

ACTIONS ALREADY TAKEN

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
1	December 10, 2014	Controller	<u>Revise Signature Authorization Form</u> - Revise signature authorization form to expand authorization levels to afford departments more control, indicate whether signature is an add, delete, or change, include language notifying signor that by signing form they are subject to disciplinary action if they violate City policies regarding their authority. Also implement policy to update authorization forms every one or two years to minimize inaccuracies.	√		Sec F #31, 34	Completed. Departments have been directed to reapprove all applicable personnel by December 31, 2014.
2	June 2014	Director of Finance (Lead); Controller	Directed our external auditors (Brown Armstrong) to increase focus, verification, and review of our internal controls, particularly A/P and payroll in their audit procedures for the current audit.	√		N/A	
3	July 2014 (Verbal direction from Director of Finance.)	Controller; Senior Accountant (A/P Supervisor); (Lead); A/P staff; Purchasing staff	Ensure that A/P staff does not process payments unless they can verify authority to pay (i.e. current PO or contract), valid signatures, available budget, etc., and that policies are followed.	√		N/A	This verbal direction was followed by a formal memo to all Finance staff on December 1, 2014. Each employee acknowledged receipt by signing and document was placed in their department personnel file.

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4	Initiated in July 2014, expected completion, February 28, 2015. (See comments.)	Director of Finance	Hire new Fiscal Services Administrator.		√	N/A	This position will have as a part of their duties, identification of policy and process improvements. The position was authorized in FY 2014 and a job offer made in July 2014; however, the successful candidate withdrew and there were no viable substitute candidates.
5	November 2013	Controller	Increased cash handling and petty cash surprise audits	√		Sec G #36	

GOAL #1: CHANGE A/P AND PURCHASING STRUCTURE

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
1	February 28, 2015	Director of Finance; Controller; (Lead) Purchasing Administrator; Senior Accountant (A/P Supervisor)	<u>Change A/P Reporting Structure</u> - Separate A/P section and purchasing section so the A/P reports to the Controller to enhance separation of duties.		√	Sec E #29 Sec F #34	

GOAL #2: EXPANDED REPORTING/REVIEW

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
1	February 1, 2015	Controller (Lead); Senior Accountant (A/P Supervisor)	<p><u>Formal A/P Check Register Process</u> - A/P registers will be printed at the close of each A/P processing (currently Tuesdays and Thursdays) and presented to the Finance Director or his designee (initially the Controller) for approval prior to release of A/P checks. The format of the report will be in vendor name order and will have, at a minimum, the following information</p> <ul style="list-style-type: none"> ○ Check # ○ Vendor # ○ Vendor Name ○ Vendor Address ○ Account Number of expense ○ Check Amount ○ Purchase Order or Contract Number ○ Brief description of payment 		√	Sec F #30, 34	
2	February 28, 2015	Controller (Lead); Senior Accountant (A/P Supervisor); A/P staff	<p><u>Additional Regular A/P Reports</u> - Add an A/P report to regular A/P register reports that identifies cumulative amount paid to vendors to be reviewed by the A/P Supervisor to ensure that vendors are not paid in excess of authorized amounts, i.e. paid under one or multiple POs that exceed department head or City Manager authority.</p>		√	N/A	

GOAL #2: EXPANDED REPORTING/REVIEW

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
3	April 30, 2015	Controller (Lead); Senior Accountant (A/P Supervisor)	<u>Expanded Review of A/P Check Register Information</u> - Include A/P register report on a Finance Committee agenda on a monthly basis as information to enhance transparency.		√	N/A	
4	February 28, 2015	Controller; City Manager's Office Internal Auditor (Lead)	Establish procedure where all payments to payees above \$250,000 in a twelve month period will have additional scrutiny, to ensure validity of payments		√	N/A	Procedure will be finalized when the Internal Auditor position is filled in the City Manager's Office.

GOAL #3: PROCESS IMPROVEMENTS

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
1	December 30, 2014 – (Stopped processing special handling requests unless emergency or litigation related.) January 31, 2015 (to formalize and document new policy)	Controller; Senior Accountant (A/P Supervisor); A/P staff	<u>Revise Special Handling Request Process</u> - Revision of special handling requires process to reduce special handling requests. Also revised form to include language that states that processing will not begin until a complete form with all required original documentation is received. (Considering changing name of the form to <u>Emergency Check Request Form</u> to emphasize that it is to be limited to emergencies, not poor planning). Appropriate use of requests will be limited to litigation settlements and emergencies (threat to life, limb or property). Once approved by the department head or deputy department head, the department should ensure that someone other than the person requesting the special handling delivers the request to Finance. If approved by Finance, someone in Finance will deliver the documentation to A/P for processing to ensure that what was approved is what is delivered to A/P for processing. The Controller will, at least quarterly, review special handling items that have been processed to determine if they are inconsistent with policy or suspicious.		√	Sec B #7-13	The special handling request form can only be signed for approval by a department head or a deputy department head and Finance Department approval will only be made by the Director of Finance or his designee. <u>Signatures of preparer, department approver, and Finance Department approver must be that of different authorized individuals.</u> Only original forms and original backup documentation (no copies) will be accepted per existing policy. The form must be completely filled out, including the PO or contract number

GOAL #3: PROCESS IMPROVEMENTS

	When	Who	What	Status			Comments
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2	January 31, 2015	Finance Director; Controller (Lead); Purchasing Administrator; Purchasing staff; A/P staff; Public Works staff	<u>Undergrounding Program Payment Process Review</u> - Public Works and Finance staff will meet to review their respective roles in the payments involved with the Undergrounding Program payment process to ensure that all involved understand their roles to prevent future internal control lapses.		√	N/A	

GOAL #3: PROCESS IMPROVEMENTS

	When	Who	What	Status			Comments
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3	January 31, 2015	Purchasing Administrator; Project Manager (Lead); Controller; Senior Accountant (A/P Supervisor); A/P staff; Purchasing staff	<u>Formalize Vendor Setup/Creation Process</u> - Document vendor setup process to require W9s before setup is initiated. Purchasing staff authorized to create vendors will be limited to the Senior Purchasing Assistant position and the Purchasing Administrator, or his designee. No other staff will have vendor creation authority. At a minimum, the following information must be present before a vendor is created; vendor name (Business name or personal name); physical location address (PO Boxes will not be accepted); completed original Form W9; purchase order/contract number, as applicable; telephone number; business license/contractor's license; other information as required to ensure vendor is a legitimate vendor. Determination of whether a 1099 will be required must be made at the time the vendor is created. If all required vendor setup information has been provided, but authorized purchasing staff is uncertain as to whether a 1099 will be required, the vendor will be created assuming that a 1099 will be required.		√	Sec C #14-17 Sec D #20-24	Quarterly 1099 reports will be reviewed by A/P supervisor to identify potential errors and/or omissions regarding 1099 requirements. One of the reviews will be in January prior to the deadline for mailing 1099s to vendors. A quarterly cross-check with business licensing files to identify vendors in violation of business licensing requirements will also be performed by A/P staff.
4	June 30, 2015	Director of Finance (Lead); All Division Heads and supervisors	<u>More Frequent Staff Evaluations</u> - Purchasing, A/P, Payroll, and other appropriate staff will be evaluated semi-annually to ensure policies and procedures are being followed, with discipline applied where appropriate		√	Sec H #40	This process would be initiated as needed in February with the completion of the first round by June

GOAL #3: PROCESS IMPROVEMENTS

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5	September 30, 2015	Controller (Lead); Director of Finance; All Division Heads	<u>External Update of Documentation of all Financial Policies</u> - Hire consultant to document and update all finance policies to reflect industry best practice		√	N/A	The RFP will be completed in January with an estimated start date of March 2015 and an estimated completion date of September 2015.

GOAL #4: MANDATORY FINANCIAL POLICIES TRAINING

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
1	<p>January 31, 2015 (For initial training of internal staff on existing purchasing, A/P policies);</p> <p>February 28, 2015 (For training of external staff on purchasing and A/P policies);</p> <p>March 31, 2015 (On existing payroll policies for internal and external staff);</p> <p>March 31, 2015 - August 31, 2015 (On all other existing Finance policies A/R, Cash Handling, W/C, Safety, Liability, etc.)</p>	<p>Deputy Finance Director; Controller (Lead); Budget Administrator; Purchasing Administrator; Applicable Finance staff and external consultants, as needed</p>	<p><u>Mandatory Training</u> - Expedite training of both internal finance staff and other department staff on finance policies. This training will be mandatory for all personnel with involvement in finance processes. Records will be kept on those attending the training via sign-in logs and all new employees and/or employees who become involved with finance processes and have not been to training will be required to attend training within 30 days of working with finance processes. Refresher training will be mandatory for all applicable employees, at least annually, and will emphasize consequences for willful violation of policy. The training sessions will be recorded and available on the City's intranet site.</p>		v	Sec H #40-43	<p>External department training on AP, payroll, budget, cash handling has already been implemented; however, training has not been mandatory in the past.</p>

GOAL #4: MANDATORY FINANCIAL POLICIES TRAINING

	When	Who	What	Status			Comments
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2	January 31, 2015	Controller; Senior Accountant (A/P Supervisor) (Lead); A/P Staff	<u>Ensure That Requirement for Original Documentation is Followed</u> - Reimbursement requests must have original paperwork to prove that the payment for which the reimbursement is requested was actually paid (original receipts). Additionally, all supporting documents for payment requests must be original documents. Once documents are received in A/P with appropriate signatures, they will only be returned to the applicable department head to approve any corrections and/or changes and shall not be paid to a vendor without a PO or contract		√	Sec A #6 Sec F #33	

GOAL #5: FULL OPERATIONAL RISK ASSESSMENT

	When	Who	What	Status			Comments
				Done	On Target	KPMG Recom	
1	June 30, 2015	Controller; City Manager's Office Internal Auditor (Lead)	<u>Full Operational Risk Assessment</u> - Hire auditing firm to conduct a full operational risk assessment to identify risk areas where the City may be vulnerable. This assessment would review areas such as IT, investments, billing and receivables, etc. This assessment is part of the audit plan in a future year, but it is recommended to expedite this item.		√	Sec G #38	The RFP would be completed in late January with the review beginning in late February or early March with an estimated completion by the end of June