

RESOLUTION #23-2

RESOLUTION ADOPTING CORRECTIVE ACTION PLAN FOR FY 2021-22 AUDIT FINDINGS

WHEREAS Lane Regional Air Protection Agency's (LRAPA) auditors, Isler CPA, has issued the auditor's reports on the Annual Financial Report for the Year Ended June 30, 2022; and

WHEREAS the auditor issued a finding that LRAPA has a significant deficiency that is not considered to be material weakness of internal control over financial reporting and excess of expenditures over appropriations.

WHEREAS it is required by the Oregon Secretary of State's Office to issue a Corrective Action Plan to address the finding within 30 days of the issuance of the auditor's report; and

WHEREAS LRAPA staff have prepared a Corrective Action Plan to address the finding.

NOW, THEREFORE, BE IT RESOLVED BY LANE REGIONAL AIR PROTECTION AGENCY AS FOLLOWS:

Section 1. The LRAPA Board adopts the Corrective Action Plan for the audit findings for the Annual Financial Report for the Year Ended June 30, 2022, marked Exhibit A.

Section 2. This resolution is effective immediately upon its enactment by the Board.

PRESENTED AND PASSED this 11th day of May 2023.

Bryan Cutchen
Chairperson of the Board of Directors

Signature

Steve Dietrich, Director

Signature

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Exhibit A, Resolution No. 23-2

CORRECTIVE ACTION PLAN FOR FY 2021-22 AUDIT FINDINGS

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

1. Deficiency #1 Financial Statements & Federal Awards

- a. **Significant deficiency of internal control over financial reporting**
- b. **Criteria:** Internal controls should be designed and implemented to prevent or detect and correct potential material misstatements in recorded expenditures and expenses. Section 200.303 of the Uniform Guidance also requires that internal controls be established to provide reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
- c. **Condition:** Evidence of internal controls being performed related to the review and approval of expenditures/expenses was not present in the support provided for 19 out of 40 expenditure/expense items selected for testing by the auditor.
- d. **Cause:** Due to the retirement of the previous finance director shortly after year end, evidence of the operation of the tested internal controls could not be located.
- e. **Effect:** Potential noncompliance or misstatements in reported expenditures/expenses could have occurred without being prevented or detected and corrected.
- f. **Recommendation:** Documentation for expenditures/expenses should be sufficient to demonstrate the performance of internal controls over those transactions and balances.

2. Excess of expenditures over appropriations

- a. For the year ended June 30, 2022, LRAPA had expenditures in excess of appropriations in the Title V and TAG funds Personnel services line in the amount of \$41,773 and \$2,090 respectively.

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- 3. Document the plan of action:** LRAPA was going through staffing changes of their Finance Director at the time of this finding. The new process is to review internal controls with all staff and training to understand why we have internal controls and their role in reviewing and approving invoices, along with adding additional staff to review and approve invoices.

The plan of action for the excess of expenditures over appropriations the Finance and Human Resource Director will be meeting with department managers on a monthly basis to discuss their expenditures and year end estimates, then as needed can submit budget changes to the board.

- 4. Time limit for implementation** is immediate.