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## RESOLUTION TO ADOPT THE CORRECTIVE ACTION PLAN FOR THE JUNE 30, 2021 AUDIT FINDINGS - #2021-22-08

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, 2021. 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 14, 2022, as indicated by signatures below.

### Significant Deficiency #2021-001

#### Auditor Discussion and Recommendation:

*Condition and criteria:* The District should have control processes in place to ensure that allowable costs are properly claimed and reported to the grantor in the correct period. The initial reimbursement requests and reports were corrected by management for timing and identification of allowable costs and additional costs were noted during the audit.

*Cause:* There were several grant programs during the year with similar allowable costs related to COVID-19 and changing requirements as guidelines became available. In addition, the prior business manager was new to the position.

*Context and effect:* The District requests reimbursement and reports costs under the ESSER I, ESSER II, and GEER portion of the programs. We performed tests of 100% of the requests and found that management had to correct the reports for timing and identification of additional allowable costs. Final costs claimed and reported appear to be allowable costs and management has notified the State of the changes and final amounts.

*Auditor's recommendation:* We recommend enhanced oversight and review of staff work and that additional procedures are put in place to assist in identification of costs and reporting.

### Management's Plan of Action:

#### Individuals Involved:

Dirk Dirksen, Superintendent/Management

Beth O'Hanlon, Chief Financial Officer/Management

Jody Deardorff, Business Manager

Vacant, Mid-Level Position

#### Plan:

Management reassigned financial reporting and grant reimbursement requests to a more experienced Business Manager. The Business Manager now reviews purchase requests for allowable grant expenditures and correct reporting. Purchases receive a second review after the payment is complete. Finally, Management has an open mid-

*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 Title VI, Title VII, Title IX and other civil rights or discrimination issues; Section 504 of the Rehabilitation Act of 1973, as amended; the Americans with Disabilities Act; and the Americans with Disabilities Act Amendments Act of 2008, Title II of the Genetic Information Nondiscrimination act of 2008.



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# Morrow County School District

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



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level business staff position to supplement the work flow and oversight process. This mid-level position will prepare reimbursement requests and will be reviewed and processed by the Business Manager to ensure occurrence, completeness, and accuracy of the claims.

## **Time Frame:**

Re-establish reimbursement processes completed by January 3, 2022

Policies/Procedures around the reimbursement process will be completed by March 31, 2022 (approximate timing of mid-level position being filled).

## **Significant Deficiency #2021-002**

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

*Condition and criteria:* Program costs should be paid or expended before submitting a reimbursement request. Related to 2021-001 above, some of the costs claimed on the initial reimbursements and reports were from purchase orders, rather than paid expenses causing some reimbursements to be received prior to paying the costs or incurring the expense.

*Cause:* There were several grant programs during the year with similar allowable costs related to COVID-19 and changing requirements as guidelines became available. In addition, the prior business manager was new to the position and some costs were paid off of initial purchase orders rather than paid invoices.

*Context and effect:* The District requests reimbursement and reports costs under the ESSER I, ESSER II, and GEER portion of the programs. We performed tests of 100% of the requests and found that management had to correct all of the reports for ESSER I for timing issues, but by the time actual reimbursement had been received costs incurred exceeded the request. However, the District requested reimbursement of costs totaling \$55,507 in January of 2021 under the GEER portion for costs that were not paid until March of 2021. The amount of earnings, if any, on the advanced funds would be insignificant, but procedures should be in place to ensure costs are paid or incurred prior to requesting reimbursement.

*Auditor's recommendation:* We recommend enhanced oversight and review of staff work and that additional procedures are put in place to ensure costs are paid prior to requesting reimbursement.

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

### *Individuals Involved:*

Dirk Dirksen, Superintendent/Management

Beth O'Hanlon, Chief Financial Officer/Management

Jody Deardorff, Business Manager

Vacant, Mid-Level Position

### *Plan:*

Management reassigned financial reporting and grant reimbursement requests to a more experienced Business Manager. The Business Manager now reviews purchase requests for allowable grant expenditures and correct reporting. Purchases receive a second review after the payment is complete. Finally, Management has an open mid-level business staff position to supplement the work flow and oversight process. This mid-level position will prepare reimbursement requests and will be reviewed and processed by the Business Manager to ensure occurrence, completeness, and accuracy of the claims.

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## **Time Frame:**

Re-establish reimbursement processes completed by January 3, 2022

Policies/Procedures around the reimbursement process will be completed by March 31, 2022 (approximate timing of mid-level position being filled).

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

DATED: February 14, 2022

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

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Dirk Dirksen, Superintendent