

# CITY OF GEARHART

January 8, 2025

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

## **Plan of Action for City of Gearhart Municipality**

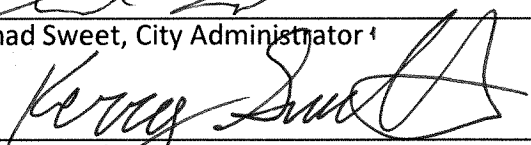
The City of Gearhart staff respectfully submits the following corrective action plan in response to the deficiency reported in our audit of fiscal year ended June 30, 2024. The audit was completed by the independent auditing firm Accuity, LLC and reported the deficiency listed below. The plan of action was adopted by the governing body at their meeting on January 8, 2025 as indicated by signatures below.

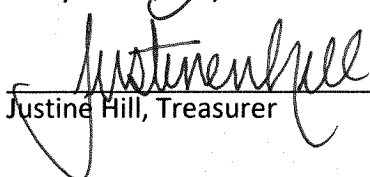
The audit deficiency is listed on the back page of this letter.

### **1. Deficiency 1 – *Organizational Structure***

- a. City staff are aware of the potential control deficiency due to our limited number of staff. The City is unable to add additional staffing due to fiscal constraints.
- b. City staff will continue to adhere to already established internal controls to assist with providing reasonable assurance of compliance, transparency, and prevention of fraud. City staff are required to provide monthly reports (e.g., *Revenue vs Expenditure; Check Detail; Gross Salary*) for the City Council to review, which are also available to the public. City staff work diligently to establish segregation of duties coupled with procedural controls. Functions are separated to the best of our ability and monitored on a regular basis.

  
\_\_\_\_\_  
Chad Sweet, City Administrator

  
\_\_\_\_\_  
Kerry Smith, Mayor

  
\_\_\_\_\_  
Justine Hill, Treasurer

*Findings:*

**1. *Organizational Structure***

The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that City Councilors remain involved in the financial affairs of the City to provide oversight and independent review functions.