



BOARD OF COUNTY COMMISSIONERS

CHRISTI HASWELL • TOM RINGLEY • NICK SIDDLE • HOLLY JENNINGS • LONNIE WRIGHT

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

Material Weakness in Internal Control over Financial Reporting

2024-001 – Financial Statement Preparation

Corrective Actions – Sheridan County

Issue:

The County is lacking the capability to prepare GAAP basis financial statements.

Corrective Action:

The County Clerk will ensure that management and accounting personnel understand the importance of this communication as it relates to external GAAP basis financial statements. The County Clerk will ensure that management and accounting personnel attend training to improve their skills in preparing GAAP basis financial reports, specifically courses geared toward reporting requirements for governmental organizations.

Implementation of Corrective Action:

Corrective action will be implemented immediately by finding and taking courses of training geared toward increasing competency in GAAP basis financials.

2024-002 – Material Audit Adjustments

Corrective Actions – Sheridan County

Issue:

The County maintains its financial records on a cash basis and provides accrual information to the auditor for financial reporting. The accrual information provided by management did not include significant accruals or contained errors requiring adjustments to prevent the financial statements from being materially misstated in accordance with accounting principles generally accepted in the United States of America (GAAP). Management agreed and approved proposed significant adjustments related to accounts payable, leases payable, capital assets, construction in progress, accrued payroll, grants receivable and inventory.

Corrective Action:

The County Clerk will implement review procedures with management and accounting personnel to ensure the year-end adjustments and accruals are accurate and complete. The County Clerk will ensure that management and accounting personnel will continue to be trained to identify the necessary adjustment needed for the audited modified and full accrual basis financial statements.



BOARD OF COUNTY COMMISSIONERS

CHRISTI HASWELL • TOM RINGLEY • NICK SIDDLE • HOLLY JENNINGS • LONNIE WRIGHT

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2024-002 – Material Audit Adjustments (Continued)

Implementation of Corrective Action:

- Corrective action will be implemented immediately to review and refine internal procedures to ensure accurate financial reporting.
- To strengthen Month-End and Year-End Close Procedures: Develop a comprehensive close checklist to ensure all accounts are reviewed and reconciled, as well as implement a rigorous review process for significant accounts to catch errors early.
- Perform detailed reconciliations of key accounts on a quarterly or monthly basis.
- Assign member of the finance team to review financial statements, schedules, and reconciliations before submission for audit, as well as cross-validate supporting documents to ensure completeness and accuracy of balances.
- Check lists and folders will be created for Month-End and Year-End Close Procedures, for Regular Account Reconciliations on a Monthly or Quarterly Basis, and for Enhanced Internal Reviews.
- Find and take courses of training on complex accounting standards and common errors that lead to adjustments.

2024-003 – Review and Approval of Financial Transactions

Corrective Actions – Sheridan County

Issue:

It was noted that payroll transactions and journal entries were either not reviewed or were reviewed by someone who had the ability to make changes to the transactions during the review process.

Corrective Action:

County Clerk will strengthen internal controls and ensure segregation of duties with management and financial personnel to enhance the accuracy, integrity, and reliability of the financial reporting while reducing the risk of undetected errors or irregularities.

Implementation of Corrective Action:

- Corrective action will be implemented immediately by assigning payroll and journal entry reviews to individuals who are independent of the preparation process and who do not have the ability to make changes to transactions during their review.
- Modify system permissions to restrict reviewers from editing transactions they are reviewing.
- Ensure that all reviews are documented with clear evidence of who conducted the review, the date of review, and the issues identified/resolved.
- Periodically assess the review process to ensure compliance with internal control policies.