

Morrow County School District

Serving the Families of Boardman, Heppner, and Irrigon in Northeastern Oregon



P.O. Box 100
Heppner, OR 97836
<http://www.morrow.k12.or.us>

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RESOLUTION TO ADOPT THE CORRECTIVE ACTION PLAN FOR THE JUNE 30, 2020 AUDIT FINDINGS – #2020-21-08

Morrow County School District #1 respectfully submits the following 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 Dickey and Tremper, LLP and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on February 8, 2021, as indicated by signatures below.

Significant Deficiency #2020-001

Auditor Discussion and Recommendation:

Condition and criteria: The District should have controls in place over financial close and reporting process to ensure accurate and timely annual financial statements are produced. The journal entries and reconciliations performed by the accounting department should be approved by supervisory personnel and supported with proper documentation. There were delays and errors in reconciling and reviewing the general ledger accounts, several schedules required correction, and the review process did not catch the errors.

Cause: There were changes in staff during the year and new staff in charge of the financial close. There were also delays in completing some processes due to COVID-19.

Effect: Several underlying schedules supporting the financial statements required correction and an unusual number of journal entries were posted after the receipt of the audit trial balance.

Auditor's recommendation: We recommend that management review its monthly and year-end reporting processes to incorporate additional oversight and review of staff work. We further recommend that the District establish and follow a policy for reviewing year-end accounting entries and audit schedules in a timely manner.

Management's Plan of Action: Management will re-establish appropriate levels of oversight and review of the closing process. Management has reassigned closing activities to additional staff to ensure accuracy and timeliness.

Time Frame:

Re-establish closing processes completed by January 4, 2021

Policies/Procedures around Fiscal Year End Closing will be completed by February 5, 2021

Morrow County Schools, in partnership with families and communities, provide each student the opportunity to develop values, knowledge, skills and self-confidence to become life-long learners and responsible citizens.

Morrow County School District prohibits discrimination and harassment on any basis protected by law, including but not limited to, an individual's perceived or actual race, religion, color, national or ethnic origin, mental or physical disability, marital status, sex, sexual orientation, age, pregnancy, familial status, economic status, veterans' status, or genetic information in providing education or access to benefits of education services, activities, and programs in accordance with Titles VI and VII of the Civil Rights Act, Title IX of the Education Amendments of 1972, and other civil rights or discrimination issues; Section 504 of the Rehabilitation Act, as amended the Americans with Disabilities Act of 1990; the Americans with Disabilities Act Amendments Act of 2008; and Title II of the Genetic Information Nondiscrimination Act of 2008.



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Significant Deficiency #2020-002

Auditor Discussion and Recommendation:

Condition and criteria: The District should have processes in place to ensure that activity for the ASB and Athletics accounts are properly reflected in the District's records and in a timely manner. The ASB and Athletics account activity is decentralized and accounted for on QuickBooks at the individual schools and recorded in the District's accounting system by adjusting journal entry. The entries to record the activity were not prepared until mid-October and there were corrections required to properly reflect the balances and activity.

Cause: There were changes in staff during the year and new staff in charge of the financial close. There were also delays in completing some processes due to COVID-19.

Effect: There were delays in reporting the information in the District's accounting system and corrections to the entries to record the activity.

Auditor's recommendation: We recommend having a process to review and record the activity more than just at year end and that the process include a secondary review of the recording and serve as an internal double check of the proper activity and processes. In addition, we recommend that the activity be recorded in a timely manner and that additional oversight and review of staff work be incorporated.

Management's Plan of Action: Student body and athletic reconciliations and bank statements will be sent to the business manager monthly. Management will re-establish periodically reviewing student body and athletic accounts to ensure financial reporting transparency and accuracy.

Time Frame:

Re-establish process to review of ASB and Athletic accounts by February 8, 2021.

Significant Deficiency #2020-003

Auditor Discussion and Recommendation:

Condition and criteria: Management is required to provide a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). There were significant corrections to the SEFA to properly report the amount of expenditures and to correctly categorize between grant programs.

Cause: There was new staff in charge of preparing the SEFA and delays in closing the books leading to some inaccuracies. In addition, there were changes in guidance due to COVID-19 requiring changes to the SEFA.

Effect: The SEFA provided for the audit was updated and corrected multiple times to accurately report expenditures.

Auditor's recommendation: We recommend additional training in reconciling the underlying records and preparing the SEFA. We also recommend enhanced oversight and review of staff work.

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Management's Plan of Action: Management provided additional training on preparing the SEFA. Prior to the interim audit fieldwork for the 2021 audit, additional training and review will occur as a part of the closing process.

Time Frame:

SEFA training completed by December 30, 2020. Training will be re-occurring.

Significant Deficiency # 2020-004

Auditor Discussion and Recommendation:

Condition and criteria: The District must have control processes in place to ensure that allowable costs are not requested for reimbursement more than one time. The District was double reimbursed for the August 2019 meals for \$22,453. The August claim form was crossed out saying "Not paid – Combined with September", but it was actually submitted and reimbursement was received. The September claim form included corrected amounts for both August and September resulting in a double reimbursement for August.

Cause: There were changes in program staff and staff in the business office. The cause appears to be an oversight by both program management and business office staff and expected revenue was not reconciled to the general ledger for that period.

Context and effect: The District requests reimbursement for meals served on a monthly basis during the school year. We performed tests of 100% of the requests and found one request that was double reimbursed for \$22,453.

Auditor's recommendation: We recommend that expected revenue be double checked and be reconciled to the amounts reported in the general ledger. We also recommend enhanced oversight and review of staff work.

Management's Plan of Action: Management will reconcile monthly claims submitted to the Oregon Department of Education with deposits monthly. Any discrepancies will be corrected in the month the claim is funded. Duplicate payment will be repaid to Oregon Department of Education.

Time Frame:

Monthly review of food service claims have been assigned and completed (January 14, 2020). Payment will be returned by February 26, 2021 (Waiting for instructions from ODE).

BE IT RESOLVED THAT the Board of Directors of Morrow County School District adopts the Corrective Action Plan noted above.

DATED: February 8, 2021

Becky, Kindle, Board Chair

Dirk Dirksen, Superintendent