



MEMO

To: Lea Dunn, City Manager

From: Eric Cannon, CPA, Chief Financial Officer

Re: Financial work plan for operations, policies, procedures and internal controls

Date: September 18, 2014

Accounts Payable:

Vendor Master File – The process has been modified. All vendor maintenance is processed by the Purchasing Agent (Caitlan Smelley). System Administrative rights have been updated to ensure that only the Purchasing Agent has access to modify vendor information.

Training – Finance is having its first training on September 25th. The goal for this meeting is to continue to train Finance employees on policy and procedures. All new hires will be responsible for learning the policies and ensuring they are in compliance. Additionally, Finance plans to implement an annual town-wide training to focus on best practices, problem areas, and new requirements.

Receipt Slip/Form – Going forward, it is required that when an individual is receiving and taking possession of goods, they must verify the following: quantity, price, and quality of such goods. If a receipting slip is not provided for the goods, a Standard Form created by Finance must be completed in place of a receipt. This document must be attached to the purchase order before processing.

Purchasing:

Policy – As Council may recall, Finance completely revamped the purchasing policy in 2013 with the help of purchasing consultant Carol Cooper. Finance continues to work on the implementation of this policy and believes that the newly authorized positions will help to ensure compliance. Management is also reviewing technology options that would better assist staff in adhering to the policy. (Technology being reviewed includes BidSync and ERP.)

Purchase Orders - The Finance Department has communicated with all departments about the new initiative to reduce the reliance on the payment authorization memo (PAM). Finance will be working with all departments on implementing this in a way that will not impede workflow, but will ensure compliance with our policies.

Purchase Cards – Finance has scheduled training to educate all p-card users on acceptable practices and their responsibilities as cardholders. The Town is also working with Gradient Solutions to provide continuous monitoring alerts; this will provide staff with the ability to identify any transactions that seem to be circumventing the policy.

Banking:

Frost Bank – Finance has updated all of our signature card information to reflect the current appropriate individuals. Additionally, Finance closed or cancelled all other access points or features, excluding Cash Manager, a secure online program. Using Cash Manager for all banking processes provides a detailed and secure audit trail.

RFP for Banking Services – A bid was awarded to Valley View Consulting to provide consulting services for Finance's upcoming bid process. Finance has made contact with several local banks in order to encourage their participation for the upcoming request for proposals (RFP). In addition, Finance is ensuring that the selected provider will deliver provisional credit for our Loomis cash management systems throughout the Town.

Loomis – Finance is in the process of adding a cash management system in various locations throughout the Town; this will provide a secure location for the town's cash receipting process and increase the control environment.

Payroll:

Outsourcing Payroll – Finance recently met with ADP to learn more about the services they could provide regarding payroll outsourcing. Further, Finance is scheduled to have a business process review later this month with the intention of receiving projected costs to use in the evaluation. After this process, if Finance determines that outsourcing the payroll function has the ability to provide the Town with the same or greater level of service for an acceptable cost, Finance will then begin the RFP process to identify the most capable vendor.

Move Payroll to Finance – Lisa Khaleghipour has been transferred from the Human Resources Department to the Finance Department. This change took place in mid-August 2014. Since that time, Finance has worked with HR to ensure the appropriate training is received to complete the necessary items that are associated with the payroll process.

Segregate Duties – Finance has had several meetings with Human Resources to identify what processes/steps must remain in the HR department. Currently, only HR (not Finance) has the ability to modify an employee's master file.

Cash Handling/Receipting:

Cash – As mentioned earlier, the Town is in the process of installing and implementing Loomis cash management systems at appropriate locations. This will remove the risk assumed by General Services personnel, who are currently responsible for providing cash carrier services between locations.

A/R – The Town is currently working with a local depository (Frost Bank) to forward all recurring payments received to a Town lockbox. Another function that Finance is looking to implement is the use of remote capture at all locations.

Fixed Assets:

Inventory – Our intention is to hire a vendor to complete a Town-wide inventory of all listed assets. Although Finance is only in the beginning stages of this process, this will be one of the Assistant Finance Director's priorities.

Tracking in Enterprise Resource Planning (ERP) – After the completion of our 3rd party inventory count, Finance will begin adding the individual assets to the current ERP system. This will be a time-consuming process, but it will be a major accomplishment once completed. Going forward, Finance will import this updated ledger into the new ERP system and utilize the new technology to track this information on a continual basis.

Segregation of Duties:

Staffing – The Town is currently accepting applications for the Accounting Manager position. This position will be responsible for maintaining the general ledger and internal control environment. This individual will also be instrumental in implementing the Fixed Asset Module as well as continuously reviewing system access within the ERP.

Assistant Finance Director (AFD) – Finance has recently filled this position. His arrival will greatly reduce the reliance on the Chief Financial Officer (CFO) and will allow the delegation of some responsibilities and increase the internal control environment.

Information Technology:

Review User Privileges – Finance and Information Technology have already updated the most critical areas as identified by Mr. Kanter and staff. This process is still in progress and will be completed by the recently hired AFD.

System Changes – All system administrative changes have to be approved by the CFO and Information Technology Director. This approval is documented and filed for safe keeping.