

BEFORE THE BOARD OF COUNTY COMMISSIONER
FOR COLUMBIA COUNTY, OREGON

In the Matter of Approving the Corrective) ORDER NO. 59 - 2023
Action Plan for the FY2022 Audit)

WHEREAS, five deficiencies were found during the FY 2022 annual audit of Columbia County and its component units; and

WHEREAS, the Columbia County Finance Director has developed a Corrective Action Plan to address the deficiencies;

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Board of County Commissioners approves the Corrective Action Plan which is attached hereto as Attachment 1 and is incorporated herein by this reference.
2. The Columbia County Finance Director shall file a copy of the Corrective Action Plan with the Oregon Secretary of State.

DATED this 18 day of October, 2023.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: [Signature]
Casey Garrett, Chair

By: [Signature]
Kellie Jo Smith, Commissioner

By: [Signature]
Margaret Magruder, Commissioner

Approved as to form
By: [Signature]
Office of County Counsel



COLUMBIA COUNTY

Department of Finance and Taxation

Pam Smith, Director

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October 11, 2023

Oregon Secretary of State
Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for Columbia County Oregon

Columbia County 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 of Moss Adams. The plan of action was adopted by the Columbia County Board of Commissioners at their meeting on October 11, 2023, as indicated by signatures below.

The deficiencies are listed, including the adopted plan of action and timeframe for each.

1. Deficiency #1

A. FINDING 2022-001 – Material Weakness in Internal Controls over Financial Reporting – American Rescue Plan Act (ARPA Funds)

Cause – The County did not have the appropriate controls in place to identify the funding received that had not been spent at the end of each of the years ended June 30, 2021 and 2022 which should have been recorded as unearned revenue.

Recommendation – We recommend the County perform a review of all grant revenue received in advance on an annual basis to determine if the amount should be reported as unearned revenue.

B. Corrective Action Plan: As we close and finalize FYE 2022-2023, we are examining all grants, both revenues and expenditures, to ascertain we have captured all relative data and have it recorded correctly in the fiscal year in which the event occurred. This entails looking at the financials and seeing if there are any revenues not received that should be and making certain all claims have been made in the appropriate time frame. Going forward into Fiscal Year 2023-2024, we are setting up a monthly review of financials to verify any anomalies that occur and correct them in a timely manner. As well, we are setting up a “Grant Master List” that details every Grant the County is currently administering, the dates of the grant, whether it is a reimbursement grant or pre-funded grant. We will then verify on a monthly/quarterly basis that each grant has met any requirements for reporting/receiving funds to avoid any timing errors. We will be working closely with the Departments involved so everyone is on the same page around expectations and requirements.

C. Anticipated Completion Date – NLT October 31, 2023

COLUMBIA COUNTY OREGON DEPARTMENT OF FINANCE AND TAXATION

2. Deficiency #2**A. FINDING 2022-002 – Material Weakness in Internal Controls over Financial Reporting – Adoption of GASB Statement No. 87, Leases**

Cause – The County did not perform an evaluation of leases under GASB 87. Columbia County, Oregon. Schedule of Findings and Questioned Costs for the Year Ended June 30, 2022

Recommendation – We recommend the County evaluate all leases to ensure all active leases that are material are appropriately recorded in accordance with GASB 87.

B. The County is currently in the process of evaluating all leases to assure we follow GASB 87 recording and reporting. We are applying these criteria to all new leases and reviewing existing leases to be sure they comply so our fiscal reporting for the year just ended is correct. Going forward into Fiscal Year 2023-2024, we are setting up a “Lease Master List” that details every Lease the County is currently administering, the dates of the lease, payment structure and whether it is a “lease to own” or “lease to use” product. We will review that each lease is recorded correctly. We will be working closely with the Departments involved so everyone is on the same page around expectations and requirements.

C. Anticipated Completion Date – NLT October 15, 2023

3. Deficiency #3**A. FINDING 2022-003 – Material Weakness in Internal Controls over Financial Reporting – Overstatement of Revenues and Expenses**

Cause – The County’s internal controls and processes for processing the County’s PERS bond payments and allocating the costs across funds have not been evaluated in a number of years. Transition in the accounting department led to the same practice being carried forward for years without evaluating to determine if the treatment was appropriate in accordance with generally accepted accounting principles.

Recommendation – We recommend the County record a transfer from each individual fund responsible for contributing to the PERS bond payment rather than overstating miscellaneous revenue and salaries expense.

B. Corrective Action Plan: The 2022-2023 Budget was restated with Resolution 32-2023 on June 28, 2023 to correct the recording of the PERS liability and payment. It is no longer being recorded as a payroll expense, but rather as a debt service obligation in each fund responsible, to adhere to GAAP and avoid the overstatement of revenues and expenditures associated with this obligation. The 2023-2024 Budget is set up to accomplish this change as well.

C. Anticipated Completion Date – Completed

COLUMBIA COUNTY OREGON DEPARTMENT OF FINANCE AND TAXATION

4. Deficiency #4**A. FINDING 2022-004 – Material Weakness in Internal Controls over Financial Reporting – Fiduciary Funds**

Cause – The County’s review of the draft financial statements prepared by the County’s prior auditors was not robust to identify significant errors resulting in the County incorrectly reported net position in the custodial fund for the year ended June 30, 2021

Recommendation – We recommend the County implement processes and procedures to review the draft financial statements using a checklist to verify amounts are reported accurately.

B. Corrective Action Plan: The Finance Director has set up a policy to review financial statements monthly, beginning July 2023, using a specific checklist for each account, to verify that all accounts, to include the Fiduciary Funds, are being properly recorded. We are in the process of reviewing the financials for FYE 2022-2023 to ascertain that all the accounts have been recorded correctly.

C. Anticipated Completion Date – September 30, 2023

5. Deficiency #5**A. FINDING 2022-005 – Material Weakness in Internal Controls over Financial Reporting – Lack of Financial Close and Reporting Process**

Cause – The County does not have an adequately documented financial close and reporting process.

Recommendation – We recommend the County formally implement a financial close and reporting process to guide the County’s closing process to ensure all reconciliations and journal entries are prepared and reviewed appropriately. We further recommend documentation of this process as well as the review to ensure an appropriate audit trail. Additionally, we recommend management review user access to the County’s accounting system and verify user account permissions are in line with a proper business purpose. This review should be documented on a periodic basis as determined by management.

B. Corrective Action Plan: I am the new Finance Director for the County, starting July 1st of this year. I am instituting a comprehensive program to address the issues noted by the auditors as well as developing policy and procedures to assure compliance with GAAP and GASB pronouncements. We are working in our department to address these issues, and then have plans to do training with the other Departments so timing and expectations can be met. Some of the things we have or will have in place are as follows:

We are closing the financials on a monthly basis, by the 15th of the month following.

Subledgers are reconciled monthly.

All bank accounts are reconciled monthly.

Payroll, Cash Receipting and Accounts Payable are reviewed and signed off on prior to being processed by the Accounting Manager and/or the Finance Director.

Capital Assets and depreciation schedules will be reviewed quarterly and verified by Department.

Inventories will be reviewed and updated quarterly and verified by Department.

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All debt agreements and amortization schedules are being reviewed for compliance with covenants and restrictions. We will then verify on a monthly/quarterly basis that each obligation is following the covenants of the agreements on file.

As noted above, all Grants will be tracked for compliance on a master schedule which will be reviewed monthly.

We are setting up documentation to review current users and access authority in the Caselle system. We are developing a checklist to use when a new user is added to the system to guarantee compliance with all current finance policies and restrictions.

C. Anticipated Completion Date – Ongoing with completion NLT 12/31/23

Respectfully submitted by:



Pamela Smith

Director of Finance and Taxation

Columbia County, Oregon

Reviewed and Accepted:

Casey Garrett
Governing Body Chair


Signature

October 11, 2023
Date

Sarah Hanson
County Counsel


Signature

October 11, 2023
Date