



February 12, 2016

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

Dear Mr. Nobles:

We are very concerned about your office's potential failure to complete your audit work in time for us to meet the March 31 reporting deadline for the state's Single Audit report. As you know, Office of Management and Budget Circular A-133 requires the Single Audit report to be completed within nine months after the end of the audit period. Your staff indicated that there is a "strong possibility" this deadline will be missed. We would like your assurance that this critical deadline will be met.

As you recall, after the implementation of the state's new accounting system, Minnesota Management and Budget was late issuing the Single Audit report for fiscal year 2012. While it is typical for states to not meet reporting deadlines after the implementation of a new accounting system, this reason was not accepted by the federal government and they denied our request for an extension. Indeed, the sole finding in your audit report that year addressed our failure to submit the single audit report to the federal government in a timely manner and highlighted the importance of timely filing. In addition, your office had discussions with the U.S. Department of Health and Human Services (HHS) regarding the lack of staff resources needed to complete an audit of the State Planning and Establishment Grants for the Affordable Care Act Exchanges for fiscal year 2013. HHS stated that the lack of staff resources was not an acceptable reason for an incomplete or late audit, and that it would be considered an audit failure.

We are investigating the specific sanctions that the federal government could impose on the state if this year's report is late. Minnesota State Colleges and Universities are already on a heightened cash monitoring list as a result of sanctions imposed because of the missed deadline for the fiscal year 2012 report.

Meeting your reporting deadline is critical to ensure that federal funds are not jeopardized and to mitigate undue burden on state agencies in dealing with their federal partners on this issue. MMB's staff has worked diligently with your staff and with other state agencies to ensure that our work is completed timely, so that your staff has adequate time to meet your deadline. We are available at any time to meet with you to discuss your plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Myron Frans".

Myron Frans  
Commissioner

Cc: Senator Tom Bakk, Majority Leader  
Senator Richard Cohen, Finance Chair

Representative Kurt Daudt, Speaker of the House  
Representative Jim Knoblach, Ways & Means Chair