

## County of Humboldt Financial Advisory Services Progress Report (#22)

This progress report covers the work conducted December 7 through January 7, 2022. It also covers activities planned for the following two weeks, and any issues or action items that need resolution.

### Work Conducted December 7-January 7, 2022

- Cash and Banking Process Analysis, Bank Reconciliations:
  - ✓ Continued performing bank reconciliations.
    - Currently we are focusing on FY19-20 for the five main bank accounts. These are the Master account and four Zero Balance Accounts (ZBA): A-C payments, College of Redwoods, HCOE and DHHS. In the future, we will continue with FY20-21.
    - About 95% complete with the A-C Payments ZBA account for FY19-20. This account is used for payroll disbursements and vendor payments. Therefore, there is a high volume of transactions that flow through this account. Currently completing final analysis, quality control, and wrap up on reconciling this account.
    - Continue reconciliation for the following accounts:
      - College of Redwoods, Approximately 5% complete.
      - HCOE Approximately 15% complete.
      - DHHS Reconciliation to be started soon.
- The Master Account is in progress of reconciliation in parallel with the ZBA accounts, since some of the transactions are between the Master Account and the ZBA accounts. Current focus is on transfers from the Master Account to the A-C ZBA Account. Estimate approximately 20% complete with reconciling the Master Account.
- Met with TTCO regarding prior bank reconciliation process and request for electronic data files (in an Excel or similar format rather than a PDF format) from the County's bank to streamline the reconciliation process. Unfortunately the bank does not retain these electronic files for more than 60 days.
- Journal Entry Processing:
  - ✓ Ongoing communication with DHHS related to outstanding journal entries Related to DHHS journal entries, as of January 3, MGO completed 220 journal entries, has 23 in progress and 53 assigned that remain outstanding for our review to begin. MGO completed the 3rd quarter journal entries, which DHHS previously identified as high priority. Based on discussions with DHHS, MGO will be prioritizing Behavioral Health and SSB journal entries. Also, MGO and DHHS identified journals for FY20-

21 that have been submitted to the A-C by DHHS, have not yet been posted, and are not assigned for MGO review/determine. The listing has been submitted to the A-C for review to determine if staff in A-C have been assigned these JE's.

The Chart Below provides a summary of JE status as of January 3, 2022.

MGO Journal Entry Tracking	As of January 3 2022				
	CAO	Sheriff	Planning & Building	DHHS	Total
Received through Sept 14 2021	16	37	3	68	124
JE's received October 30, 2021	3	4	0	60	67
JE's received November 11, 2021	41			166	207
JE's received separately	1				1
JEs transferred to DHHS from CAO	-2			2	0
<b>Total JE's Assigned to MGO</b>	<b>59</b>	<b>41</b>	<b>3</b>	<b>296</b>	<b>399</b>
Review & Determination completed	58	41	2	220	321
JE Pulled by the submitting department	1				1
Reviews in progress		0	1	23	24
JE Reviews to be started	0	0	0	53	53

(1) Note: As of January 3, other than one JE, all other journals for the CAO, Sheriff, and Planning departments have been completed and submitted to the A-C (MGO is working on one in planning in coordination with a staff person that has not been available due to their work schedule).

- Fund Reconciliations (Payroll and Property Tax Funds):
  - ✓ For reconciliations related to the Payroll and Property Tax funds, continued reviewing information received and continued requesting information.
  - ✓ For the 35 Payroll Funds, we continued the reconciliations. We also identified reconciled items and follow up questions and information requests submitted to A-C.
  - ✓ For the 50 Property Tax Funds, we continued obtaining information from the A-C and TTCO to use during the reconciliation process.

- Payroll Business Processes and Internal Controls
  - ✓ Attending weekly meetings with the HR department and their consultant, provide assistance, guidance and information on internal controls, payroll & HR processes as topics are discussed.
  - ✓ When scheduled and requested, attend operational and management meetings to assist the County in determining next steps regarding payroll system, processes, placement and related roles and responsibilities.
- Other Advisory Services
  - As requested, provided advice and consulting.
  - Reached out to CLA, Rich Gonzalez, re FY20 audit expectations, in particular on the bank reconciliations.
  - Met with Amanda Cherry in A-C to discuss status of FY 19-20 audit, items completed and outstanding items due to the independent external auditor.
  - Met with Amanda Loftis in A-C to discuss the ISF journals, the object codes used and the need for “clean-up” between budget amounts and posted amounts for FY20-21. MGO requested follow-up from the Auditor-Controller to provide guidance in resolve this issue.

**Activities Planned for the Next Two Weeks, January 8-21, 2022**

- Cash and Banking Process Analysis, Bank Reconciliations, Fund Reconciliations and Journal Entry Processing
  - ✓ Continue performing bank reconciliations, including coordinating and requesting necessary information needed for reconciliation process.
  - ✓ Continue to review information received and design reconciliation procedures.
  - ✓ Continue requesting necessary information for fund reconciliations (Payroll and Property Tax funds) from A-C and TTCO.
  - ✓ Continue review and determine of journal entries and continue requesting clarification and information as needed. Focus is on DHHS outstanding journal entries.
  - ✓ Perform follow up tasks identified during meetings with ACO and TTCO to discuss drafts of business processes, flowcharts and observations.
- Payroll Business Processes and Payroll Transition from HR to A-C
  - ✓ As requested, meet with County staff to provide information and advice on draft business processes and internal controls, including documentation.
  - ✓ Continue to provide consultation, analysis and feedback to Human Resources Director, Auditor-Controller and County Administrator’s Office regarding interim transition plans and mid-term and long-term plans, including roles and responsibilities, internal controls and separation of duties.
  - ✓ Continue participating in discussions with A-C and HR operational meetings related to transition progress, business processes, roles and responsibilities.

- Auditor-Controller’s Office Staffing Study
  - ✓ Study currently on hold due to recent changes in staffing at A-C and MGO’s assigned tasks.
  - ✓ Once re-started, update staffing matrix, backlogs and observations based on changes in staffing at A-C, MGO’s tasks completed, and related information received.
  
- Internal Service Funds journal entries, budgets, reconciliations, analysis and procedures
  - ✓ As requested, available to provide advice and consulting.
  - ✓ Available for any follow-up required regarding MGO’s completed task of reviewing and determining FY20-21 journal entries for the ISFs.
  - ✓ Available for any consultation needed related to MGO’s research and guidance provided to ISF managers relating to accounting object codes for journal entries, true-up calculations, and reserve fund balances.
  
- CAO Advisory Services
  - ✓ Receive feedback from the County on the Draft Fiscal Policy Manual.
  - ✓ Continue to provide analysis, advice and consulting as requested on an ad hoc basis, including the following:
    - Organizational Matrix – draft submitted to CAO
    - PARS roles – in process

**Areas that Require Attention:**

Over the past recent months, the County has experienced numerous technology challenges that have had impacts on County departments’ ability to perform their duties in a timely and effective manner. These technology challenges have particularly had a significant impact on A-C operations which have caused additional operational challenges and impacts to work flow, timelines and morale County-wide. In addition, due to the configuration of FE, the County has been restricted to modify practices and procedures that could streamline operations County-wide and mitigate “back-logs” in the A-C. We recommend the County prioritize addressing these technology issues and develop solutions to mitigate the impacts to improve work-flows County-wide.

Prepared by:	Rebecca Haggerty, Senior Manager
Reviewed and Approved by:	Engagement Partner, Scott Johnson
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