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January 17, 2024

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

Plan of Action for School District No. 1J, Multnomah County, Oregon (Portland Public Schools)

Portland Public Schools respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm Talbot, Korvola & Warwick, LLP and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on January 9, 2024, as indicated by signatures below.

The deficiency is listed below, including the adopted plan of action and timeframe.

Finding 2023-001

Criteria

The District has the responsibility for establishing and maintaining effective internal control over financial reporting.

Condition

A material weakness in controls over financial reporting was identified for controls over revenue recognition.

Cause

The cause appears to be related to turnover in accounting positions, a lack of communication from other departments with the Finance department, and the complexity of the transactions.

Effect or potential effect

Revenue and expenditures were overstated by \$9,304 thousand in the Special Revenue Fund, and revenue was overstated and unearned revenue was understated by \$119,899 thousand in the Capital Projects Fund prior to being corrected by the District. A lack of effective internal controls over financial reporting for revenue may allow a material misstatement due to error or fraud.

Recommendation

The District should implement policies and procedures to ensure that revenue is properly recorded.

Views of responsible officials

The District understands and concurs with this finding. The District has implemented the attached corrective action plan.

Document the plan of action

1. District executive financial leadership will meet with Senior Leadership team members receiving grant funding and finance team leadership to review the process for accepting and documenting receipt of federal and state grant funds. The process will be updated to include a proactive process requiring receipt of documentation of the source of funding prior to spending or receipt of funds.
2. Accounting and Grant Managers will attend ongoing professional development and have membership to professional organizations to ensure the District is well informed of all federal and state funding available to K-12 education.

Date of implementation: December 21, 2023

Gary Hollands, Board Chair

Guadalupe Guerrero, Superintendent



Signature



Signature