

VIA ELECTRONIC MAIL

TO: Nalani Mccutcheon, Director
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FROM: Tom Melcher, Director
Division of Program Finance

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Division of Program Finance

CC: LarsonAllen LLP
Audubon Center of the North Woods

DATE: January 28, 2010

SUBJECT: **FY 2009 Corrective Action Plan (CAP) Management Decision**

Minnesota Department of Education (MDE) requires that financial statement audits be conducted in accordance with Generally Accepted Government Auditing Standards (Yellow Book), the federal Single Audit Act and the Minnesota Legal Compliance Guide as issued by the Office of the State Auditor. In a Single Audit engagement, please refer to the Office of Management and Budget (OMB) Circular for reporting requirements. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards (UFARS) compliance.

MDE is a pass-through entity of federal awards. As prescribed in OMB Circular A-133, a pass-through entity of federal awards is required to review a sub-grantee's audit and issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

If there are any state or federal audit findings, MDE requires a CAP for each finding. The CAP must be included within the Local Education Agency (LEA) audit for MDE review.

The purpose of this letter is to communicate MDE's management decision regarding the classification of the approved, accepted or rejected CAP(s) in response to an audit finding(s). The following is a list of your finding(s) with the CAP(s) classification and any additional action that is required to change the CAP(s) classification.

Management Decision: 2 finding(s) approved, 0 finding(s) accepted and 0 finding(s) rejected. See below.

- In an **Approved CAP**, the LEA has communicated that the LEA will take appropriate action to eliminate the audit finding.

MDE has classified the following CAP(s) as *approved* and **NO further action is required**.

Reference Number:	2009-01
Description:	Segregation of Duties
Page Number of Finding:	30

- In an **Accepted CAP**, the LEA is unable to completely eliminate the finding and the governing body has accepted the responsibility of the risk associated with the finding and has communicated their decision in the CAP. CAP(s) with an accepted status will be included in a report of non-compliance submitted to the fiscal monitors of federal programs and used in the risk assessment criteria for future site visits.

MDE has classified the following CAP(s) as *accepted* and **no further action is required at this time**; however, it will be included in the list to the fiscal monitors of federal programs.

Reference Number:	2009-02
Description:	Legal Compliance Declaration
Page Number of Finding:	31

- In a **Rejected CAP**, the LEA has submitted a CAP that does not clearly communicate how the audit finding will be eliminated.

MDE has classified the following CAP(s) as *rejected* and **requires a revised CAP**.
None

The recommended 2008-2009 format for Corrective Action Plan(s):

The CAP **MUST** identify the following items for each finding:

1. **actions planned** in response to the finding;
Describe the new action that will be implemented to eliminate or mitigate the finding.
2. the **official responsible** for ensuring corrective action;
List the person ultimately responsible for carrying out the plan.
3. the **planned completion date** for the corrective action;
“Not Applicable” is not a valid response.
Provide information on the timeline toward implementation of the plan. If immediate implementation is required provide a specific date.
4. an **explanation** of any disagreement with the findings as developed by the auditor; and
MDE generally anticipates an entity would be in agreement with the auditor’s finding.

5. a **plan to monitor** completion of corrective actions.

“Not Applicable” is not a valid response.

Enter **who** is responsible to monitor implementation and **how** the monitoring will be conducted.

A letter dated August 11, 2009, has been posted to MDE Website and can be located, by selecting Accountability Programs, Program Finance, Financial Management that contains the recommended format for a CAP. This document should be used when preparing your CAP(s). It provides the basic criteria used by MDE in reviewing 2008-2009 CAP(s) as well as sample responses to finding(s).

If you have a rejected CAP(s) or update(s) to other CAP(s), please send your response as soon as possible to keri.lewis@state.mn.us or mail:

Keri Lewis, Program Finance
Minnesota Department of Education
1500 Highway 36 West
Roseville, MN 55113

If you have any questions regarding this letter, please email me at mary.weigel@state.mn.us or call me at (651) 582-8770.