

HUMANITIES MONTANA

FY25 AUDIT - CORRECTIVE ACTION PLAN

Fiscal Year: November 1, 2024 - October 31, 2025

Prepared in Response to the Schedule of Findings and Questioned Costs

Finding Number: 2025-001

Cash Reconciliations - Significant Deficiency

Contact Person Responsible: John Knight, Executive Director

Corrective Action Planned: Humanities Montana acknowledges this finding. During fiscal year 2025, the organization experienced significant staffing and leadership transitions due to the loss of the General Operating Support Grant from the National Endowment for the Humanities. This affected the timely completion and review of certain cash reconciliations.

Since the completion of fiscal year 2025, Humanities Montana has implemented several corrective actions to strengthen its financial management and internal control environment. These actions include the adoption of an updated Finance Procedures Manual and Approval Matrix approved by the Board of Directors, increased monthly reconciliation and financial review procedures, and an expansion of contract accounting support effective June 1, 2026. The organization has increased the hours allocated to its contract accounting position to provide additional capacity for reconciliations, financial reporting, and compliance activities.

Bank reconciliations are reviewed by the Executive Director and approved by the Finance Chair and are incorporated into regular financial reporting provided to the Finance Committee and full Board of Directors.

In addition, Humanities Montana is actively evaluating the engagement of a fractional Chief Financial Officer or part-time Comptroller to provide additional oversight of accounting operations, strengthen internal controls, support federal grant compliance, and assist in the continued development of the organization's financial infrastructure.

Anticipated Completion Date: Implemented May 30, 2026, with ongoing monthly monitoring.

Finding Number: 2025-002

Federal Award Approvals – Significant Deficiency

Contact Person Responsible: John Knight, Executive Director

Corrective Action Planned: Humanities Montana acknowledges this finding. During fiscal year 2025, the organization experienced significant staffing and leadership transitions due to the loss

of the General Operating Support Grant from the National Endowment for the Humanities. This affected the timely completion and review of certain cash reconciliations.

To address this issue, Humanities Montana has adopted an updated Finance Procedures Manual and approval matrix approved by the Board of Directors that clearly identifies authorization requirements for expenditures, grant activities, federal reports, reimbursement requests, and financial transactions. The Executive Director now reviews and documents approvals prior to the submission of federal reports, reimbursement requests, and grant-related expenditures.

Effective June 1, 2026, Humanities Montana increased the hours of its contract accounting position to provide additional support for financial review, documentation oversight, and compliance activities.

In addition, Humanities Montana is actively evaluating the engagement of a fractional Chief Financial Officer or part-time Comptroller to strengthen internal controls, support federal grant compliance, and provide additional oversight of accounting and reporting processes.

Anticipated Completion Date: Implemented May 30, 2026, with ongoing compliance monitoring.

Finding Number: 2025-003

Expenditure Documentation - Significant Deficiency

Contact Person Responsible: John Knight, Executive Director

Corrective Action Planned: Humanities Montana acknowledges this finding. During fiscal year 2025, staffing transitions contributed to inconsistencies in the retention and organization of supporting documentation for a limited number of transactions.

The organization has since centralized financial and grant documentation within a shared electronic records system and implemented documentation retention procedures as outlined in the Humanities Montana Finance Procedures Manual and Matrix Addendum. These procedures require supporting documentation to be retained and linked to financial transactions prior to the submission of reimbursement requests, drawdowns, or other expenditures. The Executive Director conducts periodic reviews to ensure documentation is complete, organized, and readily accessible for audit and compliance purposes.

Effective June 1, 2026, Humanities Montana increased the hours of its contract accounting position to provide additional support for documentation review, record retention, financial reporting, and compliance monitoring.

In addition, Humanities Montana is actively evaluating the engagement of a fractional Chief Financial Officer or part-time Comptroller to provide additional oversight of accounting

operations, strengthen internal controls, support federal grant compliance, and assist in the continued development of the organization's financial infrastructure.

Anticipated Completion Date: Implemented May 30, 2026, with ongoing monitoring and review.

Signed:

John Knight

Executive Director
Humanities Montana

Date: _____