

**INDEPENDENT SCHOOL DISTRICT NO. 112
CHASKA, MINNESOTA**

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

JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
TABLE OF CONTENTS
JUNE 30, 2023**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
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	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	8
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10

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. 112
Eastern Carver County Schools
Chaska, 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. 112, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Independent School District No. 112's basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 112'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. 112's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 112'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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 112'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. 112's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Independent School District No. 112's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Independent School District No. 112'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
March 21, 2024



**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. 112
Eastern Carver County Schools
Chaska, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 112'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. 112's major federal programs for the year ended June 30, 2023. Independent School District No. 112'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. 112 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, 2023.

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. 112 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. 112'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. 112'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. 112'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. 112'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. 112'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. 112'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. 112'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 an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 112'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. 112'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.

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. *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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

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. 112'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. 112'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. 112
Eastern Carver County 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 remaining fund information of Independent School District No. 112 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Independent School District No. 112's basic financial statements. We have issued our report thereon dated March 21, 2024, 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 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
March 21, 2024

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Minnesota Department of Education:					
Child Nutrition Cluster:					
Noncash Assistance (Commodities):					
National School Lunch Program	{a}	10.555	1-0112-000	\$ 426,251	\$ -
Cash Assistance:					
School Breakfast Program	{a}	10.553	1-0112-000	312,527	-
National School Lunch Program	{a}	10.555	1-0112-000	1,680,532	-
Special Milk Program for Children	{a}	10.556	1-0112-000	25	-
Child and Adult Care Food Program		10.558	1-0112-000	5,483	-
COVID-19 Pandemic EBT Food Benefits		10.649	1-0112-000	3,256	-
COVID-19 Supply Chain Assistance	{a}	10.555	1-0112-000	170,749	-
Cash Assistance Subtotal				<u>2,172,572</u>	<u>-</u>
Total U.S. Department of Agriculture				2,598,823	-
U.S. DEPARTMENT OF THE TREASURY					
Passed Through Minnesota Department of Education:					
Summer School		21.027	Unknown	3,600	-
COVID-19 Summer Academic Enrichment and Mental Health		21.027	Unknown	62,224	-
COVID-19 Expanded Access to Tutoring		21.027	Unknown	82,149	-
Pandemic Enrollment Loss		21.027	Unknown	6,375	-
Total Passed Through U.S. Department of Education				<u>154,348</u>	<u>-</u>
Total U.S. Department of the Treasury				154,348	-
U.S. DEPARTMENT OF EDUCATION					
Passed Through Minnesota Department of Education:					
Title I - Grants to Local Education Agencies		84.010	S010A220023A	304,304	-
Special Education Grants to States	{b}	84.027	H027A220087	1,739,929	-
COVID-19 Special Education Grants to States	{b}	84.027X	H027A220087	464,234	-
Indian Education - Formula Grants to Local Education Agencies		84.060		4,322	-
Special Education Preschool Grants	{b}	84.173	H173A220086	40,221	-
Special Education Grants for Infants and Families		84.181	H181A190029	46,420	-
Title III - English Language Acquisition		84.365	H365A220023A	66,213	-
Title II - Supporting Effective Instruction		84.367	S367A200022	101,161	-
COVID-19 Governor's Emergency Education Relief	{c}	84.425C	S425D220045	74,523	-
COVID-19 Elementary and Secondary School Emergency Relief	{c}	84.425D	S425D220045	274,617	-
COVID-19 Elementary and Secondary School Emergency Relief	{c}	84.425U	S425D220045	824,475	-
COVID-19 Elementary and Secondary School Emergency Relief Homeless Children and Youth II	{c}	84.425W	S425D220045	206	-
Total Passed Through U.S. Department of Education				<u>3,940,625</u>	<u>-</u>
Passed Through SouthWest Metro Education Cooperative (6088):					
Career and Technical Education (Perkins V)		84.048	V048A190023A	14,487	-
Total U.S. Department of Education				<u>3,955,112</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	Unknown N/A	153,323	-
Total Federal Awards				<u>\$ 6,861,606</u>	<u>\$ -</u>

{a} - Child Nutrition Cluster = \$2,590,084
 {b} - Special Education Cluster = \$2,244,384
 {c} - Education Stabilization Fund = \$519,326

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

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. 112 (the District) under programs of the federal government for the year ended June 30, 2023. 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% de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board
Independent School District No. 112
Eastern Carver County Schools
Chaska, Minnesota

We have audited, in accordance with 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. 112 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2024.

In connection with our audit, we noted that Independent School District No. 112 failed to comply with provisions of the contracting – bid laws, and claims and disbursements of *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as items 2023-004, 2023-005 and 2023-006. Also, in connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 112 failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, public indebtedness, 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.

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 112's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District'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.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota

March 21, 2024

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. 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)

10.553, 10.555, 10.556, 10.559
84.425C, 84.425D, 84.425W, 84.425U
84.027 and 84.173

Name of Federal Program or Cluster

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. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

FINDING: 2023-001 MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition: During our audit procedures, we noted a material adjustment which needed to be posted to District records, which included the following:

State aid revenue and receivable – It was noted that \$419,247 in additional general education aid was not properly recorded.
Federal revenue and receivable – It was noted that supply chain assistance funding of \$75,647 was improperly deferred at year-end.

Criteria or Specific Requirement: The District should have procedures and controls in place to ensure all revenues and receivables are properly recorded and all ending balances are properly reconciled.

Effect: Material audit adjustments were posted to the District’s records to correct an balance.

Repeat Finding: No.

Recommendation: We recommend that the District review its procedures and controls over revenue recognition and recording to ensure all ending balances are properly adjusted.

Views of Responsible Official and Planned Corrective Actions: There is no disagreement with the audit finding. The District will review its procedures and controls revenue recognition and recording and make any necessary changes to ensure all ending balances are properly adjusted.

FINDING: 2023-002 MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition: During our audit procedures, it was noted that review for accuracy of self-insurance claim did not catch classification errors for employees and retirees.

Criteria or Specific Requirement: The District should have procedures and controls in place to self-insurance claims are accurate and participants are accurately classified.

Effect: Self-insurance claim expense could be materially misstated.

Repeat Finding: No.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

Recommendation: We recommend that the District review its procedures and controls over the review of self- insurance and claims payable to ensure participants are classified correctly.

**Views of Responsible
Official and Planned
Corrective Actions:**

There is no disagreement with the audit finding. The District will review its procedures and controls over self- insurance to make sure participant classifications are accurate.

Section III – Findings and Questioned Costs – Major Federal Programs

2023 - 003: Suspension and Debarment

Federal Agencies: U.S. Department of Agriculture & U.S. Department of Education

Federal Program Title: Child Nutrition Cluster & Special Education

ALN: 10.553, 10.555, 10.556, 10.559 & 84.027 and 84.173

Pass-Through Agency: Minnesota Department of Education

Award Period: July 1, 2022 – June 30, 2023

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

Criteria or Specific Requirement: 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 for four of the five items tested in the child nutrition program in fiscal year 2023. The School district also did not perform the required verification procedures over two of the three tested items in the special education program for fiscal year 2023.

Context: Of five covered transactions tested, it was noted that the District did not perform the required verifications on four of the transactions for the child nutrition program and two of the three transactions tested for the special education program. Subsequently the District performed the required verifications and identified that none of the vendors used were suspended or debarred.

Questioned Costs: None

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

Repeat Finding: Yes

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

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 IV – MN Legal Compliance Findings

FINDING: 2023-004 CONTRACTING AND BIDDING – SUBCONTRACTOR LANGUAGE

Condition: Minnesota statute 471.425, subd. 4a, requires that each contract between the school district and a prime contractor require the prime contractor to pay subcontractors within ten days of receipt of payment from the government entity or pay interest at the rate of 1 1/2 percent per month. Of eight contracts tested we noted all of the contracts did not contain this required language.

Recommendation: We recommend that all personnel involved in the contract process are fully trained on all statutory requirements for all aspects of the process.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation immediately to ensure all contracts include the required language.

Officials Responsible for Ensuring CAP:

Molly Lopez, Finance Manager, is the official responsible for ensuring implementation of the corrective action plan.

Planned Completion Date for CAP:

The planned completion date for the CAP is June 30, 2024.

Plan to Monitor Completion of CAP:

The Board of Education and administration will be monitoring this corrective action plan.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section IV – MN Legal Compliance Findings (Continued)

FINDING: 2023-005 CLAIMS AND DISBURSEMENTS – PROMPT PAYMENT OF BILLS

Condition: Minnesota Statute §471.425 requires school districts to pay each vendor obligation according to the terms of the contract, or if no contract terms apply, within the standard payment period, which is defined as within 35 days from the date of receipt for municipalities which have regularly scheduled board meetings at least once a month. During our testing three invoices were paid outside of the 35 day period.

Recommendation: We recommend the District makes every effort possible to ensure that invoices are routed to the District' Finance and Operations Department so that they can be process in a timely manner.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation immediately to ensure all payments are made within the required time period.

Officials Responsible for Ensuring CAP:

Molly Lopez, Finance Manager, is the official responsible for ensuring implementation of the corrective action plan.

Planned Completion Date for CAP:

The planned completion date for the CAP is June 30, 2024.

Plan to Monitor Completion of CAP:

The Board of Education and administration will be monitoring this corrective action plan.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section IV – MN Legal Compliance Findings (Continued)

FINDING: 2023-006 CLAIMS AND DISBURSEMENTS – ELETRONIC FUNDS TRANSFER

Condition: Minnesota Statute § 471.38 requires that the District's governing body shall annually delegate the authority to make electronic funds transfers to a designated business administrator or chief financial officer or the officer's designee. The annual delegation was not performed for fiscal year 2023.

Recommendation: We recommend that the District has the board annually delegate the authority to make electronic funds transfers.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will implement the recommendation and have the board approve the annual delegation of authority to make electronic funds transfers.

Officials Responsible for Ensuring CAP:

Molly Lopez, Finance Manager, is the official responsible for ensuring implementation of the corrective action plan.

Planned Completion Date for CAP:

The planned completion date for the CAP is June 30, 2024.

Plan to Monitor Completion of CAP:

The Board of Education and administration will be monitoring this corrective action plan.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.