

# 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>

**Matt Combe** Superintendent  
**Erin Stocker** Human Resources  
**Gabriel Hansen** Business Manager  
**Marie Shimer** Educational Services  
**Marissa Turner** SPED Coordinator



Phone: 541-676-5705  
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## RESOLUTION TO ADOPT THE CORRECTIVE ACTION PLAN FOR THE JUNE 30, 2022 AUDIT FINDINGS - #2022-23-12

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, 2022. 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 13, 2023 as indicated by signatures below.

### Significant Deficiency #2022-001

Auditor Discussion and Recommendation:

*Condition and criteria:* PERS contribution rates decreased after the issuance of PERS bonds and payment of a large PERS UAL lump sum payment in August. September payroll was processed with old rates and was not noticed until final reconciliation after the end of the fiscal year.

*Cause:* Reconciliation of the liability accounts is mainly done at year end by the District, but was not prepared prior to audit fieldwork causing the balance to be overstated.

*Effect:* The PERS liability from the September payroll at incorrect rates never cleared out and required a manual reduction of the liability of approximately \$97,000 during the audit field work.

*Auditor's recommendation:* We recommend a monthly review and reconciliation of PERS expenses and liabilities, as well as a more frequent review of all payroll liability accounts.

### Management's Plan of Action:

*Individuals Involved:*

Matt Combe, Superintendent/Management  
Gabriel Hansen, Chief Financial Officer/Business Manager  
Charlene Cooley, Payroll Specialist

*Plan:*

Monthly payroll liability statements are reconciled to our records monthly by the payroll specialist. The business manager will frequently review adjustments to liability accounts to assure proper adjustments have been posted to either the expense or the liabilities accounts. Prior to audit field work the as close to fiscal year end as feasible liability accounts will be reconciled to monthly statements for June 30.

### Time Frame:

Implement monthly review by business manager of payroll liabilities balances completed by January 3, 2023.

### Significant Deficiency #2022-002

Auditor Discussion and Recommendation:

*Condition and criteria:* The District should have control processes in place to ensure that monitoring procedures are in place for large contracts. The District contracted work for the engineering and design

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of HVAC improvements. For 2 of 3 invoices, payments were made from summary invoices rather than from application and certification of payment. We also did not locate a specific contract for the project, just a proposal. When the application and certification of payments were received, there were errors and changes requiring final reconciliation and accruals.

*Cause:* There were changes in personnel at the District during the year and the ESSER grant is fairly new to the District. In addition, the invoices from the contractor did not initially contain all of the required information.

*Context and effect:* We reviewed 100% of the invoices for the project and \$38,324 was accrued as a year end liability and additional expense when the final contractor billing was received. This affected both grant revenue and expenses and led to adjustments on the Schedule of Expenditures of Federal Awards (SEFA).

*Auditor's recommendation:* We recommend enhanced monitoring procedures for large contracts and that application and certification for payment be reviewed and approved by an official with knowledge of the project and status before payment is issued. We also recommend contracts containing language applicable to Federal programs be prepared for all large projects.

## **Management's Plan of Action:**

### *Individuals Involved:*

Matt Combe, Superintendent/Management  
Gabriel Hansen, Chief Financial Officer/Business Manager  
Brandi Sweeney, Maintenance Coordinator

### *Plan:*

To ensure enhanced monitoring of large projects the District has assigned the Business Manager to approve payment on large projects. The Business Manager regularly meets with the maintenance coordinator and the Superintendent to discuss the progress and payment of large contracts. The District will also require signed contracts for projects being funded by Federal programs.

## **Time Frame:**

Implement process of requiring contracts for large projects completed by January 3, 2023  
Implement process of review of request for payment on contracts with team discussion on the progress of contracted goods or service received completed by January 3, 2023.

## **Material Weakness #2022-003**

### **Auditor Discussion and Recommendation:**

*Condition and criteria:* The District should have control processes in place to ensure that allowable projects subject to prevailing wage requirements are performed under those requirements. There was one project that was subject to Federal prevailing wage requirements but did not get performed or documented for those requirements.

*Cause:* The District did not have policies and procedures set up to monitor the prevailing wage requirements.

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*Context and effect:* The District has few capital projects funded by grant dollars, but there was one project for security improvements that fell under Federal prevailing wage guidelines. The proposal from the contractor said it included prevailing wage rates, but there was not an official contract found that would detail the prevailing wage requirements and we were unable to locate copies of certified payrolls indicating the District was not monitoring this requirement. The total cost of the project was \$133,878 and included costs for the equipment and installation of the security enhancements.

*Auditor's recommendation:* We recommend the District update their policies and procedures to identify and monitor projects with Federal prevailing wage requirements. We also recommend contracts containing language applicable to Federal programs be prepared for all large projects.

## **Management's Plan of Action:**

### *Individuals Involved:*

Matt Combe, Superintendent/Management  
Gabriel Hansen, Chief Financial Officer/Business Manager  
Brandi Sweeney, Maintenance Coordinator

### *Plan:*

The district will include in contracts language requesting the proper documentation of compliance with prevailing wage on contract using Federal programs. To monitor this requirement the district will request from contractors prevailing wage certifications if they are not received timely.

## **Time Frame:**

Implement in contracts language stating request for documentation of compliance with prevailing wage laws completed by January 3, 2023  
Implement review of certified payroll documents and request from contractors when not received completed by January 3, 2023.

## **Significant Deficiency #2022-004**

Auditor Discussion and Recommendation:

*Condition and criteria:* The District should have control processes in place to ensure that monitoring procedures are in place for large contracts. The District contracted work for the engineering and design of HVAC improvements. For 2 of 3 invoices, payments were made from summary invoices rather than from application and certification of payment. We also did not locate a specific contract for the project, just a proposal. When the application and certification of payments were received, there were errors and changes requiring final reconciliation and accruals.

*Cause:* There were changes in personnel at the District during the year and the ESSER grant is fairly new to the District. In addition, the invoices from the contractor did not initially contain all of the required information.

*Context and effect:* We reviewed 100% of the invoices for the project and \$38,324 was accrued as a year end liability and additional expense when the final contractor billing was received. This affected both grant revenue and expenses and led to adjustments on the Schedule of Expenditures of Federal Awards (SEFA).

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*Auditor's recommendation:* We recommend enhanced monitoring procedures for large contracts and that application and certification for payment be reviewed and approved by an official with knowledge of the project and status before payment is issued. We also recommend contracts containing language applicable to Federal programs be prepared for all large projects.

## **Management's Plan of Action:**

### *Individuals Involved:*

Matt Combe, Superintendent/Management  
Gabriel Hansen, Chief Financial Officer/Business Manager  
Brandi Sweeney, Maintenance Coordinator

### *Plan:*

Management has assigned the Business manager review of contract request for payment prior to payment and also for the cutoff date for reporting. The Business manager will request from contractors any information needed to properly allocate payment to proper periods prior to payments being issued. Team meeting will be held to discuss the progress of projects for the district to keep all responsible properly informed.

### **Time Frame:**

Re-establish payment procedures on contracts completed by January 3, 2023.  
Process of team meetings to discuss projects progress completed by January 3, 2023.

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

DATED: February 13, 2023

\_\_\_\_\_  
Becky Kindle, Board Chair

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Matt Combe, Superintendent