

CITY OF SILETZ

RESOLUTION 725-24

A RESOLUTION ACCEPTING THE FY21 AUDIT AS PRESENTED BY THE CITY'S INDEPENDENT AUDITOR, ALDRICH CPAs, and APPROVING A PLAN OF ACTION FOR DEFICIENCIES IN INTERNAL CONTROLS THAT WERE DEEMED TO BE MATERIAL WEAKNESSES

WHEREAS, the city engaged an Independent Auditor, Aldrich CPAs to provide audit services for the City of Siletz for each major fund of the city for the year that ended June 30, 2021; and

WHEREAS, the Independent Auditors did not express an opinion on the financial statements of the city because of the significance of the matter described in the basis of the disclaimer of opinion section of the report; and

WHEREAS, due to the turnover of the city's employees, proper documentation was not retained to permit the application of auditing procedures, and therefore the auditor was not able to obtain sufficient appropriate audit evidence to serve as a basis for expressing opinions on the financial statements and supplementary information; and

WHEREAS, the auditor found a deficiency in internal controls existed and it was a material weakness, and the auditor stated the city did not have internal controls in place to ensure that key accounting functions were being performed in a timely manner and that proper accounting records were kept. Functions that were not timely were recording and depositing of cash receipts and reconciliations, especially bank and payroll reconciliations. Missing records included the city's utility deposits policy and support for the nature of cash receipts; and

WHEREAS, a material weakness is severe and important enough to merit attention by those charged with governance; and

WHEREAS, an adopted plan of action is required for all financial statements of audit deficiencies and is required to be filed with the Oregon Secretary of State.

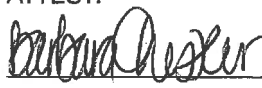
NOW THEREFORE BE IT RESOLVED by the Siletz City Council a Plan of Action has been prepared by staff and reviewed by this body and a copy of that plan is being filed with the Secretary of State according to (ORS 297.466(2)) .

Adopted and Approved by the City Council for the City of Siletz and signed by the Mayor this 22nd day of April 2024.



Mayor Will Worman

ATTEST:



City Recorder



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Siletz, OR 97380



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April 22, 2022

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

Plan of Action for the City of Siletz

The City of Siletz respectfully submits the following corrective action plan in response to deficiencies reported in our audit of the fiscal year ending June 30, 2021. The audit was completed by the independent auditing firm Aldrich CPA's + Advisors LLP. They reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on April 22, 2024, as indicated by the signatures below.

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

Deficiency #1

Type of deficiency: Material Weaknesses

The City did not have internal controls in place to ensure that key accounting functions were being performed in a timely manner and that proper accounting records were kept. Functions that were not timely included recording and depositing cash receipts and reconciliations, especially bank and payroll reconciliations. Missing records include the City's utility deposit policy and support for the nature of cash receipts. As a result, the financial statements are unreliable, and fraud may have occurred that was not prevented nor detected.

A. The Plan of Action

The City has designed and implemented internal control such that bank statement reconciliations are timely prepared and reviewed no later than the 5th of each month. The City has designed and implemented internal controls over cash receipts and handling such that there exists an appropriate and effective separation of duties and oversight directly of the process. The General Admin Assistant receives mail. The mail is distributed to the Admin Billing Assistant who then enters the payment received directly into the Vision accounting software program. Reports of amounts entered are provided to the City Recorder for review and the final deposit into the accounting system. The City has put into place online bill pay, through Invoice Cloud which now accesses the accounts and deposits directly into the banking system as well as the accounting

system. Each morning a review is made by the front office which payments have come in overnight and a snippet from the software is made for review by the City Recorder and verified daily the deposit was made into the system. Cash that comes across the counter is entered daily into the accounting system by the Billing Admin and given to the General Admin person to prepare a cash deposit that will be physically taken to the bank. The city uses "WebCapture" for the deposit of all physical checks that are received. Checks are deposited electronically into WebCapture at a minimum of weekly. The city has outsourced the payroll processing and related liabilities. There is appropriate review and approval of payroll by the mayor who is independent of processing.

B. Timeframe for (or date of) implementation

These actions have already been put in place and are currently the internal controls in place. Much of the lack of internal controls was a result of the turnover of city employees during the COVID-19 pandemic. Staff and controls have been stabilized and we look forward to better audits in future years past the pandemic.



Signature Mayor

Governing Body Chair

Will Norman Mayor

Print Name and Title

Print Name and Title

4/22/24

Date

Date

ATTEST:



City Recorder

Barbara Chestler City Recorder

Printed Name and Title