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### WHCS FINANCE CORRECTIVE ACTION PLAN 2023-2024

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| <b>State Charter:</b> Walatowa High Charter School  | SY-2023-2024 |
| <b>Auditor:</b> CliftonLarsonAllen LLP, Sheila Quintana-Filosa, CPA Director, E-mail: <a href="mailto:Sheila.Quintana-Filosa@claconnect.com">Sheila.Quintana-Filosa@claconnect.com</a>  |              |
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| Findings  | Condition/Context:  | CliftonLarsonAllen LLP-Auditor's Recommendation  | Management Response  | Corrective Action   | Implementation Date | WHCS Employees responsible               |
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| 2024-001<br>Financial Close and Reporting (Previously 2018-002) (Material Weakness) | 2024-001 Financial Close and Reporting (Previously 2018-002) (Material Weakness)<br><br>Condition/Context: During our audit, we noted the following deficiencies in internal controls related to financial close and reporting: | We recommend additional training and/or year-end assistance with the year-end financial close and reporting process. | Audit Finding Appeal-Pending decision.-Fund balance—Prior year AJEs totaling \$47,756 must be posted to roll the fund balance. | The WHCS business office will seek additional training with the year-end financial process through CLA (CliftonLarsonAllen LLP) and desktop audits will be conducted to ensure that repeat findings do not recur. | April/June 2025     | WHCS Business Manager, Accounts Payable. |

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|  | <p>Fund balance—Prior year AJEs totaling \$47,756 must be posted to roll the fund balance.</p> <p>Capital Assets- Noted fully depreciated assets continued to have depreciation calculated. This resulted in an overstatement of accumulated amortization of \$6,709.</p> <p>Fund 24308- Expenses totaling \$4,201 were allocated from the operational fund to match reimbursements received.</p> <p>Fund 27150- Expenses totaling \$43 were in excess of reimbursements received and thus were allocated to the operational fund.</p> |  | Management will implement adequate controls to resolve the finding.   |   |                       |  |
| 2024-002<br>Internal Controls over Payroll (Other Matters) | <p>During our testing of employees' payroll files, we noted the following exceptions:</p> <ul style="list-style-type: none"> <li>For three out of four employee samples, it was noted that stipends were not approved before the</li> </ul>  | We recommend that management work with the governing board to approve employee stipends before stipend payout. | <p>WHCS Executive Director included two (2) G.B. members in the Employment Letter of Intent/additional compensation notification.</p> <p>Employees' additional compensation, roles,</p> | <p>The WHCS Executive Director will present additional compensation justification to the G.B. at the March G.B. meeting.</p> <p>The WHCS business office will continue to include two (2) board members in the Employment Contract/Additional</p> | March/April /May 2025 | WHCS Business Man./ Ex. Director/G.B. & Employees. |

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|   | payment of the stipend.  |   | and responsibilities did not change from the prior year and were rolled over into new year contracts.  | <p>Compensation Stipends Letters of Intent notification after the March G.B. Meeting.</p> <p>WHCS Business Manager will also present and notify the Employment Contract/Additional Compensation at the May Governing Board meeting for the upcoming year.</p> |                      |  |
| 2024-003<br>Internal Controls over Cash Disbursements (Other Noncompliance) | <p>During our testing over cash disbursements, we noted the following issues:</p> <ul style="list-style-type: none"> <li>2 out of 28 samples tested did not have an approved purchase order in place prior to receipt of goods and/or services.</li> </ul> | We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order in place, and comply with purchasing requirements as applicable. | The business office will oversee the process and procedures of the issuance of the purchase order process before any other goods or services have been rendered. | Implement the following Internal Controls-Req/PO procedures provided below  | August 2024-On-going | WHCS Business Manager. WHCS Accounts Payable, Executive Director, WHCS Faculty and vendor. |

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| 5.e. CPO | CSD was not able to locate the updated CPO license in the New Mexico Chief Procurement Officer List. | Recommend to contact NM General Services Department to ensure that correct information is updated on the website. | Executive Director attending CPO Recertification Course.<br><br>Contact NM GSD.<br><br>Re-Submitted CPO designation letter to NM-GSD. | Completed NM EDGE- 3 <sup>rd</sup> time recertification classes. Certificate mailed and WHCS CPO - Dr. Arrow Wilkinson Registered on NM General Service Department:<br><a href="https://www.generalservices.state.nm.us/state-purchasing/chief-procurement-officer/chief-procurement-officer-list/">https://www.generalservices.state.nm.us/state-purchasing/chief-procurement-officer/chief-procurement-officer-list/</a> | Oct. 2024<br>June, 2025 | WHCS Executive Director |
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### #3: 2024-003 Internal Controls ( Internal controls put in place or to be put in place to prevent another repeat)

WHCS Faculty Procurement Process - Requisition/Purchase Orders. A requisition is a request for goods or services made by an employee to the person or department in a company that is responsible for purchasing. **A requisition is not a purchase order.**

**Step 1:** A WHCS Employee must complete a Requisition Form with the following information:

- Name, Address, Phone Number, and email of vendor
- Justification: Provide a detailed description of materials needed and what program (Science, Reading, ELA, Athletics, etc.) they will be used for. Example: STEM courses
- Quote for the cost of material. Attach the quote and list of materials to be ordered.
- Order/Quote Number: Please keep a copy for your reference. The business office is not responsible for providing a copy of backup documentation.

**\*Vendor:** The vendor must accept purchase orders and provide the company's CRS number or Federal ID number. Submit a copy of the vendor's I-9/W9 form along with backup documentation needed for the I-9 form. Please make sure that if you have a vendor that will be working with students, they complete a background check and submit a copy of their background check before rendering services.

**Step 2:** Provide the Requisition Form with all required material to the Business Office's AP Department (F. Garcia).

**Step 3:** The Business Office will review the requisition, and once the requisition is approved by the business manager, the account code will be applied and returned to the AP Department for the WHCS Executive Director's signature. The order must meet all procurement education and grant requirements.

**Step 4:** Executive Director: Once approved by the Business Office, the WHCS Executive Director will approve the Requisition Form. This does not give the employee authorization to purchase.

**Step 5:** Purchase Order: Once approved, the purchase order will be processed by Accounts Payable.

**A purchase order must be in place prior to any purchase or order of ANY material. Any material ordered without a Purchase Order in place will be at the expense of the employee. DO NOT PLACE ANY ORDER WITHOUT A PURCHASE ORDER IN PLACE.**

Please talk with the Business Manager/Accounts Payable about the time frame in which the PO would be completed.

**Athletic/Events Requisitions/Purchase orders**

Purchase of food for students/athletes. Please, in the future, make sure that each student/s, chaperone/s, and bus driver/s purchase **ONLY one complete meal without upgrades. No exceptions!** WHCS is not responsible for paying for other adults/children that are not rendering services to WHCS on that day. These types of charges will require prior approval from the WHCS Executive Director and/or Business Manager.

The meal would include the following:

1. Main course (Example: Hamburger)
2. Side order (Example: French Fries)
3. Drink (Any type of coke or water)
4. Meals can be upgraded to Large meals

Not an allowable cost:

1. Coffee
2. Dessert of any kind
3. Substitutes with a charge

If any extra charges are detected, the WHCS employee or contractor will be responsible for paying them out of pocket. Receipt! Receipt! Receipt! Keep all receipts and turn them into Accounts Payable.

**Contracts:** Contract Justification: If you are planning to use the services of an individual contractor, instructor, or group, you must send an email justification and description of services along with a quote to the WHCS Executive Director. Once approved, please adhere to the following procurement procedures:

**Step 1:** Proposed Contract Template: Complete the Contract Template. Add all of your individual contractor, instructor, and/or group information. (See Template)

- ❖ Please include the W-9 and/or I-9 forms and the backup documents required for the contractor or instructor. Please check with the WHCS Business Office. Please make sure that if you have a contractor that will be working with students, they may be required to complete a background check and submit a copy. WHCS utilizes Sentrylink services: <https://www.sentrylink.com/>

**Requisition:** A requisition is a request for instructional services made by an employee to the person or department in a company that is responsible for purchasing.

**Step 2:** A WHCS Employee must complete a Requisition Form with the following information:

- Name, Address, Phone Number, and email of vendor
- Justification: Provide a detailed description of materials needed and what program (Science, Reading, ELA, Athletics, etc.) they will be used for.
- Cost: Individual Contractor/Instructor and/or groups may charge a flat rate or hourly rate. Please provide information. (Hourly rate contractors must provide timesheets and invoices.)

**Step 3:** Information: Contract, Requisition, Quote, W-9, and/or I-9 to the Business Office for prior approval.

**Step 4:** The Business Office will review and apply the account code associated with the order. The contract must meet all procurement, educational, and grant requirements.

**A PURCHASE ORDER MUST BE GENERATED AND IN PLACE BEFORE ANY SERVICES ARE RENDERED. IF A PURCHASE ORDER IS NOT IN PLACE, CONTRACT WILL BE STOPPED IMMEDIATELY WITHOUT PAYMENT BY WHCS!**

**Step 5:** Executive Director Signature: Once approved by the Business Office, the WHCS Executive Director will sign and approve the contract. Once signed, the contract will be sent to individual contractors, instructors, and/or groups for their signature. All signatures must be in place before services are rendered. Please make sure that all backup documents are provided to the business office. If they are not, it will result in a delay in payment.

**PLEASE NOTE THAT A REQUISITION IS NOT A PURCHASE ORDER!**

**Just a reminder that a requisition needs to be submitted and a PO generated before the purchases can be made. If the school is paying for it, a PO has to be generated! No Exceptions! If you have questions about purchasing, please contact the Business office/accounts payable department.**