

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
ROSEMOUNT, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER REQUIRED REPORTS**

JUNE 30, 2022



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ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
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SINGLE AUDIT AND OTHER REQUIRED REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

School Board
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School
Rosemount, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 196 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 11, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

School Board
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School
Rosemount, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 196's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 196's major federal programs for the year ended June 30, 2022. Independent School District No. 196's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Independent School District No. 196 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Independent School District No. 196 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Independent School District No. 196's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Independent School District No. 196's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Independent School District No. 196's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Independent School District No. 196's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Independent School District No. 196's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Independent School District No. 196's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 196's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003 and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 196's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Independent School District No. 196's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004 to be significant deficiencies

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 196's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Independent School District No. 196's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

School Board
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Independent School District No. 196 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independent School District No. 196's basic financial statements. We have issued our report thereon dated November 11, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 11, 2022

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Minnesota Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	01-0196-000-000 {a}	\$ 1,089,494	\$ -
Cash Assistance:				
School Breakfast Program	10.553	01-0196-000-000 {a}	2,855,328	-
National School Lunch Program	10.555	01-0196-000-000 {a}	13,183,855	-
COVID-19 Child Nutrition Emergency Operational Cost Reimbursement	10.555C	01-0196-000-000 {a}	77,006	-
COVID-19 Supply Chain Assistance	10.555	01-0196-000-000 {a}	475,152	-
Summer Food Service Program for Children	10.559	01-0196-000-000 {a}	510,808	-
Cash Assistance Subtotal			<u>17,102,149</u>	<u>-</u>
Total U.S. Department of Agriculture			18,191,643	-
U.S. DEPARTMENT OF THE TREASURY				
Passed Through Minnesota Department of Education:				
COVID-19 Coronavirus Relief Fund	21.019	01-0196-000-000	5,950	-
COVID-19 State and Local Fiscal Recovery Funds	21.027	01-0196-000-000	<u>789,904</u>	<u>-</u>
Total U.S. Department of the Treasury			795,854	-
U.S. DEPARTMENT OF EDUCATION				
Passed Through Minnesota Department of Education:				
Adult Basic Education	84.002	01-0196-000-000	65,864	-
Title I - Part A	84.010	01-0196-000-000	2,383,603	-
Carl Perkins Vocational and Applied Technology	84.048	01-0196-000-000	345,838	-
Special Education Grants to LEAs	84.027	01-0196-000-000 {b}	6,936,779	-
Special Education Preschool Grants	84.173	01-0196-000-000 {b}	238,022	-
Special Education Infants and Toddlers Program	84.181	01-0196-000-000	159,741	-
Title II - Improving Teacher Quality	84.367	01-0196-000-000	503,264	-
Title III - English Language Acquisition	84.365	01-0196-000-000	297,600	-
Student Support and Academic Enrichment Program	84.424	01-0196-000-000	312,546	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	01-0196-000-000 {c}	3,076,087	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	01-0196-000-000 {c}	7,208,346	-
COVID-19 Elementary and Secondary School Emergency Relief				
Homeless Grants	84.425W	01-0492-000-000 {c}	<u>89,096</u>	<u>-</u>
Total Passed Through Minnesota Department of Education			21,616,786	-
Direct:				
Indian Education Grants to Local Educational Agencies	84.060	Unknown	<u>60,947</u>	<u>-</u>
Total U.S. Department of Education			<u>21,677,733</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Minnesota Department of Education:				
COVID-19 Minnesota COVID-19 Testing Program	93.323		<u>\$ 1,303,185</u>	<u>\$ -</u>
Total Federal Awards			<u>\$ 41,968,415</u>	<u>\$ -</u>

{a} - Total Child Nutrition Cluster = \$18,191,643

{b} - Special Education Cluster = \$7,174,801

{c} - Total Education Stabilization Fund = \$10,373,529

See notes to Schedule of Expenditures of Federal Awards.

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Independent School District No. 196 (the District) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Independent School District No. 196 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board
Independent School District No. 196
Rosemount-Apple Valley-Eagan Public School
Rosemount, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 196 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 196 failed to comply with the provisions of the deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, contracting and bidding and miscellaneous and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of that testing *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 11, 2022

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

1. Internal control over financial reporting:

- Material weakness(es) identified? _____ yes _____ x no
- Significant deficiency(ies) identified? _____ yes _____ x none reported

2. Noncompliance material to financial statements noted? _____ yes _____ x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ x yes _____ no
- Significant deficiency(ies) identified? _____ x yes _____ none reported

1. Type of auditors’ report issued on compliance for major federal programs: Unmodified

2. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number	Name of Federal Program or Cluster
10.553, 10.555, 10.556, 10.559 84.010 93.323 84.425D, 84.425U, and 84.425W	Child Nutrition Cluster Title I – Part A Minnesota COVID-19 Testing COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,259,052

Auditee qualified as low-risk auditee? _____ yes _____ x no

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2022 - 001: Procurement

Federal Agencies: U.S. Department of Agriculture

Federal Program Title: Child Nutrition Cluster

ALN: 10.553, 10.555, 10.556, 10.559

Pass-Through Agency: Minnesota Department of Education

Award Period: July 1, 2021 – June 30, 2022

Type of Finding: Material Weakness in Internal Control Over Compliance and Compliance Finding

Criteria: Uniform guidance requires that the District ensure that purchases over the micro-purchase threshold, \$10,000 per District policy, go through the appropriate procurement procedures. This includes properly considering alternative vendors to see if the District is paying a reasonable price for the item or service and documenting that decision making process. This could be done through quotes, whether formal or informal, or reviewing alternative services online and documenting some applicable prices. This helps to ensure open and fair competition for the federal spending is maintained each year.

Condition: In our testing sample for the Child Nutrition Cluster, we noted three instances where the district did not properly document their cost analysis or decision-making process for going with the vendor they utilized.

Context: It was noted that for two contracts the district did not retain documentation of quotes received. It was also noted that for a contract with undetermined period terms that the district did not retain documentation of a cost / benefit analysis that would explain why the district did not receive bids or quotes for it during the year. This was a statistically valid sample.

Questioned Costs: \$337,023

Cause: The District used two of the vendors to supplement goods provided by the district's main food service vendor. The other vendor the district has an ongoing contract with undefined period terms and was unaware of the procurement requirement for this procurement.

Effect: The District was not in compliance with the Uniform Guidance requirements around procurement.

Repeat Finding: No

Recommendation: We recommend the District review its procurement policies and procedures to ensure that the all procurements are sufficiently documented such that an outside party with knowledge of the requirements would clearly see the methods of procurement utilized and the rationale behind such methods.

View of Responsible Official: There is no disagreement with the audit finding.

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022 - 002: Suspension & Debarment

Federal Agencies: U.S. Department of Agriculture

Federal Program Title: Child Nutrition Cluster

ALN: 10.553, 10.555, 10.556, 10.559

Pass-Through Agency: Minnesota Department of Education

Award Period: July 1, 2021 – June 30, 2022

Type of Finding: Material Weakness in Internal Control Over Compliance and Compliance Finding

Criteria: The district should have controls in place to ensure compliance with suspension and debarment requirements of the Child Nutrition Cluster. The Uniform Guidance requires that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by either checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause to the covered transaction with the entity.

Condition: The School District did not perform the required verification procedures over covered transactions in the child nutrition program in fiscal year 2022.

Context: Of eight covered transactions tested, it was noted that the District did not perform the required verifications on two of the transactions. Subsequently the District performed the required verifications and identified that none of the vendors used were suspended or debarred.

Questioned Costs: None

Cause: The District has a process in place to verify vendors aren't suspended or debarred but in the two instances noted there was a gap in when the contract was checked.

Effect: The District could have entered into a covered transaction with an entity which was suspended or debarred without realizing it.

Repeat Finding: No

Recommendation: We recommend that the District follow its procurement policies as well as requirements within the Uniform Guidance to perform the proper verification procedures on all covered transactions entered into with federal funds.

View of Responsible Official: There is no disagreement with the audit finding.

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022 - 003: Time and Effort Documentation for Payroll

Federal Agencies: U.S. Department of Education

Federal Program Title: Education Stabilization Fund

ALN: 84.425

Pass-Through Agency: Minnesota Department of Education

Award Period: July 1, 2021 – June 30, 2022

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Compliance Finding

Criteria: The Uniform Guidance requires charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. In addition, these records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated, be incorporated into the official records of the entity, and reasonable reflect the total activity for which the employee is compensated.

Condition: During our testing of a sample of payroll transactions charged to the grant we noted one transaction for which the personnel activity report was not completed by the employee.

Context: Of a sample of 40 payroll disbursement charged to the grant we noted one disbursement for which the supporting time and effort documentation did not agree to how the employee's wages were allocated to the program, with the amount charged to the program being higher than the documentation indicated. The variance in wage allocation represented \$169 of the total \$8,664,062 in payroll which was charged to the grant. This was a statistically valid sample.

Questioned Costs: None

Cause: The employee went on maternity leave before filling out the PARS report.

Effect: The District was not in compliance with the Uniform Guidance requirements around cost principles and time and effort documentation.

Repeat Finding: No

Recommendation: We recommend that the District reviews its procedures and controls over time and effort documentation for wages charged to Federal programs to ensure all documentation accurately reflects the work performed and that the time and effort documentation agrees with how the employee's wages are allocated to the grant in the finance system.

View of Responsible Official: There is no disagreement with the audit finding.

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022 - 004: Time and Effort Documentation for Payroll

Federal Agencies: U.S. Department of Health and Human Services

Federal Program Title: Minnesota COVID-19 Testing

ALN: 93.323

Pass-Through Agency: Minnesota Department of Education

Award Period: July 1, 2021 – June 30, 2022

Type of Finding: Significant Deficiency in Internal Control Over Compliance and Compliance Finding

Criteria: The Uniform Guidance requires charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. In addition, these records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated, be incorporated into the official records of the entity, and reasonable reflect the total activity for which the employee is compensated.

Condition: During our testing of a sample of payroll transactions charged to the grant we noted one transaction for which the amount charged to the grant did not agree to the time and effort documentation completed by the employee.

Context: Of a sample of 40 payroll disbursement charged to the grant we noted one disbursement which did not contain the proper time and effort documentation. This transaction represented \$2,173 of the \$873,611 in total payroll costs charged to the grant. This was a statistically valid sample.

Questioned Costs: None

Cause: Updates to the payroll allocations, based on time and effort documentation completed, were not all adequately incorporated into the systems for allocating payroll costs to federal awards.

Effect: The District was not in compliance with the Uniform Guidance requirements around cost principles and time and effort documentation.

Repeat Finding: No

Recommendation: We recommend that the District reviews its procedures and controls over time and effort documentation for wages charged to Federal programs to ensure all documentation accurately reflects the work performed and that the time and effort documentation agrees with how the employee's wages are allocated to the grant in the finance system.

View of Responsible Official: There is no disagreement with the audit finding.

**INDEPENDENT SCHOOL DISTRICT NO. 196
ROSEMOUNT-APPLE VALLEY-EAGAN PUBLIC SCHOOL
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section IV – MN Legal Compliance Findings

No such findings noted.



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