

**INDEPENDENT SCHOOL DISTRICT NO. 834
STILLWATER AREA PUBLIC SCHOOLS
STILLWATER, MINNESOTA**

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

JUNE 30, 2022



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STILLWATER AREA PUBLIC SCHOOLS
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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. 834
Stillwater Area Public Schools
Stillwater, 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. 834, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Independent School District No. 834's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 834'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 Independent School District No. 834's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 834'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 834'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*.

Independent School District No. 834's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Independent School District No. 834's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Independent School District No. 834's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 13, 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. 834
Stillwater Area Public Schools
Stillwater, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Independent School District No. 834'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. 834's major federal programs for the year ended June 30, 2022. Independent School District No. 834's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Special Education Cluster and the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Independent School District No. 834 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster and Child Nutrition Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Independent School District No. 834 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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. 834 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. 834's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on the Special Education Cluster and Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, Independent School District No. 834 did not comply with requirements regarding Assistance Listing Numbers 10.553 and 10.555, Child Nutrition Cluster, and 84.027 and 84.173, Special Education Cluster, as described in finding numbers 2022-002 and 2022-003 for Procurement and Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for Independent School District No. 834 to comply with the requirements applicable to that program.

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. 834'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. 834'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. 834'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. 834'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. 834'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. 834'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

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 834's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Independent School District No. 834'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 2022-002 and 2022-003 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.

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.

School Board
Independent School District No. 834
Stillwater Area Public Schools

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 aggregate remaining fund information of Independent School District No. 834 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. 834's basic financial statements. We have issued our report thereon, dated December 13, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic 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
December 13, 2022

**INDEPENDENT SCHOOL DISTRICT NO. 834
STILLWATER AREA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Agency/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Number	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Minnesota Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program:				
Noncash Assistance				
Commodities	N/A	{a} 10.555	\$ 288,931	\$ -
Cash Assistance				
National School Lunch Program	N/A	{a} 10.555	3,763,416	-
School Breakfast Program	N/A	{a} 10.553	928,371	-
COVID-19 Emergency Operating Costs	N/A	{a} 10.555	6,677	-
COVID-19 Supply Chain Assistance	N/A	{a} 10.555	138,739	-
COVID-19 Pandemic Electronic Benefit Transfer Program	N/A	10.649	6,351	-
Total U.S. Department of Agriculture			<u>5,132,485</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY				
Passed through Minnesota Department of Education:				
COVID-19 State and Local Fiscal Recovery Funds				
Adult Basic Education	N/A	21.027	93,140	-
Summer Academic Enrichment and Mental Health	N/A	21.027C	38,199	-
Summer Preschool Program	N/A	21.027C	5,976	-
Total COVID-19 State and Local Fiscal Recovery Funds			<u>137,315</u>	<u>-</u>
FEDERAL COMMUNICATIONS COMMISSION				
Direct				
COVID-19 Emergency Connectivity Funds		32.009	248,500	-
U.S. DEPARTMENT OF EDUCATION				
Direct				
Indian Education Grants to Local Educational Agencies	N/A	84.060	5,333	-
Passed through Minnesota Department of Education:				
Title I, Part A Grants to Local Education Agencies	S010A190023	84.010	309,442	-
IDEA, Part B Special Education Grants	H027A190087	{b} 84.027	1,361,959	-
COVID-19 IDEA, Part B Special Education Grants	N/A	{b} 84.027X	24,910	-
Special Education Preschool Grants	H173A180086	{b} 84.173	46,608	-
COVID-19 Special Education Preschool Grants	N/A	{b} 84.173X	1,053	-
Special Education Infants and Toddlers Program	H181A190029	84.181	68,801	-
Title II - Supporting Effective Instruction	S367A200022	84.367	190,270	-
Title III - English Language Acquisition	S365A200023	84.365	27,071	-
Title IV, Part A - Student Support and Academic Enrichment	S424A200024	84.424	16,360	-
COVID-19 Governor's Emergency Education Relief Fund	N/A	{c} 84.425C	58,064	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	N/A	{c} 84.425D	628,398	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	N/A	{c} 84.425U	1,169,772	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	N/A	{c} 84.425W	10,545	-
Total Passed Through U.S. Department of Education			<u>3,913,253</u>	<u>-</u>
Passed through Northeast Metropolitan Intermediate School District No. 916 Carl Perkins	V048A190023A	84.048A	16,796	-
Passed through Independent School District No. 622 Adult Education - Basic Grants to States	V002A190024	84.002	3,913	-
Total U.S. Department of Education			<u>3,939,295</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Minnesota Department of Education:				
COVID-19 MN COVID-19 Testing Program	N/A	93.323	456,330	-
COVID-19 Child Care Stabilization Grants	N/A	93.575	375,911	-
Total U.S. Department of Health and Human Services			<u>832,241</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 10,289,836</u>	<u>\$ -</u>

{a} - Child Nutrition Cluster = \$5,126,134

{b} - Special Education Cluster = \$1,434,530

{c} - Education Stabilization Fund = \$1,866,779

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**INDEPENDENT SCHOOL DISTRICT NO. 834
STILLWATER AREA PUBLIC SCHOOLS
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. 834 (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 21.027, 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

The District 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. 834
Stillwater Area Public Schools
Stillwater, 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. 834 (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 December 13, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, 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 the *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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 13, 2022

**INDEPENDENT SCHOOL DISTRICT NO. 834
 STILLWATER AREA PUBLIC SCHOOLS
 SCHEDULE 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? x yes 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? yes x 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(s)	Name of Federal Program or Cluster
10.553, 10.555 84.425C, 84.425D, 84.425U, 84.425W 84.027, 84.173	Child Nutrition Cluster COVID-19 Education Stabilization Fund Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes x no

**INDEPENDENT SCHOOL DISTRICT NO. 834
STILLWATER AREA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001 – Material Weakness in Internal Controls with Regards to the Segregation of Duties Between Payroll and Human Resources Functions

Criteria: The District should have controls in place such that all wages are supported by approved pay rates and payroll and HR processes are sufficiently segregated such that no one person has the ability to manipulate a transaction without a detecting control.

Condition: During our review of the District's payroll controls as well as testing of a sample of payroll transactions we noted the following:

- Payroll technicians have complete access to all payroll and HR functions, including changing employees' pay rates or employee timecard information. As they are also the ones processing payroll there is no control to prevent or detect them from changing pay rates.
- There is no review of the omitted deductions report, which is run each payroll period, or the PERA/TRA exclusion report.
- The District does not have formally approved pay rates or schedules for certain extra duties, such as lunchtime supervision, for which some employees are compensated.

Cause: The District has limited segregation of duties between the HR and payroll departments with regards to the overall payroll and compensation process.

Repeat Finding: No

Recommendation: We recommend the District review its segregation of duties between the HR and payroll departments as well as system access controls to ensure proper segregation of duties over all payroll transactions and processes. We also recommend the District ensure key processes and reports are properly reviewed and supporting documentation retained.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the finding. The District plans to work with its payroll and human resources departments to realign duties as necessary to ensure proper segregation of duties controls are implemented.

**INDEPENDENT SCHOOL DISTRICT NO. 834
STILLWATER AREA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022-002 – Material Weakness in Internal Controls over Compliance and Compliance

Federal Agency: U.S. Department of Agriculture and U.S. Department of Education
Federal Program Name: Child Nutrition Cluster and Special Education Cluster
Assistance Listing Number: 10.553, 10.555, 84.027, and 84.173
Federal Award Identification Number and Year: 22MIN061N1199 and H027A210087
Pass-Through Agency: Minnesota Department of Education
Pass-Through Numbers: Unknown
Award Period: Fiscal Year 2022

Criteria: §200.318 - §200.321 requires that all procurement transactions be conducted in a manner providing full and open competition consistent with the standards of the section. Procurement by noncompetitive proposals may be utilized if the item is available only from a single source, however efforts must be made and the process fully documented in order to conclude that the use of a sole source procurement is appropriate.

Condition: It was noted during procurement testing that the district did not utilize quotes, sealed bids, or competitive proposals for certain procurements and any sole course conclusions were also not documented.

Questioned Costs: ALN 10.553 and 10.555, Federal Award Identification Number 22MIN061N1199: \$115,190.69
ALN 84.027 and 84.173, Federal Award Identification Number H027A210087: \$302,459.82

Context: Of the two procurements tested in the Special Education Cluster, both were missing documentation to support a proper procurement method. Of 14 procurements tested in the Child Nutrition Cluster, three were missing documentation to support a proper procurement method.

Cause: The District procedures do not contain sufficient guidelines for ensuring all procurements utilize the proper method and are properly documented.

Effect: The lack of proper methods and documentation could lead to using vendors for small purchase acquisitions without ensuring comparable pricing from other vendors and justifying costs.

Repeat Finding: This is not a repeat finding from the prior year.

Recommendation: CLA recommends the District puts in place the proper procedures for sufficiently documenting all procurements and methodology used.

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

**INDEPENDENT SCHOOL DISTRICT NO. 834
STILLWATER AREA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2022-003 – Material Weakness in Internal Controls over Compliance and Compliance

Federal Agency: U.S. Department of Agriculture and U.S. Department of Education
Federal Program Name: Child Nutrition Cluster and Special Education Cluster
Assistance Listing Number: 10.553, 10.555, 84.027, and 84.173
Federal Award Identification Number and Year: 22MIN061N1199 and H027A210087
Pass-Through Agency: Minnesota Department of Education
Pass-Through Numbers: Unknown
Award Period: Fiscal Year 2022

Criteria: The district should have controls in place to ensure compliance with suspension and debarment requirements. 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 several covered transactions in fiscal year 2022.

Context: Of five covered transactions tested in the Special Education Cluster, it was noted that the District did not perform the required verifications on any of the five. Of five covered transactions tested in the Child Nutrition Cluster, it was noted that the District did not perform the required verifications on one of the five.

Questioned Costs: None

Cause: The District has had turnover in some roles within the Special Education program. Nutrition Services has limited ability to obtain food and materials due to supply chain issues.

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.

Section V – MN Legal Compliance Findings

None noted.



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