

# Neah-Kah-Nie School District 56

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Corrective Action Plan for June 30, 2018 audit findings

## Identified deficiency per audit:

The District should prescribe what activities are accounted for through the Student Activities Fund. These activities should involve student management and decision making regarding the use of funds and this should be reflected through student approvals, with the supervision of a faculty advisor or member. Expenses should be supported with proper documentation. Other expenses which may not involve student activities or require decisions by student groups, should be accounted for through other district funds.

## Corrective action plan:

Administrative team and building head secretaries were informed concerning the significant internal control deficiencies at meetings in January 2019.

All payments from student body accounts must have proper documentation (purchase authorization documents with all appropriate signatures and invoices that support amount paid).

All payments from student body accounts must have two signatures - Principal and Head Secretary (the District Business Manager may sign in place of the Principal or Head Secretary). Payments to reimburse Principal or Head Secretary must be signed by District Business Manager instead of who the check is being paid to. For EFT payments, a separate document signed by the previously mentioned individuals is required to be attached to the supporting documents.

Other expenses which may not involve student activities or require decisions by student groups should be accounted for through other district funds unless specifically authorized by the Superintendent or Superintendent's designee in writing. Expenses that are to be ultimately paid for using other District funds should not be processed through student body accounts.

Approved by the Neah-Kah-Nie School Board this \_\_\_\_\_ day of May, 2019.

\_\_\_\_\_  
School Board Chair

  
\_\_\_\_\_  
Superintendent



NEAH-KAH-NIE SCHOOL DISTRICT NO. 56  
P.O. Box 28  
Rockaway Beach, OR 97136

To Board of Directors  
NEAH-KAH-NIE SCHOOL DISTRICT NO. 56

In planning and performing our audit of the basic financial statements of NEAH-KAH-NIE SCHOOL DISTRICT NO. 56 as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered NEAH-KAH-NIE SCHOOL DISTRICT NO. 56'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of NEAH-KAH-NIE SCHOOL DISTRICT NO. 56's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

The District should prescribe what activities are accounted for through the Student Activities fund. These activities should involve student management and decision making regarding the use of funds and this should be reflected through student approvals, with the supervision of a faculty advisor or member. Expenses should be supported with proper documentation. Other expenses which may not involve student activities or require decisions by student groups, should be accounted for through other district funds.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 3, 2018



**Neah-Kah-Nie School District**

**Year ended June 30, 2018**

**Informal recommendations**

1. Have someone other than Mark run an adjusting journal entries report so Paul can determine if he is looking at the entire population of AJEs.
2. Have someone other than Mark running the Financial Reports for the Board meetings

During HS student body testing the following items were found:

- Checks that did not have invoices attached to purchase orders:
  - Check #9052 9/26/17 Christina Becker \$625.00
  - Check #9078 10/10/17 R&R Espresso \$50.00
  - Check #9084 10/25/17 Neah-Kah-Nie School District \$141.09
  - Check #9085 10/25/17 Neah-Kah-Nie School District \$38.27
  - Check #9099 11/3/17 Upper Crust Pizza \$177.00
- Checks that did not have advisor signature:
  - Check #9053 9/26/17 Corey Douma \$97.20
  - Check #9054 9/26/17 Sandy Douma \$109.23
  - Check #9062 9/29/17 Naropa University \$350.00
  - Check #9062 9/29/17 Rob Herder \$540.00
  - Check #9063 9/29/17 Sysco - Portland \$1,324.81
  - Check #9064 9/29/17 Pinpoint Stitches and Ink, LLC \$669.52
  - Check #9078 10/10/17 R&R Espresso \$50.00
  - Check #9081 10/20/17 Miami Cove Electric \$129.75
  - Check #9084 10/25/17 Neah-Kah-Nie School District \$141.09
  - Check #9085 10/25/17 Neah-Kah-Nie School District \$38.27
  - Check #9090 11/1/17 Sunflower Flats \$82.00
- Checks that did not have the Principal's signature:
  - Check #9093 11/1/17 Scovel Racing \$800.00

During MS student body testing the following items were found:

- Checks/EFT that did not have invoices attached to purchase orders:
  - Check #1772 4/26/18 Barview Taco Truck \$29.25
  - EFT 4/30/18 Michaels \$80.00
- Checks/EFT that did not have advisor signature:
  - Check #1717 8/23/17 Tami Waldron \$13.99
  - Check #1721 8/29/17 James Billstine \$109.95

○	Check #1729	9/18/17	Tami Waldron	\$330.00
○	Check #1740	10/30/17	Leo Lawyer	\$69.22
○	Check #1772	4/26/18	Barview Taco Truck	\$29.25
○	EFT	4/30/18	Michaels	\$80.00
○	EFT	5/22/18	Oregon Gallery	\$603.00

- Checks/EFT that did not have the Principal's signature (highlighted checks/EFT were questionable expenses):

○	Check #1717	8/23/17	Tami Waldron	\$13.99
○	Check #1721	8/29/17	James Billstine	\$109.95
○	Check #1729	9/18/17	Tami Waldron	\$330.00
○	Check #1740	10/30/17	Leo Lawyer	\$69.22
○	Check #1772	4/26/18	Barview Taco Truck	\$29.25
○	EFT	4/30/18	Michaels	\$80.00
○	EFT	5/22/18	Oregon Gallery	\$603.00