



Corrective Action Plan for June 30, 2023 audit findings

Identified deficiencies per audit:

1) Documentation of Review and Approval

Auditor noted a lack of documentation of review and approval of bank statements and bank reconciliations by a secondary staff member for the high school student body, which could lead to financial statement misstatement due to fraud or error. Auditors recommend that the District implement a stronger policy for review and approval of all bank statements and bank reconciliations on a routine basis, in order to mitigate future reoccurrences

2) Deficit Fund Equity

Auditor noted at June 30, 2023, the Federal Projects Fund had a deficit fund balance of \$155,212 which is in noncompliance with Oregon Revised Statutes. Auditors recommend the District eliminate this deficit as soon as possible, in order to mitigate future reoccurrences.

Corrective action plan:

1) Documentation of Review and Approval

Each principal has been directed to clearly document the review and approval of bank statements and bank reconciliations on each month's bank reconciliation. Further, a copy of this documentation should be sent to the Business Manager as verification that this is happening.

2) Deficit Fund Equity

The deficit in the Federal Projects Fund is due to federal grant reimbursement of expenditures and then having to submit bills to be reimbursed and receive the revenue. The deficit is eliminated as federal grant reimbursement revenue is received. If the District did not use the cash basis for budgeting, this deficit would not occur due to recognizing the grant receivable as revenue. The Oregon Department of Education requires federal grant fund revenues and expenditures to be reported in separate fund accounts to them after audit. This makes the combination of the Federal Projects Fund with another fund to eliminate the deficit and still comply with state reporting requirements a significant challenge. The only other alternative to eliminate this deficit is to transfer cash from the General Fund in a sufficient amount to cover the deficit until the federal grant revenue is received. Business Manager recommends budgeting a transfer from the General Fund to the Federal Projects Fund to cover deficit fund equity at year end and to hold as a reserve for potential deficit fund equity.

Approved by the Neah-Kah-Nie School Board this 8th day of January, 2024.

School Board Chair

Superintendent