



# Plan of Action

When a municipality's financial audit results in deficiencies (findings) communicated by the auditor, the municipality must adopt a plan of action to address those deficiencies. A copy of that plan must be filed with the Secretary of State (ORS 297.466(2)).

## The plan must:

1. Address all financial audit deficiencies communicated by the auditor.
2. Include the estimated period of time necessary to complete the planned actions.
3. Be adopted by the governing body.
4. Be filed with our office within 30 days of filing the audit report.



Plans filed with the Secretary of State that have not been signed by an elected or appointed member of the governing body will not be accepted as fulfillment of this requirement.

An adopted plan is required for all financial statement audit deficiencies. At a minimum, the plan must include actions addressing all deficiencies classified by the auditor as either a material weakness or a significant deficiency. Single Audit findings related to federal compliance, and not part of the financial statement audit results, are not required to be included in the Plan of Action filed with the Oregon Secretary of State.

Documenting the plan and its adoption to comply with the requirements may still be confusing. Refer to the following table for acceptable documentation.



### Acceptable

- » Governing body adopts the plan through motion or resolution and signs a copy of the plan
- » Official copy of approved meeting minutes where the plan was adopted with clear indication of adoption



### Not Acceptable

- » Management's response to auditor findings
- » Acceptance of the audit report by the governing body
- » A plan signed by management or superintendent who is not an elected or appointed member of the governing body

# Frequently Asked Questions

## How do I know whether I have deficiencies or findings that apply to this requirement?

Auditors may report deficiencies as follows:

1. In the auditor's report on internal controls over financial reporting in accordance with Government Auditing Standards;
2. In the financial findings section of the schedule of findings and questioned costs issues as part of a single audit;
3. They may make reference to deficiencies and other matters that are communicated in a separate management letter; or
4. In the auditor's report on compliance with state regulations. Auditor comments regarding non-compliance that are not defined as a material weakness or significant deficiency do not require a plan of action to be filed with the Secretary of State.

If you are unsure, ask your auditor if there are any deficiencies subject to this requirement.

## What format should the plan take and how can I ensure it will be accepted by the Secretary of State?

A template is available on our website; [Plan of Action template](#). Tailor the template to your specific entity and deficiencies reported. The plan must include:

1. The deficiency
2. Planned corrective actions
3. The timeline for implementation, and
4. Clear demonstration it was adopted by the governing body.

## What if the government does not plan to correct the deficiency?

The governing body may choose to accept responsibility for the risks and deficiencies noted by the auditor and not take corrective action. For example, smaller entities may struggle to adequately segregate key functions of cash handling, record keeping, and related duties. In this case, the governing body's plan of action can be an acknowledgement of the deficiency and statement that no action will be taken. This statement should be accompanied by the reason no action will be taken and this matter must still be approved by the governing body through motion or resolution.

## What if the deficiency reported is a repeat from prior years?

If the deficiency is repeated in following years, the plan of action, or indication that no action will be taken, is still required to be adopted and filed with the Secretary of State each year.

## Who is the governing body?

The governing body includes elected (or appointed) officials who serve as oversight for the municipality. Examples include county commissioners, city counselors, elected Mayors and Fire Chiefs who serve as a member of city council or board of directors, and board members. It does not include school district superintendent, city administrator, or county clerk unless those are elected positions that also serve as a voting member of the governing body.

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### Questions? Get in touch:

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