

INDEPENDENT SCHOOL DISTRICT NO. 832

Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

A. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2020-001 Segregation of Duties

Finding Summary

Independent School District No. 832 (the District) has limited segregation of duties in several areas, including the processing of general disbursements and payroll transactions. The limited segregation of duties is primarily caused by the limited size of the District's business office staff. This is a reoccurring finding that initially occurred in fiscal year 2011.

Corrective Action Plan

Actions Planned – The District intends to review policies, procedures, and transaction cycles, and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness.

Official Responsible – Jeff Priess, Director of Finance and Operations.

Planned Completion Date – June 30, 2021.

Disagreement With or Explanation of Finding – The District is in agreement with this finding.

Plan to Monitor – Jeff Priess, the Director of Finance and Operations, will work with the financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness.

INDEPENDENT SCHOOL DISTRICT NO. 832

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2020

A. FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

2020-002 Timeliness and Accuracy of Cash Reconciliations

Finding Summary

Due to the District converting to a new financial accounting software during the year, the timeliness and accuracy of the monthly cash reconciliation process was negatively impacted, diminishing the effectiveness of this important internal control procedure. This is the initial year of the finding.

Corrective Action Plan

Actions Planned – The District reviewed its internal controls in May 2020 to ensure monthly cash reconciliations are accurately completed in a timely manner in the future, provided adequate training to the individuals responsible for performing critical financial reporting control procedures, and is monitoring the effectiveness of these controls. The District also provides the School Board monthly Treasurers Reports, which reconcile cash and bank balances. This process has been in place since May 2020.

Official Responsible – Jeff Priess, Director of Finance and Operations.

Planned Completion Date – June 30, 2021.

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

Plan to Monitor – Jeff Priess, the Director of Finance and Operations, will monitor the implementation of these corrective actions to ensure these control procedures are completed timely and accurately, and that district controls over financial reporting are functioning appropriately in the future.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT SCHOOL DISTRICT NO. 832

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2020

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS – SIGNIFICANT DEFICIENCY

2019-001 Segregation of Duties

Repeat Finding – During our audit, we noted that the District has limited segregation of duties in several areas, including the processing of disbursements and payroll transactions. The limited segregation of duties is primarily caused by the limited size of the District’s business office staff.

Actions Planned – The District intends to review policies, procedures, and transaction cycles, and work with its financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness.

Current Status – The District continues its efforts to segregate duties as best it can within the limits of what it considers to be cost-beneficial. See finding 2020-001 for the current status of this condition.