

**UNIVERSITY OF MINNESOTA
MINNEAPOLIS, MINNESOTA**

**Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2001 and
Independent Auditors' Reports**

**UNIVERSITY OF MINNESOTA
MINNEAPOLIS, MINNESOTA**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have audited the consolidated financial statements of the University of Minnesota (the University) as of and for the year ended June 30, 2001 and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (generally accepted auditing standards) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we will report to management of the University in a separate letter.

This report is intended solely for the information and use of the Board of Regents, the Audit Committee, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

October 12, 2001



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Board of Regents
University of Minnesota
Minneapolis, Minnesota

Compliance:

We have audited the compliance of the University of Minnesota (the University) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (generally accepted auditing standards); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 01-1 through 01-2.

Internal Control Over Compliance:

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal

programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we reported to management of the University in a separate letter.

Schedule of Expenditures of Federal Awards:

We have audited the basic consolidated financial statements of the University as of and for the year ended June 30, 2001 and have issued our report thereon dated October 12, 2001. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic consolidated financial statements. This schedule is the responsibility of the management of the University. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

This report is intended solely for the information of the Board of Regents, the Audit Committee, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche CP

October 12, 2001

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| CLUSTERED PROGRAMS: | | |
| Research and Development | | |
| <i>Agency for International Development -</i> | 02.RD | \$ 71,217 |
| Subcontracts | 02.RD | 105,059 |
| <i>Corporation for National and Community Service -</i> | | |
| Subcontracts | 94.RD | 48,587 |
| <i>Department of Agriculture:</i> | | |
| Agriculture Research Service | 10.RD | 1,303,447 |
| Cooperative State Research, Education, & Extension | 10.RD | 8,836,044 |
| Economic Research Service | 10.RD | 6,992 |
| Foreign Agricultural Service | 10.RD | 7,029 |
| Forest Service | 10.RD | 850,366 |
| Natural Resources Conservation Service | 10.RD | 7,870 |
| Other | 10.RD | 2,111,182 |
| Agriculture Research Service, subcontracts | 10.RD | 9,385 |
| Cooperative State Research, Education, & Extension, subcontracts | 10.RD | 604,779 |
| Food and Nutrition Service, subcontracts | 10.RD | 80,436 |
| Forest Service, subcontracts | 10.RD | 3,093 |
| Other, subcontracts | 10.RD | 91,416 |
| <i>Department of Commerce:</i> | | |
| National Oceanic and Atmospheric Administration | 11.RD | 278,799 |
| Other | 11.RD | 161,328 |
| Other, subcontracts | 11.RD | 72,641 |
| <i>Department of Defense:</i> | | |
| Advanced Research Projects Agency | 12.RD | 1,517,350 |
| Air Force | 12.RD | 1,136,151 |
| Department of the Air Force, Material Command | 12.RD | 251,653 |
| Department of the Navy, Office of the Chief of Naval Research | 12.RD | 1,977,892 |
| National Security Agency | 12.RD | 40,109 |
| Office of the Secretary of Defense | 12.RD | 14,680 |
| Other | 12.RD | 6,344,210 |
| U.S. Army Material Command | 12.RD | 410,207 |
| U.S. Army Medical Command | 12.RD | 657,690 |
| Advanced Research Projects Agency, subcontracts | 12.RD | 224,504 |
| Air Force, subcontracts | 12.RD | 63,934 |
| Depart. of the Navy, Office of the Chief of Naval Research, subcontracts | 12.RD | 130,406 |
| National Guard Bureau, subcontracts | 12.RD | 85,570 |
| Office of the Secretary of Defense, subcontracts | 12.RD | 75,324 |
| Other, subcontracts | 12.RD | 1,315,883 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|---|--------|--------------|
| Research and Development (continued) | | |
| <i>Department of Education:</i> | | |
| Office of Educational Research and Improvement | 84.RD | \$ 214,747 |
| Office of Postsecondary Education | 84.RD | 75,696 |
| Office of Special Education and Rehabilitative Services | 84.RD | 377,975 |
| Other | 84.RD | 71,047 |
| Office of Elementary and Secondary Education, subcontracts | 84.RD | 385,552 |
| Office of Postsecondary Education, subcontracts | 84.RD | 28,571 |
| Office of Special Education and Rehabilitative Services, subcontracts | 84.RD | 70,475 |
| Office of Vocational and Adult Education, subcontracts | 84.RD | 31,358 |
| Other, subcontracts | 84.RD | 65,864 |
| <i>Department of Energy:</i> | | |
| Argonne National Laboratory | 81.RD | 5,255 |
| Lawrence Livermore Laboratory | 81.RD | 147,880 |
| Los Alamos National Laboratory | 81.RD | 16,968 |
| Office of Energy Efficiency and Renewable Energy | 81.RD | 74,299 |
| Office of Energy Research | 81.RD | 8,440 |
| Office of Science | 81.RD | 304,470 |
| Other | 81.RD | 11,905,069 |
| Sandia National Laboratory | | 129,747 |
| Battelle-Northwestern National Laboratory, subcontracts | 81.RD | 88,173 |
| Fermi National Accelerator Laboratory, subcontracts | 81.RD | 2,945,054 |
| Lawrence Livermore Laboratory, subcontracts | 81.RD | 678,676 |
| Office of Energy Efficiency and Renewable Energy, subcontracts | 81.RD | 139,336 |
| Office of Science, subcontracts | 81.RD | 200,850 |
| Other, subcontracts | 81.RD | 1,529,946 |
| <i>Department of Health and Human Services:</i> | | |
| Administration for Children and Families | 93.RD | 244,331 |
| Agency for Health Care Policy and Research | 93.RD | 308,746 |
| Centers for Disease Control | 93.RD | 1,981,466 |
| Health Care Financing Administration | 93.RD | 23,794 |
| Health Resources and Services Administration | 93.RD | 1,114,267 |
| National Institutes of Health | 93.RD | 148,033,524 |
| Office of Population Affairs | 93.RD | 55,390 |
| Other | 93.RD | 10,099,997 |
| Administration for Children and Families, subcontracts | 93.RD | 177,503 |
| Agency for Health Care Policy and Research, subcontracts | 93.RD | 83,758 |
| Centers for Disease Control, subcontracts | 93.RD | 567,855 |
| Health Care Financing Administration, subcontracts | 93.RD | 48,899 |
| National Institutes of Health, subcontracts | 93.RD | 8,586,873 |
| Other, subcontracts | 93.RD | 2,305,208 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| Research and Development (continued) | | |
| <i>Department of Justice</i> | 16.RD | \$ 280,996 |
| <i>Department of Labor -</i> | | |
| Other, subcontracts | 17.RD | 29,280 |
| <i>Department of State -</i> | | |
| Other, subcontracts | 19.RD | 4,400 |
| <i>Department of the Interior:</i> | | |
| Geological Survey | 15.RD | 194,089 |
| Other | 15.RD | 810,446 |
| U.S. Fish and Wildlife Service | 15.RD | 2,819 |
| Other, subcontracts | 15.RD | 23,936 |
| <i>Department of Transportation:</i> | | |
| Other | 20.RD | 1,519,727 |
| Federal Transit Administration, subcontracts | 20.RD | 164,173 |
| Other, subcontracts | 20.RD | 1,502,422 |
| <i>Department of Veterans Affairs -</i> | | |
| Other | 64.RD | 150,236 |
| <i>Environmental Protection Agency:</i> | | |
| Office of Administration | 66.RD | 22,261 |
| Office of Research and Development | 66.RD | 1,001,007 |
| Office of Water | 66.RD | 92,951 |
| Other | 66.RD | 715,459 |
| Office of Administration, subcontracts | 66.RD | 99,736 |
| Office of Research and Development, subcontracts | 66.RD | 53,516 |
| Office of Water, subcontracts | 66.RD | 138,202 |
| Other, subcontracts | 66.RD | 819,073 |
| <i>Federal Emergency Management Agency -</i> | | |
| Program Support Division, subcontracts | 83.RD | 44,437 |
| <i>National Aeronautics and Space Administration -</i> | | |
| Subcontracts | 43.RD | 4,773,773 |
| | 43.RD | 385,653 |
| <i>National Foundation on the Arts and the Humanities:</i> | | |
| National Endowment for the Humanities | 05.RD | 19,790 |
| National Endowment for the Humanities, subcontracts | 05.RD | 2,050 |
| <i>National Science Foundation -</i> | | |
| Subcontracts | 47.RD | 30,009,256 |
| | 47.RD | 2,759,443 |
| <i>Small Business Administration -</i> | | |
| Subcontracts | 59.RD | 1,540 |
| <i>Smithsonian Institution</i> | 60.RD | 5,603 |
| Total Research and Development | | 267,648,566 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|---|--------|-----------------------|
| Student Financial Assistance | | |
| <i>Department of Defense -</i> | | |
| Other | 12.000 | \$ 23,762 |
| <i>Department of Education:</i> | | |
| Federal Work-Study Program | 84.033 | 3,440,573 |
| Javits Fellowships | 84.170 | 82,982 |
| Loan Cancellations | 84.037 | 372,838 |
| Other | 84.000 | (57,526) |
| Pell Grant Program | 84.063 | 15,000,209 |
| Perkins Loan Program - Federal Capital Contributions | 84.038 | 504,652 |
| Supplemental Educational Opportunity Grants | 84.007 | 4,424,243 |
| <i>Department of Health and Human Services:</i> | | |
| Financial Assistance for Disadvantaged Health Professions Students | 93.139 | 22,045 |
| Other | 93.000 | 6,326 |
| Scholarships for Students of Exceptional Financial Need | 93.820 | 80,519 |
| <i>National Science Foundation -</i> | | |
| Other | 47.000 | <u>255,865</u> |
| Total Student Financial Assistance | | 24,156,488 |
| Child Care | | |
| <i>Department of Health and Human Services:</i> | | |
| Child Care and Development Block Grant, subcontracts | 93.575 | 62,750 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund, subcontracts | 93.596 | <u>14,036</u> |
| Total Child Care | | 76,786 |
| Food Stamp | | |
| <i>Department of Agriculture:</i> | | |
| Food Stamps, subcontracts | 10.551 | 794,059 |
| State Administrative Matching Grants for Food Stamp Program, subcontracts | 10.561 | <u>5,675,993</u> |
| Total Food Stamp | | 6,470,052 |
| Highway Planning and Construction | | |
| <i>Department of Transportation -</i> | | |
| Highway Planning and Construction, subcontracts | 20.205 | <u>17,572</u> |
| Total Highway Planning and Construction | | 17,572 |
| Highway Safety | | |
| <i>Department of Transportation</i> | | |
| Total Highway Safety | 20.600 | <u>(600)</u> (600) |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|---|--------|------------------|
| JTPA | | |
| <i>Department of Labor -</i> | | |
| Employment and Training Assistance - Dislocated Workers, subcontracts | 17.246 | \$ 34,813 |
| Total JTPA | | <u>34,813</u> |
| Special Education | | |
| <i>Department of Education:</i> | | |
| Special Education - Preschool Grants, subcontracts | 84.173 | 47,404 |
| Special Education - Grants to States, subcontracts | 84.027 | <u>181,099</u> |
| Total Special Education | | 228,503 |
| TRIO | | |
| <i>Department of Education:</i> | | |
| McNair Post - Baccalaureate Achievement | 84.217 | 593,635 |
| TRIO - Student Support Services | 84.042 | 435,106 |
| TRIO - Upward Bound | 84.047 | <u>972,970</u> |
| Total TRIO | | <u>2,001,711</u> |
| Total Clustered Programs | | 300,633,891 |
| NONCLUSTERED PROGRAMS: | | |
| Public Service | | |
| <i>Agency for International Development</i> | | |
| Subcontracts | 02.000 | 997,038 |
| | 02.000 | 2,700 |
| <i>Corporation for National and Community Service:</i> | | |
| Learn and Serve America - Higher Education | 94.005 | 54,682 |
| Retired and Senior Volunteer Program | 94.002 | 45,500 |
| Training and Technical Assistance | 94.009 | 581,570 |
| Learn and Serve America - School and Community Based Programs, subcontracts | 94.004 | 58,927 |
| Learn and Serve America - Higher Education, subcontracts | 94.005 | 753 |
| <i>Department of Agriculture:</i> | | |
| Agricultural Research - Basic and Applied Research | 10.001 | 5,000 |
| Agricultural Telecommunications Program | 10.501 | 63,064 |
| Cooperative Extension Service | 10.500 | 11,586,603 |
| Cooperative Forestry Assistance | 10.664 | 12,872 |
| Forestry Research | 10.652 | 35,855 |
| Fund for Rural America - Research, Education, and Extension Activities | 10.224 | 478,902 |
| Grants for Agricultural Research, Special Research Grants | 10.200 | 6,364 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| NONCLUSTERED PROGRAMS: | | |
| Public Service (continued) | | |
| <i>Department of Agriculture (continued):</i> | | |
| Grants for Agricultural Research - Competitive Research Grants | 10.206 | \$ 19,566 |
| Higher Education Challenge Grants | 10.217 | 98,687 |
| Initiative for Future Agriculture and Food Systems | 10.302 | 107,243 |
| International Training - Foreign Participant | 10.962 | 25,723 |
| Other | 10.000 | 296,350 |
| State Mediation Grants | 10.435 | 262,641 |
| Technical Agricultural Assistance | 10.960 | 114,289 |
| Agricultural Telecommunications Program, subcontracts | 10.501 | 12,944 |
| Animal Health and Disease Research, subcontracts | 10.207 | 233,244 |
| Cooperative Extension Service, subcontracts | 10.500 | 62,743 |
| Cooperative Forestry Assistance, subcontracts | 10.664 | 51,460 |
| Grants for Agricultural Research, Special Research Grants, subcontract | 10.200 | 354 |
| Integrated Programs, subcontracts | 10.303 | 9,141 |
| Other, subcontracts | 10.000 | 71,232 |
| <i>Department of Commerce -</i> | | |
| Sea Grant Support | 11.417 | 592,777 |
| <i>Department of Defense:</i> | | |
| Basic and Applied Scientific Research | 12.300 | 77,154 |
| Mathematical Sciences Grants Program | 12.901 | 20,000 |
| Other | 12.000 | 7,245,654 |
| Other, subcontracts | 12.000 | 230,000 |
| <i>Department of Education:</i> | | |
| Charter Schools | 84.282 | 148,665 |
| Children and Youth with Serious Emotional Disturbance | 84.237 | 64,761 |
| Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education | 84.333 | 221,209 |
| Early Education for Children with Disabilities | 84.024 | 1,183,130 |
| Fund for the Improvement of Postsecondary Education | 84.116 | 96,924 |
| Handicapped Education - Deaf-Blind Centers | 84.025 | 86,182 |
| Language Resource Centers | 84.229 | 351,602 |
| National Institute on Disability and Rehabilitation Research | 84.133 | 833,574 |
| National Resource Centers and Fellowships Program for Language and Area or Languages and International Study | 84.015 | 61,157 |
| National Vocational Education Research | 84.051 | 2,479,754 |
| Other | 84.000 | 32,805 |
| Preparing Tomorrow's Teachers to Use Technology | 84.342 | 28,997 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| Public Service (continued) | | |
| <i>Department of Education (continued):</i> | | |
| Rehabilitation Services - Service Project | 84.128 | \$ 82,936 |
| Special Education - Innovation and Development | 84.023 | 425,497 |
| Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities | 84.325 | 24,906 |
| Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities | 84.324 | 714,720 |
| Special Education - Special Studies for Persons with Disabilities | 84.159 | 168,267 |
| Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | 84.326 | 923,194 |
| Special Education - Technology and Media Services for Individuals with Disabilities | 84.327 | 47,986 |
| Eisenhower Professional Development State Grants, subcontracts | 84.281 | 206,018 |
| Fund for the Improvement of Education, subcontracts | 84.215 | 33,410 |
| Fund for the Improvement of Postsecondary Education, subcontracts | 84.116 | 4,526 |
| Higher Education - Institutional Aid, subcontracts | 84.031 | 39,438 |
| Magnet Schools Assistance, subcontracts | 84.165 | 82 |
| National Institute on Disability and Rehabilitation Research, subcontract | 84.133 | 197,944 |
| Other, subcontracts | 84.000 | 282,828 |
| Safe and Drug-Free Schools and Communities - National Programs, subcontracts | 84.186 | 40,585 |
| Secondary Education and Transitional Services for Youth with Disabilities, subcontracts | 84.158 | 620,186 |
| Special Education - Preschool Grants, subcontracts | 84.181 | 29,367 |
| Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities, subcontracts | 84.324 | 78,700 |
| Special Education - State Program Improvement Grants for Children with Disabilities, subcontracts | 84.323 | 185,217 |
| <i>Department of Energy:</i> | | |
| Lawrence Livermore Laboratory | 96.009 | 30,309 |
| Office of Scientific and Technical Information | 81.064 | 180,000 |
| Other | 81.000 | 211,065 |
| Other, subcontracts | 81.000 | 25,254 |
| State Energy Program, subcontracts | 81.041 | 11,231 |
| <i>Department of Health and Human Services:</i> | | |
| Administration on Developmental Disabilities - Projects of National Significance | 93.631 | 28,880 |
| Aging Research | 93.866 | 19,751 |
| Cancer Cause and Prevention Research | 93.393 | 9,595 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|---|--------|--------------|
| Public Service (continued) | | |
| <i>Department of Health and Human Services (continued):</i> | | |
| Community Health Centers | 93.224 | \$ 143,351 |
| Family Violence Prevention and Services/Grants for Battered Women's Shelter - Discretionary Grants | 93.592 | 145,402 |
| HIV Demonstration, Research, Public and Professional Education Project | 93.941 | 1,589,703 |
| Lung Diseases Research | 93.838 | 10,000 |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | 85,591 |
| Other | 93.000 | 709,518 |
| Other National Institutes of Health | 93.000 | 142,375 |
| Other Public Health Service | 93.000 | 108,480 |
| Refugee and Entrant Assistance - Discretionary Grants | 93.576 | 195,797 |
| Administration on Developmental Disabilities - Projects of National Significance, subcontracts | 93.631 | 62,765 |
| Block Grants for Prevention and Treatment of Substance Abuse, subcontracts | 93.959 | 60,869 |
| Community Health Centers, subcontracts | 93.224 | 8,211 |
| Consolidated Knowledge Development and Application (KD&A) Program, subcontracts | 93.230 | 139,726 |
| Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | 93.938 | 7,469 |
| Foster Care - Title IV-E, subcontracts | 93.658 | 4,420,160 |
| HIV Prevention Activities - Health Department Based, subcontracts | 93.940 | 315,183 |
| Maternal and Child Health Services Block Grant to the States, subcontracts | 93.994 | 26,819 |
| Medical Library Assistance, subcontracts | 93.879 | 10,156 |
| National AIDS Education and Training Centers, subcontracts | 93.145 | 111,523 |
| National Health Service Corps Scholarship Program, subcontracts | 93.288 | 1,614 |
| National Research Service Awards - Health Services Research Training, subcontracts | 93.225 | (102) |
| Other, subcontracts | 93.000 | 243,253 |
| Other National Institutes of Health, subcontracts | 93.000 | 341,170 |
| Refugee and Entrant Assistance - State Administered Programs, subcontracts | 93.566 | 16,677 |
| Universal Newborn Hearing Screening, subcontracts | 93.251 | 61,511 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| Public Service (continued) | | |
| <i>Department of Housing and Urban Development -</i> | | |
| Community Outreach Partnership Center Program | 14.511 | \$ 99,913 |
| <i>Department of Justice:</i> | | |
| Other | 16.000 | 291,555 |
| Crime Victim Assistance, subcontracts | 16.575 | 1,992 |
| Crime Victim Assistance/Discretionary Grants, subcontracts | 16.582 | 9,833 |
| Violence Against Women Formula Grants, subcontracts | 16.588 | 42,337 |
| <i>Department of Labor:</i> | | |
| Other | 17.000 | 29,013 |
| Other, subcontracts | 17.000 | 367,697 |
| <i>Department of State -</i> | | |
| Other, subcontracts | 19.000 | 257,771 |
| <i>Department of the Interior:</i> | | |
| Other | 15.000 | 7,143 |
| Rhinoceros and Tiger Conservation | 15.619 | 12,766 |
| <i>Department of the Treasury -</i> | | |
| Other | 21.000 | 54,059 |
| <i>Department of Transportation:</i> | | |
| Other | 20.000 | 5,832 |
| Other, subcontracts | 20.000 | 98,043 |
| <i>Department of Veterans Affairs -</i> | | |
| Other | 64.000 | 984,116 |
| <i>Environmental Protection Agency:</i> | | |
| Environmental Protection - Consolidated Research | 66.500 | 12,522 |
| Other | 66.000 | 153,846 |
| Consolidated Pesticide Enforcement Cooperative Agreements, subcontract | 66.700 | 5,650 |
| Environmental Protection - Consolidated Research, subcontracts | 66.500 | 129,621 |
| Nonpoint Source Implementation, subcontracts | 66.460 | 7,843 |
| Other, subcontracts | 66.000 | 41,019 |
| State Indoor Radon Grants, subcontracts | 66.032 | 38,171 |
| <i>Federal Emergency Management Agency -</i> | | |
| Other | 83.000 | 40,603 |
| <i>National Aeronautics and Space Administration:</i> | | |
| Other | 43.000 | 415,437 |
| Other, subcontracts | 43.000 | 34,585 |
| <i>National Foundation on the Arts and the Humanities:</i> | | |
| Institute of Museum and Library Services | 45.301 | 122,962 |
| Institute of Museum and Library Services - National Leadership Grants | 45.312 | 53,829 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| Public Service (continued) | | |
| <i>National Foundation on the Arts and the Humanities (continued):</i> | | |
| National Endowment for the Arts | 05.000 | \$ 37,498 |
| National Endowment for the Humanities | 06.000 | 47,552 |
| State Library Program | 45.310 | 639,987 |
| Museum Assessment Program, subcontracts | 45.302 | 13,489 |
| National Endowment for the Arts, subcontracts | 05.000 | 92,253 |
| National Endowment for the Humanities, subcontracts | 06.000 | 127,660 |
| Promotion of the Humanities - Federal/State Partnership, subcontracts | 45.129 | 5,983 |
| State Library Program, subcontracts | 45.310 | 71,387 |
| <i>National Science Foundation:</i> | | |
| Biological Sciences | 47.074 | 796,460 |
| Computer and Information Science and Engineering | 47.070 | 202,001 |
| Education and Human Resources | 47.076 | 651,049 |
| Engineering Grants | 47.041 | 42,850 |
| Mathematical and Physical Sciences | 47.049 | 46,363 |
| Other | 47.000 | 647,902 |
| Science and Technology Centers | 47.073 | 326,904 |
| Social, Behavioral, and Economic Sciences | 47.075 | 74,770 |
| Education and Human Resources, subcontracts | 47.076 | 145,473 |
| Other, subcontracts | 47.000 | 44,787 |
| <i>Peace Corps</i> | 08.000 | 13,635 |
| <i>Small Business Administration -</i> | | |
| Business Development Assistance to Small Business, subcontracts | 59.005 | 264,284 |
| <i>United States Information Agency:</i> | | |
| College and University Partnerships Program | 19.405 | 52,152 |
| College and University Affiliations Program | 19.406 | 43,900 |
| Other | 82.000 | 960 |
| Total Public Service | | 50,336,362 |
| Plant | | |
| <i>Department of Agriculture -</i> | | |
| Cooperative Forestry Research | 10.202 | (842) |
| <i>Department of Commerce -</i> | | |
| Other | 11.000 | (83,888) |
| <i>Department of Housing and Urban Development -</i> | | |
| College Housing Program | 14.100 | 478,604 |
| Total Plant | | 393,874 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| Instruction | | |
| <i>Agency for International Development -</i> | | |
| Subcontracts | 02.000 | \$ 31,568 |
| <i>Department of Agriculture:</i> | | |
| Food and Agricultural Sciences National Needs Graduate Fellowship Grants | 10.210 | 259,591 |
| Grants for Agricultural Research - Competitive Research Grants | 10.206 | 31,256 |
| Higher Education Challenge Grants | 10.217 | 25,608 |
| International Training - Foreign Participant | 10.962 | 10,862 |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 33,233 |
| Grants for Agricultural Research, Special Research Grants, subcontracts | 10.200 | 9,062 |
| Higher Education Challenge Grants, subcontracts | 10.217 | 25,835 |
| Initiative for Future Agriculture and Food Systems, subcontracts | 10.302 | 1,012 |
| Other, subcontracts | 10.000 | 12,074 |
| <i>Department of Commerce -</i> | | |
| Sea Grant Support | 11.417 | 126,123 |
| <i>Department of Defense:</i> | | |
| Military Medical Research and Development | 12.420 | 45,741 |
| Other | 12.000 | 17,154 |
| <i>Department of Education:</i> | | |
| Early Education for Children with Disabilities | 84.024 | 126,587 |
| Graduate Assistance in Areas of National Need | 84.200 | 110,978 |
| Instruction in Civics, Government and Law | 84.123 | 300 |
| Minority Teacher Recruitment | 84.262 | 10,930 |
| National Resource Centers and Fellowships Program for Language and Area or Languages and International Studies | 84.015 | 409,320 |
| Other | 84.000 | 204,000 |
| Special Education - Personnel Development and Parent Training | 84.029 | 127,206 |
| Special Education - Postsecondary Education Programs for Persons with Disabilities | 84.078 | 28,865 |
| Fund for the Improvement of Postsecondary Education, subcontracts | 84.116 | 23,094 |
| National Vocational Education Research, subcontracts | 84.051 | 35,021 |
| Technology Education Demonstration, subcontracts | 84.230 | 44,425 |
| Vocational Education - Basic Grants to States, subcontracts | 84.048 | 384,071 |
| <i>Department of Health and Human Services:</i> | | |
| Academic Administrative Units in Primary Care | 93.984 | 207,568 |
| Administration on Developmental Disabilities - Projects of National Significance | 93.631 | 16,687 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|---|--------|--------------|
| Instruction (continued) | | |
| <i>Department of Health and Human Services (continued):</i> | | |
| Aging Research | 93.866 | \$ 325,460 |
| Alcohol National Research Service Awards for Research Training | 93.272 | 47,681 |
| Allergy, Immunology and Transplantation Research | 93.855 | 147,996 |
| Allied Health Projects | 93.191 | 4,473 |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | 14,046 |
| Biological Basis Research in the Neurosciences | 93.854 | 52,792 |
| Blood Diseases and Resources Research | 93.839 | 173,088 |
| Cancer Research Manpower | 93.398 | 493,321 |
| Cell Biology and Biophysics Research | 93.821 | 620,252 |
| Centers for Research and Demonstration for Health Promotion and Disease | 93.135 | 762,513 |
| Developmental Disabilities University Affiliated Programs | 93.632 | 289,896 |
| Diabetes, Endocrinology and Metabolism Research | 93.847 | 114,268 |
| Drug Abuse National Research Service Awards for Research Training | 93.278 | 549,654 |
| Grants for Faculty Development in Family Medicine | 93.895 | 139,698 |
| Grants for Geriatric Education Centers | 93.969 | 225,706 |
| Grants for Graduate Training in Family Medicine | 93.379 | 109,352 |
| Grants for Predoctoral Training in Family Medicine | 93.896 | 52,250 |
| Health Administration Traineeships and Special Projects Program | 93.962 | 13,685 |
| Health Careers Opportunity Program | 93.822 | 267,260 |
| Health Services Research and Development Grants | 93.226 | 95,976 |
| Heart and Vascular Diseases Research | 93.837 | 417,194 |
| Kidney Diseases, Urology and Hematology Research | 93.849 | 271,186 |
| Lung Diseases Research | 93.838 | 281,799 |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | 885,987 |
| Medical Library Assistance | 93.879 | 409,068 |
| Mental Health Research Grants | 93.242 | 65,847 |
| Mental Health National Research Service Awards for Research Training | 93.282 | 419,563 |
| Microbiology and Infectious Diseases Research | 93.856 | 237,029 |
| Minority Access to Research Careers | 93.880 | 48,902 |
| National Research Service Awards - Health Services Research Training | 93.225 | 422,013 |
| Nurse Anesthetist Traineeships | 93.124 | 356,097 |
| Nurse Practitioner and Nurse Midwife Education and Traineeships | 93.298 | 369 |
| Nursing Research | 93.361 | 20,401 |
| Occupational Safety and Health - Training Grants | 93.263 | 992,834 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|--|--------|--------------|
| Instruction (continued) | | |
| <i>Department of Health and Human Services (continued):</i> | | |
| Oral Diseases and Disorders Research | 93.121 | \$ 220,485 |
| Other | 93.000 | 53,986 |
| Other National Institutes of Health | 93.000 | 791,554 |
| Other Public Health Service | 93.000 | 1,069,727 |
| Pharmacological, Physiology, and Biological Chemistry Research | 93.859 | 935,395 |
| Professional Nurse Traineeships | 93.358 | 115,918 |
| Public Health Traineeships | 93.964 | 33,218 |
| Quentin N. Burdick Programs for Rural Interdisciplinary Training | 93.192 | 177,864 |
| Research and Training in Complementary and Alternative Medicine | 93.213 | 103,578 |
| Research Centers in Minority Institutions | 93.389 | (209) |
| Research for Mothers and Children | 93.865 | 399,711 |
| Research Related to Deafness and Communication Disorders | 93.173 | 86,397 |
| Resource and Manpower Development in the Environmental Health Sciences | 93.894 | 1,584 |
| Rural Health Medical Education Demonstration Projects | 93.906 | 23,451 |
| Senior International Fellowships | 93.989 | 147,269 |
| Special Minority Initiatives | 93.960 | 70,940 |
| Special Programs for the Aging-Title IV - Training, Research and Discretionary Projects and Programs | 93.048 | 109 |
| Vision Research | 93.867 | 85,942 |
| Maternal and Child Health Federal Consolidated Programs, subcontracts | 93.110 | 12,816 |
| Nursing - Special Projects, subcontracts | 93.359 | 73,372 |
| Other, subcontracts | 93.000 | 10,599 |
| Other National Institutes of Health, subcontracts | 93.000 | 28 |
| Other Public Health Service, subcontracts | 93.000 | 58,597 |
| <i>Department of Veterans Affairs -</i> | | |
| Other | 64.000 | 81 |
| <i>Environmental Protection Agency:</i> | | |
| Other | 66.000 | 28,819 |
| State Indoor Radon Grants, subcontracts | 66.032 | 908 |
| <i>National Aeronautics and Space Administration:</i> | | |
| Other | 43.000 | 254,292 |
| Other, subcontracts | 43.000 | 27,046 |
| <i>National Science Foundation:</i> | | |
| Biological Sciences | 47.074 | 23,270 |
| Education and Human Resources | 47.076 | 1,283,229 |
| Mathematical and Physical Sciences | 47.049 | 33,573 |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001 (continued)

| Federal Agency | CFDA # | Expenditures |
|---|--------|-----------------------|
| Instruction (continued) | | |
| <i>National Science Foundation (continued):</i> | | |
| Other | 47.000 | \$ 205,900 |
| Education and Human Resources, subcontracts | 47.076 | 196,951 |
| Other, subcontracts | 47.000 | <u>144,035</u> |
| Total Instruction | | 18,356,262 |
| Institutional Support | | |
| <i>Department of Transportation -</i> | | |
| Federal Transit - Formula Grants, subcontracts | 20.507 | <u>1,983,396</u> |
| Total Institutional Support | | 1,983,396 |
| Total Nonclustered Programs | | <u>71,069,894</u> |
| Total Expenditures | | <u>\$ 371,703,785</u> |

See notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF MINNESOTA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federally sponsored transactions of the University of Minnesota (the University) reported on the accrual basis of accounting.

Subrecipients - Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subgrantees and reimbursed by the University are presented in the Schedule of Expenditures of Federal Awards.

2. RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE UNIVERSITY'S STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES

The following schedule is a reconciliation of total expenditures as shown on the Schedule of Expenditures of Federal Awards to the revenue items shown as restricted federal grants and contracts and restricted federal appropriations on the Statement of Current Funds Revenues, Expenditures, and Other Changes (REOC) for the year ended June 30, 2001, which is included as part of the University's basic consolidated financial statements:

| | | |
|--|------------------|-----------------------|
| Expenditures per A-133 | | \$ 371,703,785 |
| Less federal pass-through grants on the statement of current funds revenues, expenditures, and other changes | \$ (45,597,197) | |
| Plus federal fund class expenditures not included in A-133 schedule (payroll adjusting accounts) | 427,985 | |
| Less matching grant and contract transfers on the statement of current funds revenues, expenditures, and other changes | (1,094,628) | |
| Less excess of restricted additions over expenditures | (2,590,653) | |
| Plus difference of prior year overdrafts added back and current year overdrafts subtracted out | 2,448,727 | |
| Less expenditures classified as interfund mandatory and nonmandatory transfers on the statement of current funds revenues, expenditures, and other changes | <u>(534,704)</u> | |
| Subtotal A-133 expenses in federal fund class | | 324,763,315 |
| Less facilities and administrative recoveries on federal grants | (56,079,375) | |
| Less subtotal of adjusting journal entries (year-end close) | (3,601,880) | |
| Plus subtotal of revenue reclassifications and unreconciled | <u>2,996,125</u> | |
| Federal grants and contracts revenue (\$251,020,625) and federal appropriations (\$17,057,560) as shown on the REOC for the year ended June 30, 2001 | | <u>\$ 268,078,185</u> |

3. LOAN ADVANCES

The following represent loans advanced by the University for the Perkins, Health Professions, Nursing, and Stafford/PLUS/SLS programs for the year ended June 30, 2001:

| | CFDA # | Amount |
|----------------------------------|--------|-----------------------|
| Perkins Loan Advances | 84.038 | \$ 8,154,824 |
| Health Professions Loan Advances | 93.342 | 1,771,151 |
| Nursing Loan Advances | 93.364 | 141,391 |
| Stafford/PLUS/SLS Loan Advances | 84.268 | <u>158,131,883</u> |
| | | <u>\$ 168,199,249</u> |

4. FACILITIES AND ADMINISTRATIVE (F&A) RATES

The University utilizes facilities and administrative (F&A) rates that have been negotiated with and approved by its cognizant agency, the U.S. Department of Health and Human Services, and are effective for the period of July 1, 1999 through June 30, 2003.

5. CFDA NUMBERS

Some of the programs, grants, and/or other awards included in the Schedule of Expenditures of Federal Awards are missing CFDA numbers. The missing numbers are due to the federal awarding agencies and/or pass-through entities not providing the CFDA numbers. The expenditure amounts related to these missing numbers have been reported, generally, at an agency level.

UNIVERSITY OF MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2001

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- A. Type of auditor's report issued: unqualified
- B. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported
- C. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

- D. Internal control over major programs:
- Material weakness(es) identified? _____ yes X no
 - Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported
- E. Type of auditor's report issued on compliance for major programs: unqualified
- F. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes _____ no
- G. Identification of major programs:

| Name of Federal Program or Cluster | CFDA # |
|---|---------|
| Research and Development* | Various |
| Student Financial Assistance** | Various |
| Department of Agriculture - Cooperative Extension Service | 10.500 |
| Department of Agriculture - State Administrative | |
| Matching Grants for Food Stamps Program, subcontracts | 10.561 |
| Department of Defense - Other | 12.000 |
| Department of Health and Human Services - Foster Care - | |
| Title IV-E, subcontracts | 93.658 |

* This program cluster has various and unidentified CFDA numbers.

** Includes Federal Supplemental Educational Opportunity Grant Program (CFDA #84.007), Federal Work-Study Program (CFDA #84.033), Federal Perkins Loan Program (CFDA #84.038), Federal Pell Grant Program (CFDA #84.063), Scholarship Program for Students of Exceptional Need (CFDA #93.820), Financial Assistance for Disadvantaged Health Professions Students (CFDA #93.139), Javits Fellowships (CFDA #84.170), and National Defense/National Direct/Perkins Loan Cancellations (CFDA #84.037).

H. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

I. Auditee qualified as a low-risk auditee? _____ yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 01-1 - TWIN CITIES CAMPUS

| | |
|-----------------------------------|--------------------------|
| Program Name: | Research and Development |
| CFDA #: | 93.RD & 84.RD |
| Questioned Costs: | None |
| Criteria or Specific Requirement: | Reporting |

Condition/Context:

In 8 of 25 instances (7 for 93.RD and 1 for 84.RD) federal reports were not filed with the respective reporting agency by the date specified in the contract. In accordance with individual grant agreements, each grant specifies reporting deadlines. Based on the results of our testing as stated above, it appears that these filing dates are not always being met.

Effect:

As a result of the untimely filing of the reports, the University is not in compliance with the terms of the grant agreements.

Cause:

The late filings are primarily due to two factors. First, Sponsored Financial Reporting (SFR) had a backlog of reports due to fluctuations in workload and the associated staffing levels. Second, information used by SFR to generate accurate and timely financial reports is obtained from a variety of sources, both within and outside of the University. There were delays encountered in receiving and compiling the necessary information from sources external to SFR.

Recommendation:

The University should ensure that employees in all departments involved with federal programs are aware of the significance of providing the necessary information to complete the reports on a timely basis. Additionally, the University should evaluate its procedures and systems used to prepare and submit financial reports, and make changes as necessary to complete the reports on a timely basis.

Management's Corrective Action Plan:

During FY 2001, Sponsored Financial Reporting requested and received funding to implement an automated accounts receivable/report generation system. J.D. Edwards was chosen as the system that would provide the necessary functionality for meeting the complex sponsor-specific reporting and invoicing requirements.

The objectives of the implementation phase include improving the timeliness and accuracy of submitting sponsored reports and invoices by automating and streamlining the process; identifying and implementing process and procedural improvements to facilitate the consistently timely preparation and submission of sponsor reports; and defining and implementing procedures to monitor the efficiency of the new process.

The system will also provide management reports which will assist in minimizing the impact of workload and human resource fluctuations.

Name of Person Responsible:

Michael Volna, Associate Vice President of Finance & Controller

Estimated Date of Completion:

September 30, 2002

FINDING 01-2 - TWIN CITIES CAMPUS

| | |
|-----------------------------------|---------------------------------|
| Program Name: | Health Professions Student Loan |
| CFDA#: | 93.342 |
| Questioned Costs: | None |
| Criteria or Specific Requirement: | Loan Collection Procedures |

Condition/Context:

In 1 of 8 instances, the University could not provide a signed and executed promissory note for a Health Professions Student Loan. In accordance with Title 42 CFR 57.208(a) of the Federal Register, "each health professions student loan must be evidenced by a properly executed promissory note in a form approved by the Secretary. The school must safeguard the promissory note against fire, theft, and tampering."

Effect:

Collectibility of the loan may be impaired.

Cause:

The signed and executed promissory note is missing or misfiled.

Recommendation:

The University should work to ensure that each student loan be evidenced by a properly executed promissory note and should safeguard the note against fire, theft, and tampering.

Management's Corrective Action Plan:

As of October 14, 2001, the University has contacted the borrower and executed a new promissory note to replace the original. As part of our Phase I Fiscal 2003 budget submission, we have requested funds to pay for the imaging capability to image all paper promissory notes. This would eliminate the problems of misfiling the paper promissory notes. Should funding be unavailable, we will consider alternative methods of improving our document storage capabilities.

Name of Person Responsible:

Nancy Sinsabaugh, Director
Office of Student Finance

Estimated Date of Completion:

Unknown. Depends on budget request.

**UNIVERSITY OF MINNESOTA
MINNEAPOLIS, MINNESOTA**

**FEDERAL AWARD PROGRAMS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

UNIVERSITY OF MINNESOTA
FEDERAL AWARD PROGRAMS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2001

FINDING 00-1: MORRIS CAMPUS.

Program Name:

Federal Financial Aid

Criteria or Specific Requirement:

Satisfactory Academic Progress

Condition/Context:

In 1 of 19 instances, a student did not meet the satisfactory academic progress requirements required by the University. Based on the results of our testing, it appears that the student received federal financial aid without meeting academic progress requirements.

Recommendation:

The University should timely and consistently follow their established procedures to ensure satisfactory academic progress requirements are being met.

University Of Minnesota Update to Prior Year Response:

Corrective action has been implemented. No findings related to this condition were noted in the June 30, 2001 audit.

UNIVERSITY OF MINNESOTA

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**UNIVERSITY OF MINNESOTA
FEDERAL AWARD PROGRAMS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2001**

FINDING 00-2: TWIN CITIES CAMPUS

Program Name:

Research and Development

Criteria or Specific Requirement:

Reporting

Condition/Context:

In 6 of 25 instances (24%), federal reports were not filed with the respective reporting agency by the date specified in the contract. In accordance with individual grant agreements, each grant specifies reporting deadlines. Based on the results of our testing as stated above, it appears that these filing dates are not always being met.

Recommendation:

The University should ensure that employees in all departments involved with federal programs are aware of the significance of providing the necessary information to complete the reports on a timely basis. Additionally, the University should evaluate its procedures and systems used to prepare and submit financial reports, and make changes as necessary to complete the reports on a timely basis.

University Of Minnesota Update to Prior Year Response:

See response to current year Finding 01-1.

UNIVERSITY OF MINNESOTA

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**UNIVERSITY OF MINNESOTA
FEDERAL AWARD PROGRAMS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2001**

FINDING 00-3: TWIN CITIES CAMPUS

Program Name:

Research and Development

Criteria or Specific Requirement:

Subrecipient Monitoring

Condition/Context:

In 2 of 9 subrecipient selections of 25 disbursement selections, the University did not receive the requested subrecipient financial report. The total dollars of subcontracts awarded to the two subrecipients that did not provide the financial reports was \$1,965,483. The University is responsible for ensuring that subrecipients expend federal funds in accordance with federal requirements. The University's practice is to obtain and review the A-133 or other financial reports of its subrecipients; thus, it should be receiving these reports.

Recommendation:

We recommend the University increase efforts to obtain the required subrecipient reports.

University Of Minnesota Update to Prior Year Response:

Corrective action has been implemented. No findings related to this condition were noted in the June 30, 2001 audit.