



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Audit Committee

DATE: March 21, 2023

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

Proposed New Policy or Amendment to Existing Policy

Approvals Required by Policy

Other Approvals

Monitoring/Compliance

Information

PRESENTERS

Amy Jorgenson, Chief Audit Officer

Bill Maki, Vice Chancellor of Finance and Chief Financial Officer

Brenda Scherer, Signing Director with CliftonLarsonAllen, LLP

Liz Cook, Manager with CliftonLarsonAllen, LLP

PURPOSE

Minnesota State's external auditors, CliftonLarsonAllen, LLP, will discuss the results of its recently completed federal compliance audit of federal student financial aid and Higher Education emergency Relief Fund (HEERF) Programs for the year ended June 30, 2022. This audit work was required by the federal government.

BACKGROUND INFORMATION

Federal student financial aid is a major federal financial assistance program and required by law to be audited annually. Higher Education Emergency Relief Funds (HEERF), part of three acts passed by Congress to provide financial assistance to students and campuses due to the disruption caused by the coronavirus, were required to also be audited. The three acts were as follows:

- Coronavirus Aid, Relief, and Economic Security Act (CARES)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan (ARP)

Minnesota State's 2022 Schedule of Expenditures of Federal Awards Report for the Year Ended June 30, 2022 has been prepared by CLA as part of its responsibilities as the system auditor for Minnesota State. The results in this report are incorporated into the State of Minnesota's Single Audit report and available on the Minnesota Management and Budget website. Copies of

the State of Minnesota’s Single Audit report will also be available on Minnesota State’s financial reporting website.

Summary Fiscal Year Schedule of Expenditures of Federal Awards

	2022	2021	2020
Perkins	13,244,215	20,230,240	25,032,468
Nursing	13,971	15,893	18,147
Student Direct Loans	326,017,068	355,702,684	407,312,797
Total Student Loans	339,275,254	375,948,817	432,363,412
Supplemental Education Opportunity Grants	8,459,694	8,901,276	6,630,926
Work-Study Program	5,440,702	4,967,305	7,344,153
Pell Grant Program	177,373,006	185,585,388	214,626,559
Teacher Education Assistance Grants	334,238	389,033	408,492
Total Student Grants and Other Aid	191,607,640	199,843,002	229,010,130
Total Student Financial Assistance Cluster	530,882,894	575,791,819	661,373,542
Education Stabilization Fund/HEERF	328,745,477	162,114,885	56,954,890
Other Federal Programs	58,727,140	55,255,098	56,316,408
Total Federal Expenditures	918,355,511	793,161,802	774,644,840



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Minnesota State Colleges and Universities Audit Presentation

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

Year Ended June 30, 2022

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Agenda

Scope of Audit Responsibilities

Timeline of Testing

Audit Approach

Results



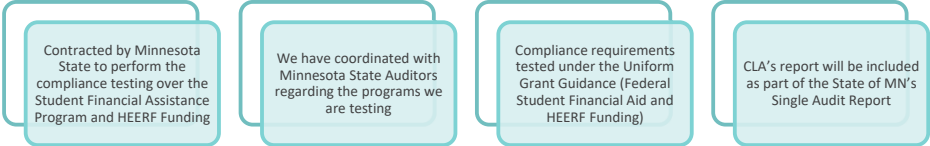
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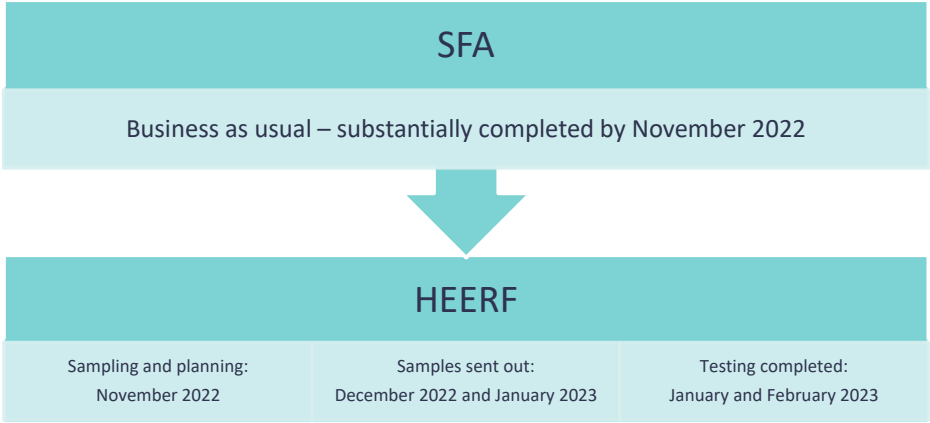
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CLA's Role Under State Single Audit



Timeline for Testing in FY22



Audit Approach- Student Financial Aid

- Rotation of internal control policies and procedures
- Random sample of students selected from ~119,000 students within the system
- Other samples selected (e.g. Reporting, Cash Management, Perkins testing)



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Audit Approach – HEERF

- Documentation requested from all colleges and universities to obtain an understanding of internal controls
- Disbursement testing (student and institutional) selected from entire system via several samples due to differing internal controls
- Other compliance testing (procurement and reporting) through samples selected from entire system



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Audit Results

Compliance
Opinion

Unmodified
Opinion



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Audit Results – SFA

No Material Weaknesses

Two Findings Considered to be Significant Deficiencies

- National Student Loan Database System Enrollment Reporting Error Correcting
- Fiscal Operations Report and Application to Participate (FISAP)



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Audit Results – SFA

Management Letter Recommendations

- Documentation of review processes (Reconciliations, G5 drawdowns, and professional judgment)
- National Student Loan Data System Effective Dates



Audit Results – HEERF

No Material Weaknesses



Audit Results – HEERF

One Finding Considered to be a Significant Deficiency

- Reporting

Management Letter Recommendations

- Documentation of review processes (student grant disbursements and G5 drawdowns)



Questions and Feedback

We welcome any questions pertaining to the audit, governance communication letter, management letter or other matters related to the engagement

We appreciate the opportunity to serve as the auditors for the Minnesota State Colleges and Universities system and welcome any feedback relative to our performance



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