Employment and Economic Development and the U.S. Department of Labor, dated April 28, 2016, established an indirect cost rate of 14.25 percent for the period from July 1, 2016, through June 30, 2017.

Condition:

The Department of Employment and Economic Development did not accurately charge indirect costs to its Rehabilitation Services - Vocational Rehabilitation Grants.

Questioned Costs:

\$56,238.

Context:

The department charged indirect costs totaling \$4,734,850 to the federal grants for the period from July 1, 2016, through June 30, 2017.

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

Cause:

The department's internal controls were not effective to ensure it accurately charged indirect costs to the federal grants.

Effect:

The department overcharged indirect costs to its Rehabilitation Services - Vocational Rehabilitation Grants by \$56,238.

Repeat Finding:

No.

Auditor's Recommendation:

The Department of Employment and Economic Development should enhance its procedures to ensure it charges indirect costs to its Rehabilitation Services - Vocational Rehabilitation Grants at the authorized rate.

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

Report CLA-17

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 Education Opportunity Grants 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loans (FPL) 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year	Not Provided

Finding Number 2017-008 (CLA-17-1) (CLA Report 2017-001) *There was no reading tutor listed on the FISAP.*

Award Period:

July 1, 2016 to June 30, 2017.

Type of Finding:

Significant Deficiency in Internal Control over compliance.

Criteria or Specific Requirement:

The Code of Federal Regulations, 34 CFR 675.9 states that an institution must use at least seven percent of its Federal Work Study allocation to employ students in community service jobs with at least one Federal Work Study student employed as a reading tutor for children in a reading tutor project or performing family literacy activities in a family literacy project.

Condition:

During our testing of 12 institutions within Minnesota State Colleges and Universities, we noted one college that did not employ a reading tutor.

Questioned Costs:

None.

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 Fiscal Operations Report and Application to Participate (FISAP) at Lake Superior College (the College), we noted none of the federal work study students were employed as a reading tutor employed during the year.

Cause:

The College's management was unable to find a student for employment as a reading tutor.

Effect:

The College is not in compliance with Department of Education requirements that they must employ a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project.

Repeat Finding:

No.

Auditor's Recommendation:

We recommend the College review their procedures to ensure they are employing at least one reading tutor each year.

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

Report CLA-17

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 Education Opportunity Grants 84.033 – Federal Work Study Program 84.038 – Federal Perkins Loans (FPL) 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
Questioned Costs:	None – Procedural Finding Only
Federal Project Nos./ Award Year	Not Provided

Finding Number 2017-009 (CLA-17-2) (CLA Report 2017-002) *School has not had any procedures in place to correct errors within 10 days.*

Award Period:

July 1, 2016 to June 30, 2017.

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 within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. 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 12 Minnesota State 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 one college and one university in our sample yielded error reports that were not corrected and resubmitted within the required 10 days.

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

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 for Century College (the College) and Minnesota State University, Mankato (the University).

Cause:

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

Effect:

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

Repeat Finding:

Yes, prior year finding 2016-011 (CLA finding 2016-002).

Auditor's Recommendation:

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

State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2017

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STATE OF MINNESOTA
STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2017

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.
U.S. Department of Agriculture								
10.551	Supplemental Nutrition Assist Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.551	Supplemental Nutrition Assist Program	Human Services	Not monitoring system access annually	1	15-07	3	2014-025	2014
10.551	Supplemental Nutrition Assist Program	Human Services	Not monitoring system access annually	1	16-06	2	2015-012	2015
10.551	Supplemental Nutrition Assist Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.551	Supplemental Nutrition Assist Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.551	Supplemental Nutrition Assist Program	Human Services	Not monitoring system access annually	1	17-11	2	2016-007	2016
10.553	School Breakfast Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.553	School Breakfast Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.553	School Breakfast Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.555	National School Lunch Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.555	National School Lunch Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.555	National School Lunch Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.556	Special Milk Program for Children	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.556	Special Milk Program for Children	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.556	Special Milk Program for Children	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.557	Special Supp Nutrition Women,Infant,Child	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.557	Special Supp Nutrition Women,Infant,Child	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.557	Special Supp Nutrition Women,Infant,Child	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.557	Special Supp Nutrition Women,Infant,Child	Health	Inadequate documentation to support some payroll charges	1	17-09	1	2016-003	2016
10.558	Child and Adult Care Food Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	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	1	16-09	1	2015-020	2015
10.558	Child and Adult Care Food Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.559	Summer Food Service Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.559	Summer Food Service Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.559	Summer Food Service Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
10.561	Supplemental Nutrition Assistance Admin	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
10.561	Supplemental Nutrition Assistance Admin	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
10.561	Supplemental Nutrition Assistance Admin	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
U.S. Department of Interior								
15.605	Sport Fish Restoration Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
15.605	Sport Fish Restoration Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
15.611	Wildlife Restoration and Basic Hunter Edu	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
15.611	Wildlife Restoration and Basic Hunter Edu	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
U.S. Department of Labor								
17.225	Unemployment Insurance	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
17.225	Unemployment Insurance	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
17.225	Unemployment Insurance	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
U.S. Department of Education								
84.007	Federal Supplemental Edu Opp Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.007	Federal Supplemental Edu Opp Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.007	Federal Supplemental Edu Opp Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inadequate internal controls over outstanding student refund checks	1	CLA-16	1	2016-010	2016
84.007	Federal Supplemental Edu Opp Grants	MnSCU	Inadequate information on NSLDS status update reports	2	CLA-16	2	2016-011	2016
84.010	Title I - Grant to Local Education Agencies	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	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	1	16-09	1	2015-020	2015
84.010	Title I - Grant to Local Education Agencies	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016

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.
84.027	Special Education - State Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.027	Special Education - State Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.027	Special Education - State Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.033	Federal Work Study Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.033	Federal Work Study Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.033	Federal Work Study Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.033	Federal Work Study Program	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84.033	Federal Work Study Program	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84.033	Federal Work Study Program	MnSCU	Inadequate internal controls over outstanding student refund checks	1	CLA-16	1	2016-010	2016
84.033	Federal Work Study Program	MnSCU	Inadequate information on NSLDS status update reports	2	CLA-16	2	2016-011	2016
84.038	Federal Perkins Loans	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.038	Federal Perkins Loans	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.038	Federal Perkins Loans	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.038	Federal Perkins Loans	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84.038	Federal Perkins Loans	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84.038	Federal Perkins Loans	MnSCU	Inadequate internal controls over outstanding student refund checks	1	CLA-16	1	2016-010	2016
84.038	Federal Perkins Loans	MnSCU	Inadequate information on NSLDS status update reports	2	CLA-16	2	2016-011	2016
84.063	Federal Pell Grant Program	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.063	Federal Pell Grant Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.063	Federal Pell Grant Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.063	Federal Pell Grant Program	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84.063	Federal Pell Grant Program	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84.063	Federal Pell Grant Program	MnSCU	Inadequate internal controls over outstanding student refund checks	1	CLA-16	1	2016-010	2016
84.063	Federal Pell Grant Program	MnSCU	Inadequate information on NSLDS status update reports	2	CLA-16	2	2016-011	2016
84.126	Vocational Rehabilitation	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.126	Vocational Rehabilitation	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.126	Vocational Rehabilitation	Employment and Econ Develop	Noncompliance with the development of individualized employment plans	1	16-11	1	2015-022	2015
84.126	Vocational Rehabilitation	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.126	Vocational Rehabilitation	Employment and Econ Develop	Noncompliance with the development of individualized employment plans	1	17-10	1	2016-004	2016
84.126	Vocational Rehabilitation	Employment and Econ Develop	Inadequate controls to ensure the required amount was spent on specified activities	2	17-10	2	2016-005	2016
84.173	Special Education - Preschool Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.173	Special Education - Preschool Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.173	Special Education - Preschool Grants	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.268	Federal Direct Student Loans	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.268	Federal Direct Student Loans	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.268	Federal Direct Student Loans	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.268	Federal Direct Student Loans	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84.268	Federal Direct Student Loans	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84.268	Federal Direct Student Loans	MnSCU	Inadequate internal controls over outstanding student refund checks	1	CLA-16	1	2016-010	2016
84.268	Federal Direct Student Loans	MnSCU	Inadequate information on NSLDS status update reports	2	CLA-16	2	2016-011	2016
84.376	National Science and Math Talent Grants	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.379	Teacher Edu Asst for College & Higher Ed.	MN.IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
84.379	Teacher Edu Asst for College & Higher Ed.	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
84.379	Teacher Edu Asst for College & Higher Ed.	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
84.379	Teacher Edu Asst for College & Higher Ed.	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-14	3	2014-037	2014
84.379	Teacher Edu Asst for College & Higher Ed.	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-15	3	2015-025	2015
84.379	Teacher Edu Asst for College & Higher Ed.	MnSCU	Inadequate internal controls over outstanding student refund checks	1	CLA-16	1	2016-010	2016
84.379	Teacher Edu Asst for College & Higher Ed.	MnSCU	Inaccurate information on NSLDS status update reports	2	CLA-16	2	2016-011	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.
93.596	Child Care Mandatory and Matching Fund	Human Services	Not monitoring system access annually	1	17-11	2	2016-007	2016
93.596	Child Care Mandatory and Matching Fund	Human Services	Not adequately monitoring program activities	2	17-11	4	2016-009	2016
93.640	Basic Health Program	Human Services	Noncompliance with eligibility verification requirements	4	16-02	1	2015-001	2015
93.640	Basic Health Program	Human Services	Inadequate controls to ensure security over the transfer of data	4	16-02	2	2015-002	2015
93.640	Basic Health Program	Human Services	Insufficient training for county eligibility workers	4	16-02	3	2015-003	2015
93.640	Basic Health Program	Human Services	Did not verify that enrollees remained eligible	4	16-02	4	2015-004	2015
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements for citizenship and social security information	4	16-02	5	2015-005	2015
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements over income	4	16-02	6	2015-006	2015
93.640	Basic Health Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	4	16-02	7	2015-007	2015
93.640	Basic Health Program	Human Services	Enrolled participants in the wrong public program	4	16-02	8	2015-008	2015
93.640	Basic Health Program	Human Services	Inappropriate use of federal funds to pay for health care costs	4	16-02	9	2015-009	2015
93.640	Basic Health Program	Human Services	Noncompliance with federal eligibility requirements	4	16-06	1	2015-011	2015
93.640	Basic Health Program	Human Services	Not monitoring system access annually	4	16-06	2	2015-012	2015
93.640	Basic Health Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
93.640	Basic Health Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
93.640	Basic Health Program	Human Services	Not monitoring system access annually	4	17-11	2	2016-007	2016
93.658	Foster Care - Title IV-E	MN,IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
93.658	Foster Care - Title IV-E	Human Services	Not monitoring system access annually	1	15-07	3	2014-025	2014
93.658	Foster Care - Title IV-E	Human Services	Not monitoring system access annually	1	16-06	2	2015-012	2015
93.658	Foster Care - Title IV-E	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
93.658	Foster Care - Title IV-E	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
93.667	Social Services Block Grant	MN,IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
93.667	Social Services Block Grant	Human Services	Not monitoring system access annually	1	15-07	3	2014-025	2014
93.667	Social Services Block Grant	Human Services	Not monitoring system access annually	1	16-06	2	2015-012	2015
93.667	Social Services Block Grant	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
93.667	Social Services Block Grant	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
93.667	Social Services Block Grant	Human Services	Not monitoring system access annually	1	17-11	2	2016-007	2016
93.767	Children's Health Insurance Program	MN,IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
93.767	Children's Health Insurance Program	Human Services	Not monitoring system access annually	1	15-07	3	2014-025	2014
93.767	Children's Health Insurance Program	Human Services	Not monitoring system access annually	1	16-06	2	2015-012	2015
93.767	Children's Health Insurance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
93.767	Children's Health Insurance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
93.767	Children's Health Insurance Program	Human Services	Not monitoring system access annually	1	17-11	2	2016-007	2016
93.777	State Health Care Providers Survey	MN,IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
93.777	State Health Care Providers Survey	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
93.777	State Health Care Providers Survey	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
93.778	Medical Assistance Program	Human Services	Inadequate controls to ensure security over the transfer of data	4	14-22	1	2014-008	2014
93.778	Medical Assistance Program	Human Services	Insufficient training for county eligibility workers	4	14-22	2	2014-009	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over citizenship and social security information	4	14-22	3	2014-010	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over income	4	14-22	5	2014-012	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	4	14-22	6	2014-013	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over citizenship and social security information	4	14-22	7	2014-014	2014
93.778	Medical Assistance Program	Human Services	Enrolled participants in the wrong public program	4	14-22	8	2014-015	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with federal cost principles and excess reserves	1	15-07	1	2014-023	2014
93.778	Medical Assistance Program	Human Services	Not monitoring system access annually	1	15-07	3	2014-025	2014
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility verification requirements	4	16-02	1	2015-001	2015
93.778	Medical Assistance Program	Human Services	Inadequate controls to ensure security over the transfer of data	4	16-02	2	2015-002	2015

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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.
93.778	Medical Assistance Program	Human Services	Insufficient training for county eligibility workers	4	16-02	3	2015-003	2015
93.778	Medical Assistance Program	Human Services	Did not reverify that enrollees remained eligible	4	16-02	4	2015-004	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements for citizenship and social security information	4	16-02	5	2015-005	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over income	4	16-02	6	2015-006	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with eligibility requirements over household size and family relationships	4	16-02	7	2015-007	2015
93.778	Medical Assistance Program	Human Services	Did not ensure newborns turning age one remained eligible	4	16-02	10	2015-010	2015
93.778	Medical Assistance Program	Human Services	Noncompliance with federal eligibility requirements	1	16-06	1	2015-011	2015
93.778	Medical Assistance Program	Human Services	Not monitoring system access annually	1	16-06	2	2015-012	2015
93.778	Medical Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
93.778	Medical Assistance Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
93.778	Medical Assistance Program	Human Services	Noncompliance with federal eligibility requirements	1	17-11	1	2016-006	2016
93.778	Medical Assistance Program	Human Services	Not monitoring system access annually	1	17-11	2	2016-007	2016
93.889	National Bioterror Hospital Preparedness	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016
U.S. Department of Homeland Security								
97.036	Disaster Grants - Public Assist Program	MN/IT Services	Noncompliance with federal cost principles and excess reserves	1	15-01	1	2014-018	2014
97.036	Disaster Grants - Public Assist Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	16-09	1	2015-020	2015
97.036	Disaster Grants - Public Assist Program	Management and Budget	Noncompliance with federal cost principles and excess reserves	1	17-08	1	2016-002	2016

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 10.551, Supplemental Nutrition Assistance Program.

*CATEGORY OF CORRECTIVE ACTION TAKEN

1 - Findings have been fully corrected.

2 - Findings are not corrected or are only partially corrected.

3 - Corrective action taken was significantly different than previously reported.

4 - Audit findings are no longer valid or do not warrant further action.

For Categories 2 and 3, please refer to Status of Prior Federal Program Audit Findings supplemental information for further details.

**State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Fiscal Year Ended June 30, 2017**

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

Please see the Index of Corrective Action Plans for planned corrective action plans submitted by the agencies for any current year repeat findings.

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 18-05, Finding 4 (2017-004). See agency provided corrective action plan number 2017-004.

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)

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 Temporary Assistance for Needy Families.**

This finding is repeated in the current audit report. See Section III, Report 18-05, Finding 2 (2017-002). See agency provided corrective action plan number 2017-002.

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 finding is repeated in the current audit report. See Section III, Report 18-05, Finding 4 (2017-004). See agency provided corrective action plan number 2017-004.

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 2015-011 (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 Temporary Assistance for Needy Families.**

This finding is repeated in the current audit report. See Section III, Report 18-05, Finding 2 (2017-002). See agency provided corrective action plan number 2017-002.

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 18-05, Finding 3 (2017-003). See agency provided corrective action plan number 2017-003.

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 18-05, Finding 4 (2017-004). See agency provided corrective action plan number 2017-004.

Report 17-10

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 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.**

This finding is repeated in the current audit report. See Section III, Report 18-06, Finding 1 (2017-006). See agency provided corrective action plan number 2017-006.

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

Report 17-11

State Agency: Minnesota Department of Human Services

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

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

93.558 Temporary Assistance for Needy Families

Finding 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. This is a repeat finding.**

This finding is repeated in the current audit report. See Section III, Report 18-05, Finding 2 (2017-002). See agency provided corrective action plan number 2017-002.

Report 17-11

State Agency: Minnesota Department of Human Services

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

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

93.558 Temporary Assistance for Needy Families

Finding 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.**

This finding is repeated in the current audit report. See Section III, Report 18-05, Finding 3 (2017-003). See agency provided corrective action plan number 2017-003.

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

Report 17-11

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 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.**

This finding is repeated in the current audit report. See Section III, Report 18-05, Finding 4 (2017-004). See agency provided corrective action plan number 2017-004.

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-17, Finding 2 (2017-009). See agency provided corrective action plan number 2017-009.

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-17, Finding 2 (2017-009). See agency provided corrective action plan number 2017-009.

Report CLA 16

State Agency: Minnesota State Colleges and Universities

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

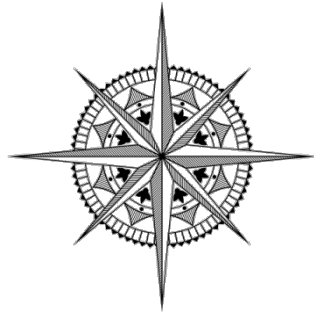
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Finding 2016-011 (CLA-16-2) (CLA Report 2016-002)

Inaccurate information on National Student Loan Data system status update reports.

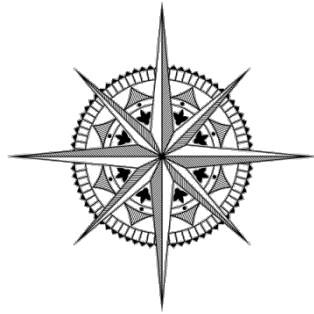
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State of Minnesota
Financial and Compliance Report on Federally Assisted Programs
Agency Provided Corrective Action Plans
Fiscal Year Ended June 30, 2017

Index of Corrective Action Plans (CAP)

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March 14, 2017

James R. Nobles, Legislative Auditor
Office of the Legislative Auditor
Centennial Office Building
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Nobles:

Thank you for the opportunity to review and comment on findings from your Office evaluating the Department's compliance with major federal programs for state fiscal year ending June 30, 2017. We value the thorough examination of our programs, and appreciate the opportunity we had to work with your dedicated and professional staff.

We work hard each year to meet our obligation to manage federal programs in an efficient and effective manner. This year we resolved previous findings related to non-MAGI Medicaid eligibility as well as reverification of county worker access to the Department's computer systems. However, we recognize that significant effort is still needed because three of the five findings in this report are prior year findings. We will continue our efforts to resolve the remaining issues identified and to maintain strong controls over all operations.

Below are the Department's responses to the findings and recommendations in the 2017 Federal Compliance Audit.

Audit Finding 2017-001 (18-05-01)

The Department of Human Services requested reimbursement for unallowable costs related to Group Residential Housing. During our testing, we found that the criteria used to determine the amount requested for reimbursement was incorrect.

Audit Recommendation 2017-001 (18-05-01)

The Department of Human Services should correct the criteria used to determine the amount requested for reimbursement and should repay the Federal Government for unallowable costs.

Response to Audit Recommendation 2017-001 (18-05-01)

The Department agrees with this finding. The SNAP-Group Residential Housing (GRH) Waiver, granted in 2004, reimburses the GRH program using SNAP funds for meal-related costs incurred on behalf of eligible individuals. In July 2016 (reporting month), a new query was used as the basis for determining the federal reimbursement amount, resulting in an increase in the average SNAP allocation and in the monthly reimbursement.

In August 2017, the department discovered and corrected an error in the new calculation, revealing that the department had inadvertently requested reimbursement for unallowable costs. The Department is implementing the following changes to avoid future overpayments:

- Revised query logic to correctly identify eligible cases and calculate SNAP allotments going forward.
- Established monthly quality control procedures SNAP Quality Control staff will test the sampled GRH cases to ensure continued accuracy of the reimbursement calculation.

While the Department was developing and implementing these corrective actions, another potential issue was identified that may have resulted in the Department requesting SNAP reimbursement for unallowable costs. We are working on defining the scope and impact of this new issue. We will continue to work with the United States Department of Agriculture Food and Nutrition Services to fully identify and correct any additional errors.

Responsible Person: Jovon Perry, Director, Economic Assistance and Employment Supports
Shawn Welch, Director, Reports and Forecast

Estimated Completion Date: Sept. 30, 2018.

Audit Finding 2017-002 (18-05-02)

Our sample testing validated 17 percent of determinations were not eligible to receive cash assistance benefits.

Audit Recommendation 2017-002 (18-05-02)

The Department of Human Services should enhance its training and outreach to ensure county workers accurately assess eligibility.

Response to Audit Recommendation 2017-002 (18-05-02)

The Department agrees with this finding. The extended review process implemented last year allowed the Department and the OLA to distinguish clearly the procedural errors that resulted in incorrect benefit amounts from those procedural errors that did not cause such errors.

We agree that training improvements are always valuable. Given the complex policies that characterize the program we feel we need to supplement our training with additional strategies. The Department has begun an analysis to look at the most common error patterns in order to identify other strategies to reduce errors. We anticipate that automating more functions and simplifying policy will be among the prominent recommendations.

Responsible Person: Jovon Perry, Director, Economic Assistance and Employment Supports

Estimated Completion Date: We anticipate the analysis of errors to produce recommendations for short-term and long-term actions to be taken will be available by Sept. 30, 2018.

Audit Finding 2017-003 (18-05-03)

The Department of Human Services did not consistently reduce Temporary Assistance for Needy Families' cash assistance benefits, as required by federal regulations. During our testing of individuals receiving cash assistance benefits and not cooperating with child support requirements, we identified 8 of the 40 samples tested where the department did not reduce cash assistance by no less than 25 percent.

Audit Recommendation 2017-003 (18-05-03)

The Department of Human Services should enhance procedures to ensure county workers reduce cash assistance benefits when required.

Response to Audit Recommendation 2017-003 (18-05-03)

The Department agrees with this finding and recommendation. The Department has made significant efforts in the last year to ensure county workers were complying with federal regulations and appropriately reducing cash assistance benefits, including:

- Issuing new and clearer guidance on deadlines for acting on child support sanctions
- Conducting presentations and training sessions on sanctions for county frontline and supervisory staff.

In addition, the Department is pursuing two initiatives that will depend on resources available from MN.IT Services:

- Enact programming changes to alert county eligibility workers about families who do not cooperate with child support enforcement efforts and to reduce the volume of lower priority notices county eligibility workers receive.
- Create capacity for counties to generate monthly reports that identify MFIP clients who are not cooperating with child support enforcement efforts so county management can review sanction status.

Responsible Person: Jovon Perry, Director, Economic Assistance and Employment Supports

Estimated Completion Date: Unknown. System changes will be completed per MN.IT Services timelines.

Audit Finding 2017-004 (18-05-04)

The Department of Human Services did not comply with federal requirements and complete licensing reviews timely. During our testing of 40 samples, we found 22 instances where the department did not complete licensing reviews within the two years. The 22 late reviews were completed between 1 month and 16 months late, with an average of 7.3 months late.

Audit Recommendations 2017-004 (18-05-04)

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

Response to Audit Recommendation 2017-004 (18-05-04)

The Department agrees with this finding and recommendation. This is a repeat finding because the department did not have sufficient resources to complete the licensing reviews in a timely manner. Until mid-2017, the Department employed 9.5 child care licensors, 2 supervisors and 1 manager who are responsible for monitoring 1,750 child care centers. This resulted in a licensor caseload ratio of approximately 1:175. The Governor's requested annual inspections and increased funding for the necessary staff in 2016 but the Legislature did not act.

In 2017, the Legislature approved the Governor's request for annual inspections and provided funding for new licensing staff needed to conduct timely inspections and monitoring visits. Hiring is underway, with 18 licensors

and five supervisors now in the unit, and another four licensors scheduled to be hired by April 30, 2018. A plan is in place to complete all hiring by the end of 2018.

The Department has created a work plan that takes into account the ongoing hiring and training of new staff. Upon completion of any licensing review conducted after Jan. 1, 2018, the subsequent inspection for that center is entered into the licensing information database for one year out rather than two. We estimate the Department will be able to conduct the following number of licensing reviews in 2018, based on current staffing, the number of licensors who will be fully trained by summer 2018, and expected hiring/training during the last quarter of the year:

- First quarter:100
- Second quarter : 185
- Third quarter: 360 (based on 20 licensors conducting an average of 6 reviews/month)
- Fourth quarter: 384 (based on 20 licensors conducting an average of 6 reviews/month plus the 4 October hires beginning to do independent reviews by December)

This means almost 60 percent of programs will have been inspected in 2018 and will be reviewed annually after that date. In calendar year 2019, when hiring and training are concluded, we will be in position to conduct annual licensing inspections at all 1,750 licensed child care centers. Supervisors will be closely monitoring licensing activity to ensure reviews are being conducted as projected in the work plan to avoid untimely reviews.

Responsible Person: Peggy Cunningham, Manager of the Child Care Center Unit in the Licensing Division

Estimated Completion Date: The Department estimates that hiring and training will be completed by December 2018. We expect that all 1,750 licensed child care centers will be reviewed in 2019.

Audit Finding 2017-005 (18-05-05)

The Department of Human Services did not ensure county and department employees completed the required training before determining and approving individual eligibility for medical assistance benefits. During our testing of 40 samples, we identified nine employees who were assessing eligibility for medical assistance benefits without completing required training.

Audit Recommendations 2017-005 (18-05-05)

The Department of Human Services should enhance its procedures to ensure that applicable county and department employees complete the required training before assessing eligibility for medical assistance benefits.

Response to Audit Recommendation 2017-005 (18-05-05)

We agree with this finding and recommendation. MN.IT Services plays a key role in helping the Department review and improve procedures and controls to ensure that errors do not occur in granting access to the department's eligibility systems. The department will work with MN.IT Services to review, improve and document procedures to ensure that appropriate training has been taken by a user requesting access to determine eligibility for Medical Assistance benefits prior to that access being granted, or within the approved timeframes.

Additionally, the health care training area will manually check that training prerequisites required prior to the completion of the MA Systems Course are completed, and will add a systematic check to one of the final online prerequisites to reduce human error or require completion of all online courses prior to allowing registration in the MA Systems Course.

Finally, periodic internal auditing of approved access will be performed on a regular basis to assure that all procedures are followed and controls are met, including mitigation of human error.

Responsible Person: Jen Gerber, Manager, Partner Relations, Health Care Administration
Ge Her, Training Lead, Health Care Administration

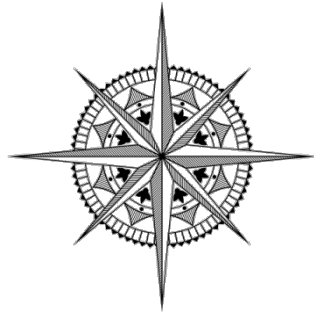
Estimated Completion Date: April 12, 2018

Thank you again for the professional and dedicated efforts of your staff during this audit. The Department of Human Services' policy is to follow up on all audit findings to evaluate the progress being made to resolve them. Progress is monitored until full resolution has occurred. If you have any further questions, please contact Gary L. Johnson, Internal Audit Director, at (651) 431-3623.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Johnson', with a long horizontal stroke extending to the right.

Charles E. Johnson
Acting Commissioner



March 13, 2018

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

Dear Mr. Nobles:

Thank you for the opportunity to respond to the findings and recommendations in accordance with the Federal Single Audit on selected major federal programs awarded to the Department of Employment and Economic Development (DEED) for the period from July 1, 2016, through June 30, 2017. The federal program includes the U.S. Department of Education, Rehabilitation Services – Vocational Rehabilitation Grants to States Program (CFDA 84.126) - Vocational Rehabilitation Services and State Services for the Blind, which had expenditures for fiscal year 2017 exceeding \$30 million.

This letter responds to the two areas of weaknesses identified in the audit.

**Audit Finding 1: 2017-006 (18-06-1) – Noncompliance with federal earmarking requirements.
Prior Finding Not Resolved – Repeat Finding (see prior audit finding 2016-005).**

Criteria or Specific Requirement:

29 U.S. Code, sec. 730(d), requires states to spend at least 15 percent of the federal grant for pre-employment transition services to students with disabilities. In addition, 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.

Condition:

The Department of Employment and Economic Development did not spend the required amount of its Rehabilitation Services - Vocational Rehabilitation Grants for federal fiscal year 2016 on pre-employment transition services to students with disabilities. Specifically, the department spent just 12.9 percent of the grants on those services instead of the required 15 percent.

Questioned Costs:

None.

Context:

The federal government implemented this requirement for federal fiscal year 2015 grant awards. The department spent just 9.6 percent of the federal fiscal year 2015 grant on pre-employment transition services. For federal fiscal year 2016, the department increased its spending on those services to 12.9 percent.

Cause:

The department did not have effective internal controls to ensure the earmarking requirement was met.

Effect:

From its federal fiscal year 2016 grants, the department spent \$1,113,319 less than required by the federal government on pre-employment transition services to students with disabilities.

Auditor's Recommendation:

The Department of Employment and Economic Development should enhance its procedures to ensure it spends the required amount of its Rehabilitation Services - Vocational Rehabilitation Grants on pre-employment transition services to students with disabilities.

DEED's Response:

While DEED acknowledges that the Pre-ETS expenditures for Vocational Rehabilitation Services (VRS) – Minnesota General did not meet the required earmarking percentage for FFY 2016, the target will be met for FFY 2017. Minnesota - Services for the Blind has already met the earmarked requirement in FFY2016.

Since the earmarking requirement was put into place, DEED VRS has made significant and steady progress towards meeting the 15 percent spending target. Based on an analysis done by Rehabilitation Services Administration (RSA) of national program data (SF-425) for the period ending March 31, 2017, Minnesota is in the top quartile of all Vocational Rehabilitation (VR) programs in the country with respect to pre-employment transition services (Pre-ETS) spending.

The earmarking requirement in the Workforce Innovation and Opportunity Act (WIOA) became effective immediately upon the date WIOA was signed into law on July 22, 2014 (WIOA Section 506(d)) and well before the final implementing regulations were published in August of 2016. The earmarking requirement directed VR agencies to not only make major changes to the types of services being provided to youth but to ensure that those services would be available to ALL youth with disabilities in Minnesota, not just to those enrolled in the VR program.

In the 2016-2017 school year, there were over 49,000 students with disabilities in Minnesota that could receive Pre-ETS services; 183 of these students would be served by SSB and the remainder would be served by VRS. In light of the recognition that state VR programs would need significant time to transition their service delivery model to fully implement the new 15 percent set-aside requirement, RSA exercised its transition authority under WIOA Section 503(e) to ensure a smooth transition from the old requirements under WIA to the new earmarking requirement in WIOA. Using this transition authority, RSA initiated the provision of technical assistance to states, beginning with a national teleconference held on August 7, 2017. Subsequently, Minnesota General participated in technical assistance advisory conference calls with RSA staff in September 2017 and again in December 2017.

DEED VRS has since implemented the internal controls recommended by RSA staff, which included establishing an additional project code for coordinating activities and developing an expenditures forecasting methodology for Pre-ETS. Budget reports are generated each month and DEED VRS tracks Pre-ETS spending to determine whether or not actual expenses are aligned with the budgeted and earmarked amounts. DEED VRS has developed over a dozen internal controls specifically related to Pre-ETS and have conducted relevant training for VRS staff.

Person responsible for corrective action: Kim Peck, Director, Vocational Rehabilitation Services

Anticipated completion date for corrective action: Minnesota General expects to meet the earmarking requirement in FFY17 and all subsequent years.

Audit Finding 2: 2017-007 (18-06-2) Indirect Costs Overcharged.

Not Repeat Finding

Criteria or Specific Requirement:

The Negotiated Indirect Cost Rate Agreement between the Department of Employment and Economic Development and the U.S. Department of Labor, dated April 28, 2016, established an indirect cost rate of 14.25 percent for the period from July 1, 2016 through June 30, 2017.

Condition:

The Department of Employment and Economic Development did not accurately charge indirect costs to its Rehabilitation Services - Vocational Rehabilitation Grants.

Questioned Costs:

\$56,238

Context:

The department charged indirect costs totaling \$4,734,850 to the federal grants for the period from July 1, 2016, through June 30, 2017.

Cause:

The department's internal controls were not effective to ensure it accurately charged indirect costs to the federal grants.

Effect:

The department overcharged indirect costs to its Rehabilitation Services - Vocational Rehabilitation Grants by \$56,238.

Auditor's Recommendation:

The Department of Employment and Economic Development should enhance its procedures to ensure it charges indirect costs to its Rehabilitation Services - Vocational Rehabilitation Grants at the authorized rate.

DEED's Response:

DEED acknowledges that it did not timely meet the requirement to ensure it charged the appropriate indirect costs to the Rehabilitation Services - Vocational Rehabilitation Grants for the Minnesota State Services for the Blind (SSB) within FY2017. This omission is out of the norm for DEED. There is a stringent timeframe when quarter end/yearend true-up can occur and with competing yearend processing, accounting deadlines and staff transitions, it was not processed timely. However, we disagree that the authorized indirect cost rate was not charged for the appropriate period. When adjustments are made, DEED uses the appropriate authorized indirect rate for the fiscal year being adjusted since the authorized indirect cost rate varies by fiscal year. The final yearend indirect cost allocation and true-up adjustments

timely occurred for the other respective programs before FY2017 hard close in August and before the final indirect payment was due. In essence, it is a matter of timing of the transaction for the finding.

On a quarterly and yearend basis, an indirect cost true-up report is run after the payroll posting and final cost allocation is completed by MMB for the quarter end/yearend to determine if any adjustments need to be made by DEED AFS based on payroll changes that may have occurred after the payroll was initially processed and posted such as timesheet revisions or other adjustments. This quarterly and yearend true-up reporting and adjustment process ensures that the respective programs are charged the appropriate indirect charges for the quarter and yearend for the respective state fiscal year. When a journal voucher transaction occurs after fiscal year hard close in August, DEED has to use an accounting period in the new fiscal year since the previous fiscal year is closed for journal voucher transactions.

AFS will follow the Auditor recommendation to enhance its internal controls and procedures to ensure transactions occur in the correct accounting period and appropriate notification and escalation processes occur so this does not become a repeat finding. AFS staff will be trained on these enhancements.

Person responsible for corrective action: Julie Freeman, CFO, Administrative and Financial Services (AFS)

Anticipated completion date for corrective action: AFS will be working with MMB to open up the accounting period, if possible, to reflect the entries in the appropriate fiscal year. Corrective action for FY18 will be completed through the quarterly true-up process and before hard-close to avoid this recurrence.

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

Regards,



Shawntera Hardy
Commissioner



MANAGEMENT RESPONSE TO FEDERAL AWARD FINDINGS

Audit Finding 2017-008 (CLA 17-1)

Condition: During our testing of 12 institutions within Minnesota State Colleges and Universities, we noted one college that did not employ a reading tutor.

Questioned Costs: None

Institutional Response: The college accepts the recommendation and will review their procedures to ensure they are employing at least one reading tutor each year.

Responsible Person:

Lake Superior College

La Nita Robinson, Director of Financial Aid

Effective Date:

January 31, 2018

Audit Finding 2017-009 (CLA 17-2)

Condition: We selected a sample of 12 Minnesota State 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 one college and one university in our sample, yielded error reports that were not corrected and resubmitted within the required 10 days.

Questioned Costs: None

Repeat Finding: Yes, prior year finding 2016-011 (CLA 16-2)

Institutional Response: The college and university named in the finding both accept the recommendation of the auditor and will implement processes to ensure the return of data to NSLDS within the required time frame.

The Minnesota State system will provide guidance and training to the college and the university assisting them in implementing the use of the SCHER 1 report process, which has been a tool used in successfully addressing this issue at other Minnesota State colleges and universities.

NOTE: This finding is a recurrence of the 2016-011 (CLA 16-2) finding. 10 of the 12 Minnesota State colleges and universities cited in the 2016 finding have successfully implemented process changes that resulted in compliance with NSLDS timely reporting requirements. The college and university named in the recurrence experienced staffing turnover that prevented their timely completion of the implementation of those process changes. That implementation will occur by March 31, 2018.

Responsible Persons:

Christopher Halling, Minnesota State
System Director for Student Financial Aid

Century College

Pam Engebretson, Financial Aid Director

Minnesota State University, Mankato

Tyler Hue, Financial Aid Director

Effective Date:

March 31, 2018

