



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Audit Committee

DATE: March 19, 2024

TITLE: Federal Compliance Testing Over Student Financial Assistance and Higher Education Emergency Relief Fund Programs Update

Action

Review and Discussion

This item is required by policy

PRESENTERS

Amy Jorgenson, Chief Audit Officer

Don Loberg, Managing Principal with CliftonLarsonAllen, LLP

Brenda Scherer, Signing Director with CliftonLarsonAllen, LLP

Liz Cook, Manager with CliftonLarsonAllen, LLP

PURPOSE

Minnesota State's 2023 Schedule of Expenditures of Federal Awards Report for the Year Ended June 30, 2023 has been prepared by CliftonLarsonAllen (CLA) as part of its responsibilities as the system auditor for Minnesota State. The results of this report will be incorporated into the State of Minnesota's Single Audit report that will be released in late March and available on the Minnesota Management and Budget website. Copies of the State of Minnesota's Single Audit report will be made available on Minnesota State's financial reporting website.

BACKGROUND INFORMATION

Background

For Student Financial Aid (SFA) CLA selects a sample of 60 students across the entire system for eligibility testing. They perform other compliance testing on a rotational basis to ensure they test all colleges and universities within a three-year cycle. For the Higher Education Emergency Relief Fund (HEERF) the samples are selected based on an understanding of internal controls.

- Audit Results

- Unmodified opinion over compliance for SFA and HEERF
 - Report on noncompliance found during testing
 - Positive opinion noting Minnesota State has complied materially with the direct and material compliance requirements

- No material weaknesses
- SFA significant deficiencies
 - **Enrollment reporting** – 5 out of 60 students tested were not reported timely
 - **Perkins recordkeeping** – 1 out of 40 students tested did not have a master promissory note retained
 - **Cash management** – 1 university had a duplicate draw down and held excess cash longer than 7 days
 - **Ineligible program** – 1 college gave federal aid to students in an ineligible program
 - **Tier one arrangements (Bank Mobile)** – 9 colleges or universities did not provide the URL to the Department of Education for where the contract is located on their website
- HEERF significant deficiency
 - **Reporting** – 2 out of 8 annual reports tested were not submitted timely as well as 4 out of 21 quarterly reports tested were not submitted timely

Please refer to the single audit compliance report included in your materials for a detailed description of the findings.