

DAN WOLD  
Interim Superintendent  
ROBIN LINDEEN-BLAKELEY  
Deputy Clerk  
CINDY DULEY  
Business Manager  
MICHELLE DAWKINS  
K-5 Principal  
RHIANNON YOUNG  
MS Assistant Principal  
KATHY CHILDRESS  
Secondary Principal  
LORI LUNA  
CAPS Principal



**CORBETT SCHOOL DISTRICT  
NO. 39**

35800 E. Historic Columbia River Highway  
Corbett, Oregon 97019-9629

Administrative Office	503-261-4200
Grade School	503-261-4236
Middle/High School	503-261-4226
Fax	503-695-3641
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February 18, 2021

Oregon Secretary of State,  
Audits Division  
255 Capitol St. NE, Suite #500  
Salem, OR 97310

**Plan of Action for Corbett School District #39**

Corbett School District #39 respectfully submits this corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2020. The audit was completed by the independent auditing firm Talbot, Korvola & Warwick, LLP. The plan of action was adopted by the Corbett School District Board of Directors on February 17, 2021 with Resolution \_\_\_\_\_.

**1. Deficiency #1- Material Weakness – Capital asset work papers**

- a. While performing audit procedures, it was noted that the capital asset work papers prepared by the District had not been reviewed. This lack of review resulted in the expensing of \$539,010 of capital outlay rather than being recorded as capital assets. The District should implement a review of capital asset work papers to prevent or detect and correct a material error in financial reporting.
- b. Plan of Action: District will review the capital asset reporting methodology, particularly the transition of construction in progress into capital assets upon project completion. Prior to submitting trial balance to auditors, District will review capital assets reporting thoroughly.
- c. Timeframe: Summer 2021

**2. Deficiency #2 – Material Weakness – Debt service reporting**

- a. While performing audit procedures, it was noted the deposits made to a sinking fund were accounted for as debt service expenditures. This resulted in an adjusting entry, which included a restatement of prior year balances in the General Fund and Governmental Activities, to record assets held in trust of \$465,000 and an increase in long-term debt of \$444,444. The District should review debt agreements to ensure that transactions are recorded appropriately.
- b. Plan of Action: District has reviewed all other outstanding debt contracts and found no other instances of this debt service reporting error. In the 2019-20 Financial Report, the District restated the sinking fund payments for all years since the 2012 debt inception to be in

accordance with GAAP. District will review future debt agreements for sinking fund and defeasance provisions and account for them accordingly.

- c. Timeframe: Complete as of Feb 10, 2021

### 3. Deficiency #3 – Significant Deficiency – Bank Reconciliations

- a. While performing audit procedures over cash balances, we noted that there appeared to be unresolved variances in the June 30, 2020 bank reconciliation, including some relating to outstanding checks dated between 2014 and 2020. Additionally, there was no evidence of review for the bank reconciliation selected to determine if internal controls over the cash transaction cycle were implemented as designed. The District should implement policies and procedures to investigate and resolve any variances discovered while reconciling the bank statement to its accounting records. The District should also ensure that a documented review of bank reconciliations are performed timely to prevent or detect and correct possible misstatements due to error or fraud.
- b. Plan of Action: District acknowledges there has been ongoing unresolved variances since 2014. The Business Manager will perform a comprehensive review and resolution of all outstanding items by the end of this fiscal year. Additionally, District acknowledges lack of evidence of review of the monthly bank reconciliation reports. Going forward, District will require evidence of review by the Superintendent or designee.
- c. Timeframe: Outstanding Checks review – June 30, 2021. Bank reconciliation reports evidence of review – Implemented October 2020.

### 4. Deficiency #4 – Significant Deficiency – Cash Receipting Student Funds

- a. While performing audit procedures, we noted that cash receipt processing and the recording of transactions for the Student Activities process did not follow the District's policies and procedures for other cash receipts and transactions. The District appears to lack controls over cash receipts related to Student Activities and all Student Activities transactions were recorded outside of the District's accounting system and with an adjustment recorded in the District's accounting system only at year end. While bank reconciliation and procedures to record the transactions at year end could detect and correct possible misstatements, all of the District's cash receipts and accounting records should have controls to prevent or detect and correct misstatements due to error or fraud timely.
- b. Plan of Action: The District acknowledges some risk inherent in maintaining its student activity bookkeeping outside of BusinessPlus, in the SchoolBooks system, and would rate this as a low risk, conventionally undertaken by school districts. The risk is mitigated by monthly activity reports to each budget-holder, allowing the timely resolution of questions on erroneous or missing items, and by daily reporting on cash account balances maintained by the Business Manager. Going forward, budget-holders will be asked to provide evidence of review of the monthly reports and the Business Manager will be copied on the monthly reports. Additionally, the District will develop Cash Handling Guidelines and a Cash Counting Template to be shared with school event organizers.
- c. Timeframe: by April 21, 2021

**5. Deficiency #5 – Significant Deficiency – Accrued Payroll Liabilities**

- a. While performing audit procedures, we noted that the District appears to lack the processes, and related controls, to reconcile accrued payroll liability accounts. The District should implement policies and procedures to reconcile all balance sheet accounts, including accrued payroll liabilities, on a regular basis and include controls that would prevent or detect and correct misstatements due to error or fraud.
- b. Plan of Action: District will take action on recommendation to develop additional processes and controls to reconcile all balance sheet accounts on a regular basis and include controls that would prevent or detect and correct misstatements due to error or fraud.
- c. Timeframe: by June 30, 2021

**6. Deficiency #6 – Significant Deficiency – Teacher Experience Reporting**

- a. While performing procedures as required by the State of Oregon, TKW noted that the District appeared to lack controls over reporting teacher experience. Out of the District's 58 teachers for the prior year, TKW selected a sample of 12 teachers and found errors in number years of experience reported to the Oregon Department of Education for seven of the teachers selected. On a net basis, the District under reported four years of service in the District, under reported five years of service in Oregon, and under reported one year of service outside of Oregon. The District should implement policies and procedures to ensure that information reported to the State is accurate.
- b. Plan of Action: District will undertake complete review of all licensed staff experience.
- c. Timeframe: by June 30, 2021

**7. Deficiency #7 – Compliance Exception**

- a. While notices were posted on the District's website, the required notices for the regular meetings to adopt supplemental budgets on December 18, 2019 and February 19, 2020 were not published, as defined in 294.311(35), in accordance with ORS 294.471(3).
- b. Plan of Action: District will publish supplemental budget meeting notices in accordance with this expanded interpretation in the newspaper 5-30 days prior to the meeting.
- c. Timeframe: Implemented as of Feb 17, 2021.

Corrective Action Plan Adoption Signatures

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Corbett School Board Chair, Michelle Vo

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Interim Superintendent, Dan Wold

This plan is to be adopted by the Board through motion or resolution on February 17, 2021 and submitted to the Secretary of State within 30 days of the filing of the audit report, which is due on extension Feb 15, 2021.

An official copy of approved meeting minutes where the plan was adopted with clear indication of adoption must be provided to the Secretary of State along with this signed document.