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BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40

SINGLE AUDIT REPORT

Fiscal Year Ended June 30, 2024

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SINGLE AUDIT REPORT
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**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**

Governing Board of
Baboquivari Unified School District No. 40
Sells, Arizona

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 Baboquivari Unified School District No. 40 (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 amounts. 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 Audit Standards*.

District Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit that are presented in its corrective action plan, issued in a separate report. The District is responsible for preparing a corrective action plan to address each finding. The District's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

 *CWDL, Certified Public Accountants*

Mesa, Arizona

February 4, 2025



**INDEPENDENT AUDITOR'S 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**

Governing Board of
Baboquivari Unified School District No. 40
Sells, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Baboquivari Unified School District No. 40's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District, 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 major federal programs for the year ended June 30, 2024.

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

Management's Responsibilities 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 the District'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 the District'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 the District'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 the District'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 the District'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 the District'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.

Report on Internal Control Over Compliance

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

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 the District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 4, 2025, 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 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.

 *CWDL, Certified Public Accountants*

Mesa, Arizona
February 4, 2025

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Additional Award Identification (Optional)	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture:					
<i>Passed through The Arizona Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553		ADE ED09-0001	\$ 607,285	\$ -
National School Lunch Program	10.555		ADE ED09-0001	170,857	-
Commodities - Food Distribution Noncash	10.555		ADE ED09-0001	63,938	-
Summer Food Service Program	10.559		ADE ED09-0001	10,045	-
Subtotal Child Nutrition Cluster				852,125	-
Total U. S. Department of Agriculture				852,125	-
U.S. Department of the Interior:					
<i>Direct Program:</i>					
Indian Education Assistance to Schools	15.130		N/A	14,875	-
Total U. S. Department of the Interior				14,875	-
Federal Communications Commission:					
<i>Direct Program:</i>					
Emergency Connectivity Fund	32.009	COVID-19	N/A	70,574	-
Total Federal Communications Commission				70,574	-
U.S. Department of Education:					
<i>Direct Program:</i>					
Impact Aid	84.041		N/A	9,878,306	-
Indian Education - Grants to Local Education Agencies	84.060		N/A	250,057	-
<i>Passed through the Arizona Department of Education:</i>					
Title I - LEAs	84.010		24FT1TTI-411431-01A	1,513,058	-
Comprehensive Support and Improvement Grant	84.010		24FECSIM-411431-01A	596,708	-
Systemic Leadership	84.010		24FSLDCO-411431-01A	24,554	-
Total 84.010				2,134,320	-
Special Education Cluster (IDEA):					
IDEA Basic Grant Entitlement	84.027		24ICSGBA-411431-01A	139,605	-
IDEA Preschool	84.173		24ICSGPR-411431-01A	1,133	-
Subtotal Special Education Cluster (IDEA)				140,738	-
CTED Basic/Federal Perkins	84.048		24FCTDBG-411431-08A	67,437	-
Homeless Mini Grant	84.196		24FEHCYM-411431-01A	7,019	-
Rural and Low Income Schools	84.358		24FTIRLC-411431-04A	14,017	-
Improving Teacher Quality	84.367		24FT1TII-411431-03A	67,282	-
Education Stabilization Grant - ARP Homeless	84.425W	COVID-19	22FAHIE-211431-01A	6,802	-
Education Stabilization Fund (ESSER III)	84.425U	COVID-19	21FESSII-111431-01A	3,431,981	-
Subtotal Education Stabilization Fund				3,438,783	-
Total U. S. Department of Education				15,997,959	-
U.S. Department of Health and Human Services:					
<i>Passed through the Arizona Department of Education:</i>					
Aware Suicide Prevention Ggrant	93.243		24FSSASP-411431-01A	74,643	-
Advancing Wellness and Resiliency in Education	93.354		24FASNWE-411431-01A	93,728	-
Total U. S. Department of Health and Human Services				168,371	-
Total Federal Expenditures				\$ 17,103,904	\$ -

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the District's federal grant activity for the year ended June 30, 2024. The information in this schedule is presented in accordance with the 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). 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 - FEDERAL ASSISTANCE LISTING NUMBERS

The program titles and Federal Assistance Listings numbers were obtained from the federal or passthrough grantor or the 2024 Federal Assistance Listings.

NOTE 4 - NON-CASH ASSISTANCE

Food donations as reported for the Child Nutrition Cluster represents the amount of donated food used during the fiscal year ended June 30, 2024. Commodities are valued at fair value at the time of donation.

NOTE 5 - INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414. The District used an indirect cost rate that was approved by the Arizona Department of Education.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None noted</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

<u>Federal Assistance Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.041</u>	<u>Impact Aid</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

2024-001 CASH RECONCILIATIONS

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Condition/Context: During our review of cash balances, it was noted that cash posted to the District's general ledger was not properly reconciled with the county treasurer or the county school superintendent during the current fiscal year. In addition, cash held with local bank institutions were not reconciled in a timely manner.

Criteria: Generally accepted accounting principles (GAAP), the Uniform System of Financial Records (USFR), and internal control procedures.

Effect: Not reconciling cash can pose risks to the District, including the risk of fraud, errors, and misappropriation of funds. It is important to establish and maintain effective internal controls over cash reconciliations to ensure cash is properly safeguarded, monitored, and reported. The absence of cash reconciliations will also lead to noncompliance with the USFR.

Cause: The District was behind on reconciling cash with the county treasurer and cash held with local bank institutions due to changes in management.

Recommendation: To strengthen internal controls, the District should evaluate its cash reconciliation process to ensure bank reconciliations are being performed on a timely basis. The District should reconcile its records of cash balances with the county treasurer and the county school superintendent, identifying reconciling items, and ensuring those reconciling items are investigated and resolved. Cash reconciliations for local bank accounts should be performed monthly and reviewed by someone other than the preparer.

View of Responsible Officials: There is no disagreement with this audit finding. The District will implement procedures over cash reconciliations to ensure reconciling items are properly addressed.

Repeat Finding: Similar to 2023-001 Cash Reconciliations.

**BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Summary Schedule of Prior Audit Findings

2023 - 001 Cash Reconciliations

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: Management should have controls over cash reconciliations. COSO/internal Control Framework defines control activities as "policies and procedures that help ensure management's directives are carried out". Management review controls are defined as, "the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed and is an integral part of any internal control structure".

Condition/Context: There are no effective review controls established to ensure cash reconciliation are performed timely and in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Status of Finding: Similar to 2024-001.

2023 -002 -Special Provisions

Federal Agency: U.S. Department of Education

Federal Program Name: Impact Aid

Assistance Listing Number: 84.041

Pass-Through Agency: N/A

Pass-Through Number(s): N/A

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

Statistically Valid Sample: No, and not intended to be a Statistically Valid Sample.

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria: Department of Labor (DOL) (40 USC 3141-3144, 3146, and 3147 All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1235-0008).

Condition/Context: For two out of three contracts sampled there was no prevailing wage clause noted to be followed in the contract agreements. Also, for the same two contracts sampled weekly certified payrolls were not collected and maintained for any relevant weeks during the fiscal year. Also, we did not note the superintendent's signature on the contracts.

Status of Finding: Corrected during the current fiscal year.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Summary Schedule of Prior Audit Findings (Continued)

2023 - 003 - Level of Effort

Federal Agency: U.S. Department of Education

Federal Program Name: Impact Aid

Assistance Listing Number: 84.041

Pass-Through Agency: NIA

Pass-Through Number(s): N/A

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

Statistically Valid Sample: No, and not intended to be a Statistically Valid Sample.

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria: (20 USC 7703(d)); 34 CFR Section 222.54; Title 34 Subtitle B Chapter II Part 222 Subpart D § 222.54. Section 7003(d) funds may not supplant any state funds (either general or special education state aid) that were or would have been available to the LEA for the free, appropriate public education of federally connected children with disabilities counted under Section 7003(d).

Condition/Context: The district appears to be supplanting Fund 001 funding with Impact Aid funds.

Status of Finding: Corrected during the current fiscal year.

2023 -004 -Equipment and Real Property Management

Federal Agency: U.S. Department of Education

Federal Program Name: Education Stabilization Fund

Assistance Listing Number: 84.425

Pass-Through Agency: Arizona Department of Education

Pass-Through Number(s): All Pass-Through Numbers Present in the SEFA

Award Period: March 2020 through September 2024

Statistically Valid Sample: No, and not intended to be a Statistically Valid Sample.

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of Subpart D -Property Standards including retaining audit evidence to support the physical inventory taken at the minimum of every two years. Additionally Per 2 CFR 200.303 (a) the District must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the federal award in compliance with federal status, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in the "internal Control integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition/Context: We were unable to obtain evidence of the physical inventory of property taken as required by the Uniform Guidance.

Status of Finding: Corrected during the current fiscal year.

BABOQUIVARI UNIFIED SCHOOL DISTRICT NO. 40
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

Summary Schedule of Prior Audit Findings (Continued)

2023 - 005 - Allowable Costs/Cost Principles - Indirect Costs

Federal Agency: U.S. Department of Education

Federal Program Name: Education Stabilization Fund

Assistance Listing Number: 84.425

Pass-Through Agency: Arizona Department of Education

Pass-Through Number(s): All Pass-Through Numbers Present in the SEFA

Award Period: March 2020 through September 2024

Statistically Valid Sample: No, and not intended to be a Statistically Valid Sample.

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria: In accordance with 2 CFR 200.334 Retention requirements for records, financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities.

Condition/Context: For one of the two samples selected the indirect cost was calculated incorrectly when compared to the supporting documentation.

Status of Finding: Corrected during the current fiscal year.