

May 27, 2026

Office of the Secretary of State
Audits Division
255 Capitol Street NE, Suite 180
Salem, Oregon 97310

Plan of Action for Corbett School District

Corbett School District respectfully submits the following corrective action plan in response to deficiencies reported in our audit of the fiscal year ended June 30, 2025. The audit was completed by the independent auditing firm, Umpqua Valley Financial, LLC, Roseburg, Oregon. The plan of action was adopted by the governing body of the District at their meeting on June 17, 2026, as indicated by signatures below.

The deficiencies are listed on the subsequent pages; the adopted plan of action and timeframe for each are listed below.

1. 2025-001

Condition: During the fiscal year, the district experienced a transition in finance management near year-end. Financial close procedures prior to transition had been completed under the former finance manager, timely and accurately. After the transition period, year-end closing procedures were not completed. As a result, activity for June 2025 banking, debt related transactions, revenue activity and accruals, and year-end journal entries were not prepared or recorded in the general ledger. Compounding the issue, finance management did not report to the auditors that these procedures were not completed, which delayed identification of the issue during the audit.

Criteria:

Sound financial management practices and the district's accounting policies require that all material transactions, including posting of cash activity, debt activity and balances, and year-end accrual and adjusting entries, be completely and timely recorded in the general ledger to support accurate financial reporting.

Recommendation:

Management should implement best practices for financial close and internal controls, including documenting and standardizing month-end and year-end close procedures, ensuring all banking and debt activity is fully recorded timely, and establishing clear communication protocols for providing complete and accurate information to management and to auditors. These controls should be designed to ensure consistency and continuity regardless of personnel changes. Management should also ensure financial staff receive appropriate training on federal revenue recognition requirements and that supervisory review is performed to verify completeness and accuracy before year-end reporting is finalized.

Corrective Action Plan: The District hired a highly experienced interim business manager to assist with recording activity that was previously inaccurate or omitted from district records, as well as perform the year end close out procedures for the year ended June 30, 2026. Additionally, the District has hired a new business manager for the 2026-2027 fiscal year that will be working with the interim business manager to develop and implement controls for month-end and year-end closing procedures.

2. 2025-002

Condition: Personnel responsible for preparing and recording fiscal year-end closing entries did not create or post required closing journal entries at year end. Final June banking, debt, tax, and revenue activities were not fully posted to the general ledger as well. As a result, certain financial accounts did not contain the complete activity for the year, reconciliations were not fully prepared and balanced, and certain financial accounts were not properly adjusted or closed in accordance with applicable accounting standards and organizational procedures.

Criteria:

Management is responsible for establishing and maintaining effective internal control, including ensuring personnel involved in financial reporting have the appropriate skills, knowledge, and experience to prepare and complete financial information.

Recommendation:

The District should strengthen its year-end financial close and transition procedures to ensure accurate, complete, and timely financial reporting. Specifically, the district should establish formal year-end closing procedures, implement transition and continuity controls, require supervisory review of all material journal entries, reconciliations, and year-end adjustments prior to issuance of draft financial statements.

Management should implement best practices to ensure finance staff have sufficient skills and training to perform financial reporting responsibilities, including ongoing education, system training, and appropriate supervisory oversight and monitoring.

Corrective Action Plan: The District hired a highly experienced interim business manager to assist with recording activity that was previously inaccurate or omitted from district records, as well as perform the year end close out procedures for the year ended June 30, 2026. Additionally, the District has hired a new business manager for the 2026-2027 fiscal year that will be working with the interim business manager to develop and implement controls for month-end and year-end closing procedures

3. 2025-003

Condition: The District did not timely prepare an accurate Schedule of Expenditures of Federal Awards (SEFA). The SEFA provided for audit did not reconcile to the Districts general ledger and contained multiple inaccuracies, including reporting federal expenditures in excess of current-year general ledger activity and misclassification of awards, with certain state programs incorrectly reported as federal programs.

Criteria:

Per 2 CFR §200.510(b), the auditee must prepare a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements and submit it with the reporting package by the date required by auditors. The SEFA must include total federal awards expended by Assistance Listing (ALN, formerly CFDA), pass-through entity identifying numbers as applicable, the amount provided to subrecipients (if any), and other required disclosures. The SEFA must include all federal expenditures and awards for the year reported and be reconciled to the General Ledger.

Recommendation:

The District should strengthen internal controls over SEFA preparation by ensuring the general ledger is finalized prior to preparation, reconciling all reported expenditures to accounting records, and implementing a documented review and approval process to verify accuracy, completeness and proper classification of federal versus state awards will enhance compliance with Uniform Guidance, and reduce the risk of future audit findings, and support a more efficient and timely audit process.

Corrective Action Plan:

The District transitioned to a new accounting software for the year ended June 30, 2026. The new system will allow for more clear tracking of individual federal awards that are required to be reported on the Schedule of Expenditures of Federal Awards. Additionally, the new business manager for the 2026-2027 fiscal year has multiple years' experience in preparing Schedules of Expenditures of Federal Awards.

Contact: Kalkin Stransky, Business Manager

Signed by:

Leah Fredericks, Board Chair

Date

Dr. Derek Fialkiewicz, Superintendent

Date