



Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Segregation of Duties

Finding Summary

Criteria – Generally, a system of internal control contemplates a segregation of duties such that no one individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition – Due to the limited size of Independent School District No. 622's, (the District) office staff, the District has limited segregation of duties in several areas.

Corrective Action Plan

Actions Planned – The District will review segregation of duties procedures over all finance related transaction areas and will properly segregate assigned duties to the best of its ability.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance, will continue to monitor this deficiency and segregate duties as best he can within the limits of the staff available.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-002 Timeliness and Accuracy of Reconciliations

Finding Summary

Criteria – Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures such as periodic and year-end account and subledger reconciliations must be performed regularly, accurately, and in a timely manner.

Condition – During our audit, we noted that the monthly cash and investment reconciliations, self-insurance reconciliations, and payroll liability reconciliations prepared by the District's staff were not being performed in a timely manner and contained discrepancies when compared to the District's general ledger and underlying records. The effectiveness of some internal controls were diminished, due to a lack of timeliness and accuracy in completing these important control procedures.

Corrective Action Plan

Actions Planned – The District's management will make it a priority to ensure monthly cash and investment reconciliations, self-insurance reconciliations, and payroll liability reconciliations are accurately completed in a timely manner going forward.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance, will monitor the monthly cash and investment reconciliation, self-insurance reconciliation, and payroll liability reconciliation process to ensure that existing controls are effectively implemented and that monthly reconciliations are being accurately completed in a timely manner.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
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Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-003 Material Audit Adjustment

Finding Summary

Criteria – Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – During our audit, we proposed necessary audit adjustments to the District that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit procedures detecting the misstatements. Auditing standards consider the identification by the auditor of a potentially material misstatement in the financial statements to be a material weakness in the related internal controls.

Corrective Action Plan

Actions Planned – This condition was primarily caused by the turnover of key district personnel in the finance department. The District will ensure that its personnel are adequately trained to identify and record all material activity in its internal accounting records at year-end and accurately report them in its external financial statements.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance, will monitor the year-end reconciliation process to ensure that all material activity is accurately recorded and reported.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-004 Internal Controls Over Journal Entries

Finding Summary

Criteria – Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures over the recording of journal entries must be performed regularly, accurately, and in a timely manner. This process should also include a review of the journal entries so that no individual has responsibility to both record and approve the entry.

Condition – During our audit, we noted various journal entries the District recorded that were inaccurate, did not have proper supporting documentation, and were not properly reviewed and approved. Due to a lack of completion of these important procedures, the District's prescribed controls over journal entries were ineffective.

Corrective Action Plan

Actions Planned – This condition was primarily caused by the turnover of key district personnel in the finance department. The District will ensure that its personnel are adequately trained and that proper supporting documentation, reviews, and approvals are obtained on all journal entries.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance, will monitor the internal control procedures to ensure journal entries have proper supporting documentation, reviews, and approvals.

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Corrective Action Plans and
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A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-005 Internal Controls Over the District Budget

Finding Summary

Criteria – Management is responsible for establishing and maintaining effective internal controls, which includes controls over the District budget. The budget is an important tool for management to properly track and monitor the District’s financial progress compared to expectations established in a formal budget document.

Condition –During our audit, we noted that the District’s adopted and amended budget amounts were not properly entered into the District’s general ledger accounting system. Throughout the year, budget to actual reports provided to budget managers and those with oversight responsibility for monitoring district financial transactions and performance were not accurate and may not have provided meaningful financial information, thereby diminishing the effectiveness of these important control procedures.

Corrective Action Plan

Actions Planned – This condition was primarily caused by the turnover of key district personnel in the finance department. The District will ensure that the adopted and amended budget is accurately entered into the general ledger accounting system in a timely manner.

Official Responsible – Josh Anderson, the District’s Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District’s Director of Finance, will monitor the internal control procedures to ensure the District’s adopted and amended budget is entered accurately and timely into the general ledger accounting system.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2024

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-006 Regulatory Reporting Deadlines

Finding Summary

Criteria – Management is responsible for establishing and maintaining effective internal controls, which includes maintaining adequate internal financial records to facilitate the preparation and timely submission of audited financial data and annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America to comply with applicable federal and state regulatory reporting requirements.

Condition – For the year ended June 30, 2024, the District’s internal controls over financial reporting were not adequate to ensure that the District’s financial records and year-end closing process were completed in a timely manner. As a result, the District was unable to comply with state and federal deadlines for the submission of audited financial data and annual financial statements.

Corrective Action Plan

Actions Planned – This condition was primarily caused by the turnover of key positions within the District’s finance department during the fiscal year. The District has continued to work to fill openings in its finance department with qualified individuals in order to improve the timeliness of both its internal and external financial reporting going forward.

Official Responsible – Josh Anderson, the District’s Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District’s Director of Finance, will monitor the year-end reconciliation process to ensure timely completion of financial reporting.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2024

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

REPORTABLE NONCOMPLIANCE WITH FEDERAL REPORTING REQUIREMENTS – ALL FEDERAL PROGRAMS AWARDED UNDER THE UNIFORM GUIDANCE

2024-007 Federal Reporting Deadline

Finding Summary

Criteria – 2CFR Part 200, Subpart F, § 200.512(a)(1) requires the District’s audited Schedule of Expenditures Federal Awards (SEFA) and federal reporting package to be submitted to the federal audit clearinghouse within the earlier of 30 calendar days after the receipt of the auditor’s report(s), or 9 months after the end of the audit period.

Condition – The District’s audited SEFA and federal reporting package for the fiscal year ended June 30, 2024, were not submitted to the federal audit clearinghouse within nine months after the end of the audit period.

Corrective Action Plan

Actions Planned – The completion of the District’s audited annual financial statements for the year ended June 30, 2024, which is a required component of the federal reporting package, was delayed beyond the nine-month deadline, primarily due to turnover in the District’s finance department. District management will ensure that all information required to comply with federal reporting requirements will be completed and submitted in a timely manner going forward.

Official Responsible – Josh Anderson, the District’s Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District’s Director of Finance, will monitor the year-end financial closing and reporting process to ensure all federal and state reporting requirements are complied with in the future.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
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Year Ended June 30, 2024

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2024-008 Payment of Invoices

Finding Summary

Criteria – Minnesota Statutes § 471.425.

Condition – Minnesota Statutes require school districts to pay vendor claims according to the terms of each contract or within 35 days after the receipt of the goods or services or the invoice for the goods or services. If such claims are not paid within the allowable statutory time period, districts must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. For 2 of 25 disbursements selected for testing, the District did not pay the claim within the required time period, and did not pay interest on the unpaid obligations.

Corrective Action Plan

Actions Planned – The District will review its procedures relating to processing disbursements to ensure claims are paid within statutory timelines.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance will assure appropriate internal controls and procedures are updated and in place for future compliance.

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Corrective Action Plans and
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C. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2024-009 Broker Certifications

Finding Summary

Criteria – Minnesota Statutes § 118A.04, Subd. 9.

Condition – Minnesota Statutes annually require that, prior to completing an initial investment transaction with each broker, districts provide to that broker a written statement of investment restrictions and that the broker acknowledge receipt of the investment restrictions and agree to handle a district's account in accordance with the restrictions. The District did not obtain such certifications from four of its investment brokers in fiscal year 2024.

Corrective Action Plan

Actions Planned – The District will review its procedures relating to broker certifications to ensure these are obtained from its investment brokers annually prior to completing investment transactions.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance will assure appropriate internal controls and procedures are updated and in place for future compliance.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
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C. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2024-010 Timely Submission of Audited Financial Statements

Finding Summary

Criteria – Minnesota Statutes § 6.65, 123B.77, Subd. 3, requires that the District submit audited fund balance, revenue, and expenditure data to the Minnesota Department of Education (MDE) annually by November 30, and audited financial statements by December 31.

Condition – The District did not meet the deadlines for submitting audited financial data and statements to the MDE for the fiscal year ended June 30, 2024.

Corrective Action Plan

Actions Planned – Completion of the District's audited annual financial statements for the year ended June 30, 2024 was delayed, due primarily to turnover in the District's finance department. District management will ensure that all information required to comply with statutory reporting requirements will be completed and submitted in a timely manner going forward.

Official Responsible – Josh Anderson, the District's Director of Finance.

Planned Completion Date – December 31, 2025.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Josh Anderson, the District's Director of Finance, will monitor the year-end financial closing and reporting process to ensure all federal and state reporting requirements are complied with in the future.

INDEPENDENT SCHOOL DISTRICT NO. 622

Corrective Action Plans and
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Year Ended June 30, 2024

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF EDUCATION, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, SPECIAL EDUCATION CLUSTER – FEDERAL ALN 84.027 AND 84.173 AND U.S. DEPARTMENT OF THE TREASURY, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – FEDERAL ALN 21.027

2023-001 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Finding – The District did not have effective internal control over compliance with suspension and debarment requirements applicable to its special education cluster and coronavirus state and local fiscal recovery funds federal programs.

Current Status – This was not reported as a finding in the current year.