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OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

FINANCIAL AUDIT DIVISION REPORT

Report on Internal Control Over Statewide Financial Reporting

Year Ended June 30, 2011

February 16, 2012 **Report 12-03**

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Representative Michael Beard, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. James Schowalter, Commissioner
Department of Management and Budget

In auditing the State of Minnesota's basic financial statements for the year ended June 30, 2011, we considered the state's internal controls over financial reporting. We also tested the state's compliance with significant legal provisions impacting the basic financial statements and did not identify any noncompliance to report.[1] This report contains our findings and recommendations on internal controls over the state's financial reporting process taken as a whole. However, given the limited nature of our audit work, we do not express an overall opinion on the effectiveness of the State of Minnesota's internal controls or compliance. In addition, our work may not have identified all significant control deficiencies or instances of noncompliance with legal requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We consider the deficiencies identified in findings 1, 2, and 3, which relate to the preparation of the basic financial statements, to be material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider findings 4 and 5 to be significant deficiencies, which are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Individual agency responses to our findings and recommendations are presented in the accompanying section of this report titled, *Agencies' Responses.* We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the State of Minnesota's management, the Legislative Audit Commission, and federal grantor agencies; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which was released as a public document on February 16, 2012.

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

End of Fieldwork: December 20, 2011

Report Signed On: February 14, 2012

[1] We separately report the results of our tests of compliance with federal programs.

Table of Contents

Report Summary

Conclusion

The State of Minnesota's financial statements were fairly stated in all material respects. However, the state continued to have weaknesses in internal controls over financial reporting, as noted below.

Our audit report contains five findings related to internal controls over the preparation of the state's financial statements. Four of the findings include concerns from our previous audit that have not been fully resolved.[1]

Findings

- Prior Finding Partially Resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements. (Includes prior audit findings not resolved for five agencies.) (Finding 1, page 3)
- Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls. (Includes prior audit findings not resolved for three agencies.) (Finding 2, page 6)
- Prior Finding Partially Resolved: The Department of Management and Budget and other state agencies did not have adequate internal controls to prevent and detect errors in the financial information used to compile the financial statements. (Includes prior audit findings not resolved for three agencies.) (Finding 3, page 9)
- Prior Finding Partially Resolved: The Department of Management and Budget had some inaccuracies in its draft footnote disclosures to the financial statements. (Finding 4, page 12)
- The Department of Revenue did not adequately perform reconciliations of its fuel tax collections or individual income tax refunds. (Finding 5, page 14)

Audit Scope

We audited the state's financial statements for the fiscal year ended June 30, 2011. Our audit encompassed many large state agencies that had financial activities significant to the financial statements.

Background

The Department of Management and Budget is responsible for preparing the state's annual financial statements, which are included in the *State of Minnesota's Comprehensive Annual Financial Report*. To prepare the statements, the department uses information from a variety of sources, including information provided by other agencies. The issues contained in this report relate to weaknesses in internal controls in the state's financial reporting process as a whole.

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[1] Office of the Legislative Auditor's Financial Audit Division Report 11-02, *Report on Internal Control Over Statewide Financial Reporting*, issued February 18, 2011.

Financial Statement Findings and Recommendations

Finding 1

Prior Finding Partially Resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements.

Several agencies did not have a comprehensive internal control structure for their financial reporting processes to ensure that they would prevent or detect and correct a material misstatement of the state's financial statements on a timely basis. A comprehensive internal control structure is essential to accurate financial reporting and safeguarding of state resources because the state prepares its financial statements in an environment that has a high risk of error. The financial reporting environment is high risk because of several factors, including, 1) the state's primary accounting system cannot generate accurate financial statements without significant manual calculations and adjusting entries,[2] and 2) the Department of Management and Budget relies on personnel in other state agencies to accurately account for many unique financial transactions according to a complex set of governmental accounting principles. Because the Department of Management and Budget has ultimate, statutory responsibility to prepare the state's annual financial reports, it must rely on the internal control structures of other agencies to provide complete and accurate financial information for inclusion in the state's financial reports. The state's policy on internal controls requires each agency head to develop and maintain an effective internal control structure.[3]

The departments of Education, Revenue, and Transportation, the State Board of Investment, and the Minnesota State Retirement System had not made sufficient progress in their implementation of a comprehensive internal control structure for the fiscal year 2011 financial reporting period. They repeatedly missed the target implementation dates they established when the Office of the Legislative Auditor first reported these internal control structure deficiencies for fiscal year 2009[4] and again for fiscal year 2010. The agencies continued to lag in the development and documentation of their financial reporting processes and controls, which resulted in the following deficiencies:

[2] On July 1, 2011, the state implemented a new accounting system (SWIFT) that may provide data that is more easily adaptable to the needs of financial reporting.
[3] Department of Management and Budget Policy 0102-01.
[4] Office of the Legislative Auditor, Financial Audit Division, Report 09-03, *Report on Internal Control Over Statewide Financial Reporting for the Year Ended June 30, 2008*, issued February 13, 2009.

- Prior Finding Not Resolved: The Department of Education did not make any progress towards completing its comprehensive internal control structure. Although in fiscal year 2010 it had begun to develop its comprehensive internal control structure, significant changes in administration and department organizational structure in fiscal year 2011 prevented the department from moving forward with its initial development.

- Prior Finding Partially Resolved: The Department of Revenue made some progress toward developing its comprehensive internal control structure; however, it had not fully assessed and documented its financial reporting risks. In response to the $1.9 million tax refund fraud in fiscal year 2010, the department identified risks, implemented controls, and monitored the controls related to security access to its business systems. The department needs to continue this process for all of its financial reporting risks.

- Prior Finding Not Resolved: The Department of Transportation began to develop its comprehensive internal control structure in fiscal year 2010 by assessing and documenting its control environment. However, during fiscal year 2011, the department did not make significant progress toward fully assessing and documenting its financial reporting risks, opting to delay its assessment of those risks until after the implementation of the state's new accounting system on July 1, 2011.

- Prior Finding Partially Resolved: The State Board of Investment made progress this year in developing its comprehensive internal control structure. It documented several reconciliation processes for comparing investment pool totals to the participant ownership totals. The board also developed procedures for verifying daily share investment values. However, the board had not fully assessed and documented its financial reporting risks. Until the board designs and implements a comprehensive risk assessment, it has an increased likelihood of financial reporting errors and control deficiencies.

- Prior Finding Not Resolved: The Minnesota State Retirement System did not fully assess and document its financial reporting risks. Since we first reported this issue in February 2009, the system has deferred its target date for the development of its comprehensive internal control structure to June 30, 2012.

A comprehensive internal control structure has the following key elements:

- Personnel are trained and knowledgeable about financial reporting goals and applicable policies and procedures.

- Management identifies risks associated with financial reporting and develops policies and procedures to effectively address the identified risks.[5]
- Management continuously monitors the effectiveness of the controls, identifies weaknesses and breakdowns in controls, and takes corrective action.
- Management focuses on continual improvement to ensure an acceptable balance between controls and costs.

No internal control structure can completely eliminate the risk of errors. The occurrence of errors is not necessarily an indication that the overall internal control structure is deficient. As agencies continue to monitor and maintain their internal control structures, a key to their ongoing effectiveness will be how well the agencies identify weaknesses and update controls when the controls do not work as expected to prevent or detect errors or in response to changes in policy, personnel, and regulations. Throughout the year, the Department of Management and Budget continued to work with agencies on financial reporting issues and on the application of governmental accounting principles and internal controls.

Despite the monitoring of their comprehensive internal control structures, the departments of Management and Budget, Employment and Economic Development, and Human Services had weaknesses in their review processes that allowed some errors to occur and not be detected.

Findings 2 through 5 identify specific deficiencies in agencies' internal control procedures that created an unacceptable risk of error. It is likely that the state will continue to have weaknesses in its financial reporting process until it operates within a comprehensive internal control structure.

The implementation of the state's new accounting system on July 1, 2011, will require all agencies to update their internal control structures for fiscal year 2012. The new system will require a complete change in the way the state creates its financial statements, require updated operating policies and procedures, and a reevaluation of system security.

Recommendations

- *The Department of Management and Budget should continue to provide training and oversight to state agencies related to the state's overall financial reporting process and work with those state agencies cited as they continue to develop comprehensive internal control structures for their financial reporting processes and responsibilities, especially related to the state's new accounting system.*

[5] For the state's financial reporting process, "management" includes the Department of Management and Budget and other departments that provide financial information critical to the state's ability to prepare its annual financial reports.

- *The departments of Education, Revenue, and Transportation, the State Board of Investment, and the Minnesota State Retirement System should assess risks and develop a comprehensive internal control structure for their financial reporting processes and responsibilities.*

Finding 2

Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls.

The departments of Revenue, Education, Human Services, and the Minnesota State Retirement System authorized employees to have inappropriate access to the state's accounting system or agency subsystems without developing controls to mitigate the risk of error or fraud occurring without detection. Inappropriate system access is either access to incompatible business functions or access that is not necessary for the employee's specific job duties. Allowing employees to have inappropriate access to business systems or to perform incompatible functions increased the risk that errors or fraud could occur without detection and compromised the integrity of financial transactions underlying the financial statements.

The state's internal control policy requires separation of incompatible duties so no one employee has control over an entire transaction or process that could result in errors or fraudulent transactions going undetected.[6] If agencies are unable to adequately separate incompatible duties, state policies require them to develop and document their controls designed to mitigate the risk that error or fraud will not be detected.[7] These controls typically include analysis and supervisory review of transactions processed by the employees with inappropriate access. Agency management should document these mitigating controls and monitor that these controls are performed as designed and are effective in reducing the risks.

These agencies had the following system security access weaknesses:

- The Department of Revenue did not limit access in its integrated tax system to functions that were essential for employees' job responsibilities. For two employees, the department did not remove their prior system access when they transferred from one tax division to another one. By allowing these individuals to retain system access from their former positions, the department did not reduce the risk of fraud or error to an acceptable level.

- Prior Finding Not Resolved: Although, in response to our finding in fiscal year 2010, the Department of Education developed a new process to

[6] Department of Management and Budget Policy 0102-01.
[7] Department of Management and Budget Policy 1101-07 and HR 045.

document proper authorization for business system access requests, it did not use this new process to document the authorization for the 23 employees we cited in the prior year's finding.

- Prior Finding Not Resolved: The Department of Education continued to allow four of the five Department of Education employees, identified during the fiscal year 2010 audit, incompatible access to the department's business systems and data without developing effective mitigating controls to monitor the transactions processed by these individuals. Without the mitigating controls, there is an increased risk that errors or irregularities could occur and not be detected. (One of the five employees left the department since our last audit.) These employees had the ability to add a vendor, establish source data, and create and/or manipulate financial information.

- The Department of Human Services did not identify in its child support enforcement system[8] the combinations of security roles that allowed users to have incompatible access. During fiscal year 2011, the department processed nearly $600 million of child support payments through this system.

- Prior Finding Not Resolved: As of June 2011, the Department of Human Services had 12 employees who had incompatible security access to the state's accounting system, and the department had not designed controls to mitigate the risk of error or fraud. Nine of these employees had the same incompatible access as identified in our prior audit report. Because the state would implement its new accounting system July 1, 2011, the department did not believe the risk created by these incompatibilities required a change to the employees' access or the need to develop mitigating controls.

- Prior Finding Partially Resolved: The Department of Human Services allowed one employee (of the 13 employees identified in our information technology audit of the department's Healthcare Provider Payment Controls[9]) to continue to have incompatible access to the medicaid management information system. The employee could update both provider claims and provider demographics, and the department had not designed controls to mitigate the risks of error and fraud created by this incompatibility.

[8] PRISM – Providing Resources to Improve Support in Minnesota. PRISM is a federally mandated computer system that supports Minnesota's Child Support Enforcement Program.

[9] Office of the Legislative Auditor, Financial Audit Division, Report 10-34, *Department of Human Services: Healthcare Provider Payment Controls Information Technology Audit*, issued November 4, 2010, Finding 5.

- Prior Finding Not Resolved: The Department of Human Services did not adequately separate incompatible duties for ten employees responsible for enrolling providers. These employees could set up providers in the medicaid management information system, the state's accounting system, and the department's electronic claims submission interface. In addition, the same employees verified licensing information upon initial application. As a result, any one of these employees could set up an invalid provider and make fraudulent payments to that provider without detection. The weakness created an unacceptable risk of fraud.

- Prior Finding Not Resolved: The Minnesota State Retirement System did not have adequate documentation, including the identification of incompatible security access profiles, to help managers make informed decisions about the level of security access to grant their staff. In addition, the retirement system lacked a formal process to periodically review and recertify computer users' access. In fiscal year 2011, the retirement system did not modify any users' access for incompatibilities.[10] These incompatibilities increased the risks of unauthorized or fraudulent activities in changing an annuitant's name, address, and bank information, death records and beneficiary information, and processing refunds and annuity payments. The retirement system did not have any mitigating controls to prevent or detect inappropriate or unauthorized changes. Since we first reported these issues in 2009, the system had an unreasonable and unnecessary level of risk of erroneous or fraudulent financial activities.[11]

The state implemented a new accounting system (SWIFT) on July 1, 2011. On November 3, 2011, we issued a report to the Department of Management and Budget with several findings about the department's process to establish initial security roles for the new system. One finding noted that the department had not sufficiently identified and communicated to state agencies the risks created by incompatible roles. We also found that the department had not planned to assess the effectiveness of agencies' mitigating controls for incompatible security access and did not plan to implement a process to monitor that agencies independently assessed the effectiveness of their mitigating controls for incompatible duties.[12] State agencies have historically been unable to appropriately limit incompatibilities or design effective mitigating controls. The deficiencies noted above further support that conclusion. Establishing and maintaining appropriate security access in the new accounting system will be fundamental to the state's ability to ensure the integrity of its financial operations.

[10] In the prior year's audit report, 59 employees had incompatible access to the department's business system.
[11] Office of the Legislative Auditor, Financial Audit Division, Report 09-03, *Report on Internal Control Over Statewide Financial Reporting for the Year Ended June 30, 2008*, issued February 13, 2009.
[12] Office of the Legislative Auditor, Financial Audit Division, Report 11-24, *Statewide Integrated Financial Tools (SWIFT) Application Security Controls*, issued November 3, 2011.

Recommendation

- *The agencies cited should ensure that they eliminate unnecessary or incompatible access to state business systems and incompatible duties in state business processes. If agency management determines that it is not possible to eliminate the incompatibilities, it should design, document, and implement mitigating controls and monitor the controls' performance and effectiveness in reducing the risk of error or fraud.*

Prior Finding Partially Resolved: The Department of Management and Budget and other state agencies did not have adequate internal controls to prevent and detect errors in the financial information used to compile the financial statements.

Finding 3

The Department of Management and Budget and the departments of Human Services, Employment and Economic Development, Education, Revenue, and Transportation did not have adequate controls, or the controls were not effective, to prevent and detect errors as they compiled the state's financial statements. We proposed, and the Department of Management and Budget made, adjustments to correct the financial statements related to the following errors:

- The Department of Human Services did not correctly allocate the child support enforcement and drug rebate accounts receivable amounts between the general and federal funds. The department allocated these receivable amounts based on the higher federal participation rate in effect because of the American Recovery and Reinvestment Act[13] through June 2011 (56.88 percent federally funded and 43.12 percent state/locally funded). However, because the federal government applies the percentages on a cash basis, the department should have allocated these future receipts based on the rate in effect for July 2011 and beyond (50 percent federally funded and 50 percent state/locally funded). As a result, in its accounts receivable memo to the Department of Management and Budget, the department understated the General Fund account receivable by $4.9 million and overstated the Federal Fund by $4.5 million.

- The Department of Human Services did not communicate to the Department of Management and Budget the following financial activity that affected the state's financial statements:

[13] During fiscal year 2011, the federal government phased out the enhancement to the Federal Medical Assistance Percentage provided by the American Recovery and Reinvestment Act. The federal government enhanced its 50 percent reimbursement rate by 11.59 percent for the first and second quarters of fiscal year 2011, 8.77 percent for the third quarter, and 6.88 percent the fourth quarter, which ended June 30, 2011.

- Human Services did not notify the Department of Management and Budget that it had changed the way it paid the Department of Health for medical education and research costs. Instead of making the payment through its medicaid management information system, like it did in fiscal year 2010, the department made the payments directly through the state's accounting system. However, because it was unaware of this change, the Department of Management and Budget made an unnecessary adjustment to the financial statements that resulted in a $30.5 million understatement of the General Fund and overstatement of the Federal Fund.

- Human Services did not notify the Department of Management and Budget that it had moved $9 million of fiscal year 2011 federal food support expenditures from the state's old accounting system to the new accounting system. Because the Department of Management and Budget was not aware of the department's actions, the state's preliminary financial statements did not include the food stamp transactions the department moved. The department moved the expenditures to the new accounting system so they would be offset by federal receipts in fiscal year 2012.

- Prior Finding Not Resolved: The Department of Human Services did not accurately report medical education and research costs in the initial healthcare accounts payable memo to the Department of Management and Budget. The memo understated the General Fund payables and expenditures by $33.7 million and overstated the Federal Fund payables and expenditures by $9.7 million. In response to our finding for fiscal year 2010, the department had an independent person review the fiscal year 2011 memo for accuracy; however, the review did not detect the errors in this year's memo.

- The Department of Employment and Economic Development overstated the June 30, 2011, accounts receivable balance in the Unemployment Insurance Fund's financial statements reported to the Department of Management and Budget because it did not reduce the balance for $34 million of estimated uncollectable unemployment benefit overpayments. In addition, the department did not record a liability for an estimated $4.4 million of additional overpaid unemployment benefits funded from the Federal Additional Compensation Program over the past two years.[14] Department staff stated the majority of these overpayments were likely uncollectible; however, it had not yet determined the actual overpaid amounts and a methodology for estimating recoveries it will collect and return to the federal government.

[14] The Federal Additional Compensation Program provided a $25 supplement to the weekly benefit amount for eligible recipients.

- The Department of Employment and Economic Development understated the Unemployment Insurance Fund liability by $9 million because it did not appropriately determine amounts owed to employers that had overpaid their unemployment taxes as of June 30, 2011. The department determined the amount from a report it generated in late August 2011; however, that report included financial activity subsequent to June 30, 2011, the end of the fiscal year.

- The Department of Employment and Economic Development incorrectly classified $15.7 million of nonoperating revenue in the operating revenue section of the Unemployment Insurance Fund's financial statements. For fiscal year 2011, the department added a special assessment[15] to each employer's unemployment insurance tax rate to generate money to pay interest on amounts borrowed from the Federal Unemployment Trust Fund. The department did not properly classify this revenue generated to finance borrowing costs as nonoperating revenue, unlike the other taxes it assesses to pay for unemployment benefits, which are operating expenses of the Unemployment Insurance Fund.

- The departments of Education and Management and Budget did not reach a consensus on the current versus noncurrent classification of the Maximum Effort School Loans receivable balance on the statement of net assets, resulting in an audit adjustment of $42 million. The Department of Education provided an estimate of $30 million for the current loans receivable amount to the Department of Management and Budget. However, the Department of Management and Budget only reported $1 million for current loans receivable based on its own analysis that was not updated to reflect a change in the law that enhanced collectability of these loans. Our subsequent audit work determined that a more accurate estimate of the current portion of the loans receivable balance should be $43 million.

- The Department of Education overstated General Fund education aids accounts payable by $1.3 million. The Department of Education reported the correct total amount of accounts payable to the Department of Management and Budget, but it did not specifically identify $1.3 million of financial transactions related to the state's close period. As a result, the Department of Management and Budget did not net the $1.3 million against the total accounts payable, which resulted in these payables being double-counted in the preliminary financial statements.

- Prior Finding Not Resolved: The Department of Revenue did not accurately calculate tax refunds payable and taxes receivable amounts it

[15] *Minnesota Statutes* 2011, 268.051, subd. 8, requires a special interest assessment on taxpaying employers to pay the interest costs for amounts borrowed from the federal government.

reported to the Department of Management and Budget for inclusion in the state's financial statements. The amounts reported by the department overstated tax refunds payable by about $7.5 million (net amount) and understated property taxes receivable by about $8.9 million.

- Prior Finding Partially Resolved: The Department of Transportation did not accurately report infrastructure asset balances to the Department of Management and Budget for inclusion in the state's financial statements. The Department of Transportation erroneously included about $7.1 million of accounts payable that should have been expensed instead of capitalized as infrastructure. The department made similar errors in prior years. In addition, the department's control process did not include a secondary verification of the capital asset amounts submitted to the Department of Management and Budget; a secondary verification may have detected the error.

The Department of Management and Budget relies on agencies to provide accurate and complete information. Some agencies' internal reviews of the financial data were not effective to detect the errors noted above. Examples of effective internal review processes include analytical procedures to determine excessive variances between fiscal years, recalculations, and a final supervisory verification of financial data.

Although many of the errors this year were not significant enough to materially misstate the financial statements, the errors indicate that deficiencies in the agencies' processes and procedures for determining and verifying financial statement amounts may allow more significant errors to occur without detection.

Recommendation

- *The Department of Management and Budget and other state agencies should conduct sufficient reviews of financial data to ensure the state prepares accurate financial statements.*

Finding 4

Prior Finding Partially Resolved: The Department of Management and Budget had some inaccuracies in its draft footnote disclosures to the financial statements.

Three of the twenty draft footnote disclosures prepared and reviewed by the Department of Management and Budget contained errors that required adjustments (we reported errors for two different footnote disclosures last year). The department's review processes did not detect the following errors:

- *Note 8 – Pension and Investment Trust Funds:* The department did not initially disclose the contributions the State of Minnesota made as an employer to the Teachers Retirement Fund and the State Employees Retirement Fund. Generally accepted accounting principles require footnote disclosure of contributions employers make to employee retirement plans.[16] To resolve this omission, the department requested contribution information from the retirement systems. The retirement systems provided rough estimates that overstated the state's aggregate, three-year contribution amount by about $7.1 million. The department did not request information supporting the retirement systems' estimates and did not verify the accuracy of the information provided.

- *Note 13 – Long-Term Liabilities – Component Units*: The department's draft Note 13 disclosure did not always agree with the component units' audited financial statements as presented in the Major Component Unit Funds Statement of Net Assets. The department understated the amount of principal outstanding as of June 30, 2011, for revenue bonds issued by the University of Minnesota by $21 million. In addition, although the department accurately disclosed the total general obligation bonds payable and revenue bonds payable amounts in the payment schedules, it understated the University's current general obligation bonds principal amount by about $2.1 million; understated the University's current revenue bonds principal amount by about $1 million; and overstated the Metropolitan Council's current general obligation bonds principal amount by about $10.1 million.

- *Note 20 - Subsequent Events*: The Department of Management and Budget did not initially disclose, as a subsequent event, the downgrading of the state's bond rating by two rating agencies after fiscal year end. Disclosure of the state's bond ratings is important to ensure users of the financial statements have adequate information to assess the state's credit worthiness and its ability to meet its current and future obligations.

Footnote disclosures are an integral part of the financial statements. The financial statements may be misleading if footnote disclosures are inaccurate, inconsistent with financial statement amounts, or missing required information.

Recommendation

- *The Department of Management and Budget should ensure the accuracy of footnote disclosures to the financial statements.*

[16] Governmental Accounting Standards Board No. 27, *Accounting for Pensions by State and Local Government Employers, Paragraph 20.b.3.*

Finding 5

The Department of Revenue did not adequately perform reconciliations of its fuel tax collections or individual income tax refunds.

The Department of Revenue had deficiencies in its fuel tax reconciliation process and did not conduct reconciliations of individual income tax refunds in a timely manner. State policy requires agencies that use subsystems to process financial activity to reconcile the subsystem to the state's accounting system to ensure accuracy of financial information.[17]

First, the employee in the fuel tax division that prepared the reconciliations was not independent of the tax collection process. By not adequately separating reconciliation duties from the related accounting duties, the department increased the risk that errors or irregularities identified through the reconciliation process would not be appropriately resolved. For all other tax types, the department achieves a good separation of duties by having its financial management division perform the reconciliations.

Second, the department did not resolve all discrepancies identified by the reconciliations between the financial activity recorded in the fuel tax system and the state's accounting system. All 12 of the monthly fuel tax reconciliations included unreconcilable differences up to about $2.4 million. Although the errors appeared to reverse themselves in subsequent months, the department did not include any supporting documentation to show why the differences occurred or how they were resolved. Instead, the department relied on statements from the system support staff that the amounts appeared reasonable. Because the state's accounting system is the primary source of financial information for the state's financial statements, it is essential that the state's accounting system agrees with the underlying detail of financial transactions initiated and recorded in the department's integrated tax system and related subsystems.

Finally, the department did not reconcile individual income tax refunds recorded in the state's accounting system to its integrated tax system and other applicable subsystems for the period January 2011 through June 2011 in a timely manner. The department could not provide all of the reconciliations and supporting documentation until nearly three months after the fiscal year end. Timely reconciliations decrease the risk that errors or irregularities could occur without detection.

Recommendation

- *The Department of Revenue should establish sufficient controls to ensure it prepares all reconciliations in an independent, comprehensive, and timely manner.*

[17] Department of Management and Budget Policy Number 0102-01.

MINNESOTA Management & Budget

February 14, 2012

James R. Nobles, Legislative Auditor
Office of the Legislative Auditor
140 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155-4708

Dear Mr. Nobles:

Thank you for the opportunity to discuss with your staff the audit findings in the Report on Internal Control over Statewide Financial Reporting. Since this report includes all findings statewide, our response will specifically address only those findings related to the Department of Management and Budget. In relation to the reference to the report issued on November 3, 2011 on security controls in the state's new accounting system, please refer to the department's response in that report. The remainder of the findings will be addressed by the specific agency involved. However, we will continue to work with agencies to ensure all findings in this report are implemented.

We place a high priority on continuing our long history of issuing high quality, accurate financial statements in compliance with Generally Accepted Accounting Principles (GAAP). Our 26-year history of receiving unqualified audit opinions and the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association is important to us. We value suggestions which will make our existing process even stronger.

Recommendation

Finding 1. Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements.

Response

Overall, we are pleased with the progress many state agencies have made in documenting and assessing their internal control structures. We understand the need for each agency to implement a comprehensive internal control structure over financial reporting, in support of the state's financial statement preparation. We will continue to work with those agencies cited as they progress in assessing controls over their financial reporting processes.

Person Responsible: Jeanine Kuwik, Director of Internal Control and Accountability
Implementation Date: Implemented.

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Recommendation

Finding 3. The Department of Management and Budget and other state agencies did not have adequate controls to prevent and detect errors in the financial information used to compile the financial statements.

Response

We continue to place a high emphasis on our review process. Extensive analysis and supervisory reviews are conducted of work performed by our financial reporting team. These reviews are designed to prevent material misstatements to the financial statements.

We will continue to work with the Department of Education to ensure that we obtain adequate support for significant changes in estimates.

Person Responsible: Barb Ruckheim, Financial Reporting Director
Implementation Date: December 31, 2012

Finding 4. The Department of Management and Budget had some inaccuracies in its draft footnote disclosures to the financial statements.

Response

We continue to go through very extensive review processes to ensure all footnote disclosures agree with the financial statements and comply with applicable GAAP.

There were inconsistencies between the presentation of information in the component unit's audited financial statements and footnotes vs. the state's audited financial statements and footnotes. We will ensure that the information displayed in the state's footnotes are adjusted to match the state's financial statements prior to sending the footnotes to the auditors. As stated above, we have a very extensive review process in place; however, in order to complete the state's financial statements timely, we must send down preliminary drafts of the footnote disclosures before our entire review process is complete.

The timing of the downgrade was unique as it occurred after the state's year end and before the release of the financial statements. Each year, the department discloses the state's bond ratings in the "Management's Discussion and Analysis" section of the state's financial statements and did properly identify the ratings by these two rating agencies as downgraded.

The additional information added to the pension note disclosure related to differences in the interpretation of the definition of "employer" in GAAP that was implemented many years ago. The department will include both the contributions for all employers participating in the plan as well as the state's share of the employer contributions.

Person Responsible: Barb Ruckheim, Financial Reporting Director
Implementation Date: December 31, 2012

Again, thank you for the opportunity to discuss and respond to the audit findings of the department. We value your work to improve Minnesota's internal control structure.

Sincerely,

James Schowalter
Commissioner

Minnesota Department of

Education

February 13, 2011

James Nobles
Office of the Legislative Auditor
Room 140 Centennial Building
658 Cedar Street
St. Paul, MN 55155-1063

Dear Mr. Nobles:

Thank you for your work on behalf of the citizens of the State of Minnesota and the opportunity to respond to the findings for the Minnesota Department of Education (MDE) which were included in the audit of the State of Minnesota's financial statements for the year ended June 30, 2011. Specific findings for the Department include findings 1, 2, and 3. The response to each finding, person responsible for implementation and timeframe is included with each finding.

Finding 1: "Prior Finding Partially Resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements."

OLA Recommendation "The department of Education should assess risks and develop a comprehensive internal control structure for their financial reporting processes and responsibilities."

The Department agrees with this recommendation and began to work on resolving this finding after June 30, 2011. During the first six months of the new administration, staff was becoming acquainted with the agency. However, since June 30, 2011 MDE has taken the following steps to implement a comprehensive internal control structure for the agency:

- A risk management plan was developed and submitted to the Department of Management and Budget.
- The results from the Control Environment Self-Assessment Tool taken in 2010 were reviewed by executive team members and director/supervisor level positions at MDE. It was determined that the previous results did not accurately reflect the needs of the agency. The survey was administered again in the fall and three areas that need immediate attention were identified: items 6, 3 and 17. By April 2012 a new process for managing budgets will be created and staff will be trained. This task is the responsibility of Al Louismet, Director of Agency Finance and his staff.
- MDE has created a position for an internal auditor. That position has been posted and hiring will be done as soon as possible. The difficulty of finding auditors with the training and skills necessary has been discussed among Deputy Commissioner's. It is our hope that we can find a good candidate. Al Louismet is responsibility for the hiring of this position.

Finding 2: "Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls."

OLA Recommendation: "The agencies citied should ensure that they eliminate unnecessary or incompatible access to state business systems and incompatible duties in state business processes. If agency management determines that it is not possible to eliminate the incompatibilities, it should design, document, and implement mitigating controls and monitor the controls' performance and effectiveness in reducing the risk of error or fraud."

The Department agrees with this finding. Mr. Matthew Porett, the Chief Information Officer for the MDE is the person responsible for ensuring this finding is resolved. Immediately, the MDE will create sufficient mitigating controls through an internal audit process that samples programmer activity. The internal control audit will be completed by the end of May 2012.

Finding 3: "Prior Finding Partially Resolved: "The Department of Management and Budget and other state agencies did not have adequate controls to prevent and detect errors in the financial information used to compile the financial statements."

OLA Recommendation: "The Department of Management and Budget and other state agencies should conduct sufficient reviews of financial date to ensure the state prepares accurate financial statements."

The Department agrees with this finding. As indicated under finding number 1, MDE began to take steps to address this finding after June 30, 2011. A risk management plan has been prepared and submitted to the Department of Management and Budget, the Agency-wide Control Environment Self-Assessment Tool was updated and the lack of internal controls was identified as an area of concern. MDE has also created and posted a position for an internal auditor. Mr. Al Louismet is responsible for ensuring that a comprehensive internal control structure is in place. The structure for ensuring internal controls are in place and the hiring of an internal auditor will be completed by May 31, 2012.

I appreciate the opportunity to respond to these findings for the Department of Education. Please contact Al Louismet at 651-582-8683 if you have any questions.

Sincerely,

Brenda Cassellius

Dr. Brenda Cassellius
Commissioner

C: Jessie Montano
Al Louismet
Matthew Porett

positively Minnesota
Department of Employment and Economic Development

February 10, 2012

Mr. James Nobles, Legislative Auditor
First Floor, Centennial Building
658 Cedar St.
St. Paul, MN 55155

Dear Mr. Nobles:

Thank you for the opportunity to respond to the finding and recommendation as a result of the audit of the State of Minnesota financial statements for the year ending June 30, 2011. The Department of Employment and Economic Development (DEED) was referenced in the following finding:

Audit Finding 3: The Department of Management and Budget and other state agencies did not have adequate internal controls to prevent and detect errors in the financial information used to compile the financial statements.

Recommendation:

- *The Department of Manaagement and Budget and other state agencies should conduct sufficient reviews of financial data to ensure the state prepares accurate financial information.*

Response: The department agrees with the finding and the recommendation.

1. DEED agrees that the June 30, 2011 accounts receivable balance for overpaid unemployment insurance benefits was overstated. DEED will develop a method for consistently reporting an estimate for uncollectible overpayment accounts. Legislation authorizing the Federal Additional Compensation (FAC) program was enacted on February 17, 2009 and DEED began processing those payments shortly thereafter. At that time, the unemployment insurance system lacked the technical requirements needed to identify and issue FAC overpayments. DEED contracted with a vendor to make system alterations and began identifying and issuing FAC overpayments in September 2011. As FAC overpayments are collected, DEED will reimburse the federal government.

21

2. DEED agrees that the unemployment insurance fund liability was understated by $9 million. Due in part to the state government shutdown, the report indicating the liability was not generated until August 2011. DEED will work to improve the accuracy of the data reported in the future.

3. DEED agrees that the $15.7 million special assessment revenue should be reclassified from operating to non-operating revenue. DEED will classify these revenues as non-operating in the future.

Cindy Farrell, Chief Financial Officer, will oversee implementation of the recommendations for the FY 2012 financial statements which will be prepared in October 2012.

If you have any questions or need additional information please contact Cindy Farrell at 651-259-7085 or Cindy.Farrell@state.mn.us.

Sincerely,

Mark Phillips
Commissioner

1st National Bank Building ■ 332 Minnesota Street, Suite E-200 ■ Saint Paul, MN 55101-1351 USA ■ www.positivelyminnesota.com
Toll Free: 800-657-3858 ■ Phone: 651-259-7114 ■ Fax: 651-215-3841 ■ TTY: 651-296-3900

Minnesota Department of **Human Services**

February 10, 2012

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

Dear Mr. Nobles:

The enclosed material is the Department of Human Services' response to the findings and recommendations included in the draft audit report titled, "Report on Internal Control Over Statewide Financial Reporting" for the fiscal year ended June 30, 2011. It is our understanding that our response will be published in the Office of the Legislative Auditor's final audit report.

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,

/s/ Lucinda E. Jesson

Lucinda E. Jesson
Commissioner

Enclosure

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Department of Human Services
Response to the Legislative Audit Report on
Internal Control Over Statewide Financial Reporting
For the Period July 1, 2010, through June 30, 2011

Audit Finding #2

Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls.

Audit Recommendation #2

- *The agencies cited should ensure that they eliminate unnecessary or incompatible access to state business systems and incompatible duties in state business processes. If agency management determines that it is not possible to eliminate the incompatibilities, it should design, document, and implement mitigating controls and monitor the controls' performance and effectiveness in reducing the risk of error or fraud.*

Agency Response to Audit Finding #2 (applicable to the four DHS related items)

The Department agrees with this finding and recommendation. We will work to identify incompatible duties within and between security access roles for the three major systems mentioned, MAPS/SWIFT, PRISM and MMIS. Additionally, for those employees identified with incompatible access, we will either eliminate the incompatible access or implement proper mitigating controls.

Persons Responsible: Martin Cammack, Financial Operations Director
Wayland Campbell, Director of Child Support Enforcement
Rachel Cell, Director of Member and Provider Services
Estimated Completion Date: December 31, 2012

Audit Finding #3

Prior Finding Partially Resolved: The Department of Management and Budget and other state agencies did not have adequate internal controls to prevent and detect errors in the financial information used to compile the financial statements.

Audit Recommendation #3

- *The Department of Management and Budget and other state agencies should conduct sufficient reviews of financial data to ensure the state prepares accurate financial statements.*

Agency Response to Audit Finding #3

The department agrees with this finding and recommendation. The department will evaluate our process for preparing and reviewing schedules of financial data submitted for preparation of the state's financial statements to identify areas where additional reviews will improve internal controls over reporting.

Persons Responsible: Martin Cammack, Financial Operations Director
Estimated Completion Date: December 31, 2012

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MINNESOTA STATE BOARD OF INVESTMENT

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February 9, 2012

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

Dear Mr. Nobles:

Thank you for the opportunity to review and respond to your report on the results of the State of Minnesota's financial statement audit. We take any audit finding very seriously and have already made significant progress in corrective action, as noted below.

Finding 1 – Prior Finding Partially Resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements.

As noted in the finding, we did make progress during the year and we are continuing with our plan to develop a comprehensive internal control plan. Our new financial system is fully implemented and this year was the first year using the new system to develop financial statements. We have written a significant number of financial procedures and continue to finalize procedures for the new system. We are identifying and assessing risk, and developing procedures and reconciliation documents to mitigate the risks. We will have a comprehensive plan in place by June 30, 2012, that will continually be monitored and adjusted to ensure we are mitigating future risk.

Persons Responsible for resolution of this audit issue:

Paul Anderson	Administrative Director
Bill Nicol	Accounting Director
Kathy Leisz	Information Technology

Target Date for Resolution: June 30, 2012

Sincerely,

Howard Bicker
Executive Director

MSRS Minnesota State Retirement System
MNDCP Minnesota Deferred Compensation Plan
HCSP Health Care Savings Plan

February 3, 2012

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

Dear Mr. Nobles:

Thank you for the opportunity to review and respond to the findings and recommendations in your report on internal controls over statewide financial reporting for the fiscal year ended June 30, 2011. As always, we take any audit finding very seriously and have already initiated corrective actions to address your findings and recommendations.

Finding 1 - Prior Finding Partially Resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements of financial statements.

We concur with your report comment that we have not have fully assessed and documented our financial reporting risks. While we continue to believe that we have strong, effective financial controls in place, we recognize that we need to do more to improve documentation of our internal controls over financial reporting processes and to perform formal risk assessments periodically. Several factors, including the SWIFT system implementation, especially to develop, test and implement system interface programs for making annuity benefit and refund payments, and an unanticipated Finance Division staff retirement, contributed to our not being able to fully resolve this audit issue by our target completion date. We are committed to implementing and maintaining a comprehensive internal control structure over financial reporting; however, we really want to do it right the first time. In recent months, we developed a Request for Proposals for consultant support to conduct an enterprise risk assessment and we're in the process of evaluating the responses we received. By month end, we plan to award the contract. Our goal is to have our initial risk assessment complete by June 30, 2012 or in early fiscal year 2013, at the latest. We also plan to hire an individual very soon as our internal control specialist. This is a new MSRS position which Minnesota Management and Budget classified just last December. Accounting Director Joan Weber and Assistant Executive Director Judy Hunt are the persons responsible for resolution of this finding.

Finding 2. Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls.

While we concur with the audit issue, we have taken considerable action to eliminate incompatible duties or establish mitigating controls to reduce the risk of error or fraud. In January 2011, managers reviewed employees' access privileges and authorized modifications, where necessary, to limit employees' access to only those functions that are necessary for their assigned job duties. In February 2011, we communicated procedures to the MSRS Management Team for making user access changes. In December 2011, we conducted our annual process to review and recertify computer users' access to our systems. In January 2012, database administration personnel made changes to several employees' user profiles to restrict their ability to access, read and/or update key data fields in our participant account system. We still need to finalize a detailed manual that will guide managers and supervisors to select the appropriate user profile for each of their employees who need access to our systems to perform their assigned job duties. Persons responsible for taking necessary action to fully resolve this audit issue are Systems Supervisor Al Cooley and Assistant Database Administrator Lloyd Johnson.

Thank you, again, for the opportunity to respond to your report comments. We appreciate the work of your agency to identify areas within MSRS that need improvement. We are committed to taking appropriate actions to further strengthen our internal control structure.

Sincerely,

David Bergstrom

Dave Bergstrom
Executive Director

cc: Judy Hunt
Joan Weber
Lloyd Johnson
Erin Leonard
Al Cooley
Laura Latterell

February 13, 2012

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

Dear Mr. Nobles:

Thank you for the opportunity to respond to the audit findings pertaining to the Department of Revenue contained in your audit of the State of Minnesota's financial statements for the year ended June 30, 2011.

Finding (1): Prior Finding Partially Resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements (See page 4 for DOR detail).

Agency Response: The Department agrees with the need to more fully assess and document its risks and initiated a comprehensive strategy to complete such an assessment for each of its divisions in fiscal year 2012. To date, such a risk assessment has been completed for six of nine divisions and all assessments are expected to be completed, analyzed and documented in April 2012. This information will be used by the internal audit staff as a basis for future audits, and by management to ensure that all significant risks are being addressed by appropriate controls.

Person responsible for resolving the finding: Michael Turner, Internal Audit Manager

Finding (2): Prior Finding Partially Resolved: Several agencies allowed employees to have inappropriate access to state business systems or perform incompatible duties without establishing mitigating controls. (See page 7 for DOR detail).

Agency Response: The Department will strengthen its controls for changes to system access when an employee transfers from one division to another. The Department's Human Resource Management Division will send regular reports to the Integrated Tax System's Security Coordinator identifying employee transfers and resignations to verify the change/add, or delete the appropriate security access for the employee. In addition, a security coordinator will be required to do a quarterly check of all employees in the Department to verify all transactions have occurred. These adjustments are effective immediately.

Person responsible for resolving the finding: Greg Tschida, Chief Information Officer

Finding (3): Prior Finding Partially Resolved: The Department of Management and Budget and other state agencies did not have adequate internal controls to prevent and detect errors in the financial information used to compile the financial statements. (See page 12 for DOR detail).

Agency Response: The Department and MMB are collaborating to provide for a longer review period to ensure any discrepancies are detected and fully reconciled. With all of our major tax types now part of an Integrated Tax System, the gathering of data for financial reporting has been substantially streamlined, allowing additional time for agency and MMB review and reconciliation. Going forward, DOR will submit a report to MMB for review of the data. MMB will provide DOR with a preliminary report that demonstrates how it will be used in the state's financial statements. DOR will then have an opportunity to review that report, validate the data and submit a final corrected report, if needed. This enhanced review and validation structure will improve the accuracy of the data DOR reports to MMB and how it is interpreted and used in the state's financial statements. These adjustments will be in place by October 2012.

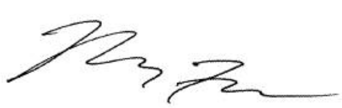
Person responsible for resolving the finding: Jean Jochim, Financial Management Accounting Director

Finding (5): The Department of Revenue did not adequately perform reconciliations of its fuel tax collections or individual income tax refunds (See page 14 for DOR detail).

Agency Response: To ensure proper separation and timely reconciliation of fuel taxes, our fuel tax reconciliation responsibilities have been reassigned to the Financial Management Division. We recognize that individual income tax reconciliations were not completed in a timely manner for January through June 2011, the time period immediately following this division's conversion to our new Integrated Tax System. With the conversion complete and new procedures in place, we expect our reconciliation process to be timely going forward.

Person responsible for resolving the finding: Jean Jochim, Financial Management Accounting Director

Sincerely,



Myron Frans
Commissioner

Minnesota Department of Transportation

Transportation Building
395 John Ireland Boulevard
Saint Paul, Minnesota 55155-1899

February 13, 2012

James R. Nobles
Legislative Auditor
100 Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155

Dear Mr. Nobles:

Thank you for the opportunity to review and respond to the audit of the State of Minnesota's financial statements for the year ended June 30, 2011. This letter is the Department of Transportation response to the draft report issued by the Office of the Legislative Auditor.

Finding 1 – Prior finding partially resolved: Several agencies lacked a comprehensive internal control structure over financial reporting to sufficiently mitigate the risk of potential misstatements in the financial statements.

Recommendations

- *The Department of Management and Budget should continue to provide training and oversight to state agencies related to the state's overall financial reporting process and work with those state agencies cited as they continue to develop comprehensive internal control structures for their financial reporting processes and responsibilities, especially related to the state's new accounting system.*
- *The departments of Education, Revenue, and Transportation, the State Board of Investment, and the Minnesota State Retirement System should assess risks and develop a comprehensive internal control structure for their financial reporting processes and responsibilities.*

Response: The Department of Transportation believes strongly in financial integrity and concurs with this finding. The department is addressing this issue in the following manner:

- *The Department of Transportation has strengthened its internal control structure by instituting an Internal Controls and Accountability Governance Board, meeting quarterly. The Board is a mechanism through which the Commissioner will provide leadership and direction toward developing and maintaining an effective framework of internal controls.*

- *The Department of Transportation completed the Agency-wide Minnesota Management and Budget (MMB) Control Environment Self-Assessment Tool and the majority of action items. The Department is conducting a reassessment before the end of fiscal year 2012.*
- *The Department of Transportation has identified a list of financial processes for which we will assess risks and ensure controls are being monitored. Six risk assessments will be completed by the end of fiscal year 2012.*

Responsible Staff: Tracy Hatch, Chief Financial Officer and Duane Leurquin, Office of Financial Management Director

Implementation Date: February, 2012 and ongoing.

Finding 3 – Prior Finding Partially Resolved: The Department of Management and Budget and other state agencies did not have adequate controls to prevent and detect errors in the financial information used to compile the financial statements.

Recommendation:

- *The Department of Management and Budget and other state agencies should conduct sufficient reviews of financial data to ensure the state prepares accurate financial statements.*

Response: The Department of Transportation concurs with the recommendation to conduct sufficient reviews of financial data to ensure the state prepares accurate financial statements. The Department of Transportation has developed a process for FY 2012 to conduct a more systematic review of infrastructure assets, recognizing that transitioning from MAPS to SWIFT will bring significant changes to the infrastructure reporting process. This process includes secondary reviews and a verification of information. Infrastructure reporting has been identified as one of the six risk assessments referred to in the response to finding 1. The Department of Transportation will continue to work with Minnesota Management and Budget staff to ensure the integrity of all its financial reporting, including financial reporting for infrastructure.

Responsible Staff: Tracy Hatch, Chief Financial Officer and Gerald Wood, Accounting Director

Implementation Date: August, 2012

Thank you for the opportunity to respond to your findings and recommendations. The Department of Transportation will closely monitor the implementation and successful resolution of these findings. Please contact Gerald Wood, Accounting Director, at 651-366-4904 with any follow-up questions or information.

Sincerely,

Thomas K. Sorel
Commissioner of Transportation