

*BLUE MOUNTAIN TRANSLATOR DISTRICT
1108 K Avenue, Floor 3
PO Box 901
La Grande, OR 97850*

December 11, 2020

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

Plan of Action for Blue Mountain Translator District

Blue Mountain Translator District respectfully submits the following corrective action plan in response to the findings in our audit for the fiscal year ended June 30, 2020. The audit was completed by the independent auditing firm Connected Professional Accountants, LLC of La Grande, Oregon.

The findings from the June 30, 2020 audit are discussed below with the action plan listed for each finding:

REPORTABLE CONDITIONS:

1. **Material Weakness:** Auditing standards require us to assess the internal control system of the entity. In addition, the standards clearly state that the auditor cannot be relied upon as part of the entity's internal control system. The standards require us to extend this assessment of controls over financial statement preparation. Proper controls over financial statement presentation require adequate knowledge and involvement to detect errors and omissions in the financial statements. The District relies on us as the auditors to assist them in drafting the financial statements and note disclosures and verify they include all of the elements required to comply with the cash basis of accounting. We believe the District has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards. However, our assistance in drafting the financial statements and note disclosures does produce a material weakness in the District's internal control system. We do not recommend any changes in the preparation of the financial statements and note disclosures, but the board should be aware of this control deficiency and stress the importance of thorough review of the financial statements and note disclosures prior to approval of the audit.

Recommendation: We do not recommend any changes in the preparation of the financial statements and note disclosures, but the board should be aware of this control deficiency and stress the importance of thorough review of the financial statements and note disclosures prior to approval of the audit.

Action Taken: As recommended, Blue Mountain Translator District has not made any change in the preparation of the financial statements and note disclosures. Blue Mountain Translator District does not feel it is cost effective to hire additional staff or an independent contractor to prepare the financial statements and note disclosures.

2. **Material Weakness:** The Board Policies Regarding Finances state, the Executive Director may not spend over \$100 on any one transaction without board approval, and cannot exceed 3 emergency occurrences per month. There were multiple months where the debit card was used more than 3 times, and multiple occurrences where the transaction amount exceeded \$100.

Recommendation: We recommend that the District follow their debit card policy, and the District bookkeeper have all purchases over the \$100 threshold be preapproved by the Board of Directors, and not exceed the allotted three transactions.

Action Taken: As recommended, the District will implement the above recommendations over the next fiscal year.

3. **Material Weakness:** The District had multiple expenditure transactions during the year that lacked supporting documentation.

Recommendation: We recommend that the District collect all supporting documentation for disbursements to prevent any misstatements that may occur.

Action Taken: As recommended, that District will implement the above recommendations over the next fiscal year.

4. **Material Weakness:** The District's internal control system does not contain proper segregation of duties. The executive director performs multiple internal control functions such as receives payments, prepares deposits, and deposits funds into the bank. There is no separation of duties or second review of the revenue receipt process.

Recommendation: Complete segregation of duties is not cost-effective because of the District's size. We recommend certain activities be performed to limit the District's risk of fraud and/or misappropriation of assets. Such activities include monthly review of expenditures, financial reports, and bank statements by a member of the board of directors.

Action Taken: As recommended, the District will implement the above recommendations over the next fiscal year. The Board does not feel it is cost effective to hire additional staff but will involve board members in the internal controls over financial reporting and disclosure.

5. **Material Weakness:** The board is not reviewing bank statements including cancelled checks prior to the reconciliation being performed.

Recommendation: We recommend the Board receive unopened bank statements and review cancelled checks prior to the reconciliation being performed.

Action Taken: As recommended, that District will implement the above recommendations over the next fiscal year.

6. **Material Weakness:** The District is using the debit card for extended periods of time without providing the bookkeeper with supporting documentation.

Recommendation: We recommend if the District continues to use a debit card that the purchase must be approved and the approval documented prior to the expenditure taking place.

Action Taken: As recommended, that District will implement the above recommendations over the next fiscal year.

7. **Material Weakness:** The District is submitting time cards to their bookkeeper, but time cards are not being reviewed and approved by the board.

Recommendation: We recommend a board member review time cards prior to them being submitted to the bookkeeper for processing.

Action Taken: As recommended, that District will implement the above recommendations over the next fiscal year.

Your consideration of this response is appreciated.

Blue Mountain Translator District

Signature _____

Printed Name _____

Title _____