

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

A. FINANCIAL STATEMENT FINDINGS

None.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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 (INCLUDING COVID-19 FUNDING) AND ALN 84.173

2024-001 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Finding Summary

2 CFR § 180 requires Independent School District No. 273 (the District) to establish and maintain effective internal control over compliance with requirements applicable to federal programs expenditures, including suspension and debarment requirements applicable to special education cluster federal program expenditures. During our audit, we noted the District did not have sufficient controls in place within its special education cluster to assure it was not contracting for goods or services with parties that are suspended or debarred, or whose principals are suspended or debarred from participating in contracts involving the expenditure of federal program funds.

Corrective Action Plan

Actions Planned – The District will update its procedures relating to suspension and debarment to ensure that, in the future, compliance with this requirement is verified and documented prior to expending \$25,000 or more of federal funds with any single vendor.

Official Responsible – Mert Woodard, Director of Finance and Operations.

Planned Completion Date – June 30, 2025.

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

Plan to Monitor – Mert Woodard, Director of Finance and Operations, will monitor the implementation of corrective actions deemed necessary to ensure compliance with federal suspension and debarment requirements in the future.

INDEPENDENT SCHOOL DISTRICT NO. 273

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

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

2024-002 Timely Payment of Claims

Finding Summary

Minnesota Statutes § 471.425, Subd. 2 requires the District to pay each vendor obligation 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, whichever is later. If such obligations are not paid within the appropriate time period, the District must pay interest on the unpaid obligations at the rate of 1.5 percent per month or part of a month. For 3 of 40 disbursements selected for testing, the District did not pay the obligation within the required time period, and did not pay interest on the unpaid obligation.

Corrective Action Plan

Actions Planned – These late payments were primarily caused by invoices received at district school buildings that were not approved and forwarded to the District's business services department for payment quickly enough to allow for payment to be processed within the statutory timeline. District management will review vendor invoice approval and payment processes to ensure invoices are paid within statutory timelines in the future.

Official Responsible – Mert Woodard, Director of Finance and Operations.

Planned Completion Date – June 30, 2025.

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

Plan to Monitor – Mert Woodard, Director of Finance and Operations, will assure appropriate procedures are updated and in place, and that individuals responsible for the processing and payment of claims are properly trained, to ensure the timely payment of all claims in the future.

2024-003 Unclaimed Property Report

Finding Summary

Minnesota Statutes § 345.41 and § 345.43 require unclaimed property held for more than three years (or one year for unpaid compensation) to be reported and paid or delivered to the state Commissioner of Commerce each year. This requirement was not met by the District for the current fiscal year. Five payroll checks totaling \$6,259 that had been outstanding for over one year had not been reported as unclaimed property and delivered to the state Commissioner of Commerce as required.

Corrective Action Plan

Actions Planned – District management will review procedures in place for identifying, reporting, and submitting unclaimed property to ensure future compliance with this requirement.

INDEPENDENT SCHOOL DISTRICT NO. 273

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

C. MINNESOTA LEGAL COMPLIANCE FINDINGS (continued)

2024-003 Unclaimed Property Report (continued)

Official Responsible – Mert Woodard, Director of Finance and Operations.

Planned Completion Date – June 30, 2025.

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

Plan to Monitor – Mert Woodard, Director of Finance and Operations, will assure appropriate internal controls and procedures are updated and in place for future compliance with this requirement.

2024-004 Prompt Payment to Subcontractors

Finding Summary

Minnesota Statutes § 471.425, Subd. 4(a) states that each contract of a municipality must require the prime contractor to pay any subcontractor within 10 days of the prime contractor's receipt of payment from the municipality for undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of 1.5 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. For five of six contracts tested, the contract between the District and the prime contractor did not include the required subcontractor payment language.

Corrective Action Plan

Actions Planned – District management will review its contracting and bidding procedures to ensure this required language is included in all future contracts involving subcontractors.

Official Responsible – Mert Woodard, Director of Finance and Operations.

Planned Completion Date – June 30, 2025.

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

Plan to Monitor – Mert Woodard, Director of Finance and Operations, will assure appropriate internal controls and procedures are updated and in place for future compliance with this requirement.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No findings were reported for the year ended June 30, 2023.