



# Administrative Report

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J.3., File # BF21-2068

Meeting Date: 2/11/2021

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**To: BUDGET AND FINANCE COMMISSION**  
**From: MARNI RUHLAND, FINANCE DIRECTOR**

## **TITLE**

DISCUSSION AND POSSIBLE ACTION REGARDING THE IMPLEMENTATION OF INTERNAL CONTROL MEASURES

## **EXECUTIVE SUMMARY**

Attached is a status update of the internal control measures the City is working to implement during FY 2020-21.

## **BACKGROUND**

In support of the City's commitment to continually improve its operations and service delivery to the community, in June 2016, the City Council approved an agreement with Moss Adams for internal audit services. The first task was to conduct a risk analysis of the City's financial operations in their entirety to review its internal controls framework and identify areas of strength and weakness. The second task was to review the roles and responsibilities of the City Clerk, City Treasurer, and Financial Services Department as well as those of the Human Resources Department and the Financial Services Department's payroll function. Next, the FY 2019-20 and FY 2020-21 internal audit work plans presented to the Budget and Finance Commission in February 2020 included a policy development project which began with an inventory identifying the City's current policies.

The FY 2020-21 budget was adopted with a one-year pause in working with Moss Adams on internal control measures. However, staff did commit to continuing its work on previous Moss Adams' recommendations. In the City's final FY 2019-20 monthly update with Moss Adams, they suggested that the City could independently work on the following tasks.

- Development of cash handling training
- Completion of the FY 2019-20 policy updates
- Citywide training on updated policies

Therefore, these items have been included in the internal control measures the City is working to implement during FY 2020-21. In addition, because a draft ordinance to establish the Financial Services Department in the Municipal Code had already been written, the remaining work to ready it for a Mayor and City Council presentation was also included in the FY 2020-21 internal control measures to be addressed.

Changes to the implementation status listing since the Commission last reviewed it are as follows.

- While staff reviews are still in process for Item No. 1, a City Attorney review has been requested to determine if any conflicts with the City Charter exist. This has necessitated a revision to the expected completion date from February 16, 2021 to May 4, 2021.
- The expected completion date for Item No. 3 has been revised to March 31, 2021 to allow for the completion of Moss Adams' consideration of City staff's suggested edits.
- The expected completion date for Item No. 4 has been revised to June 30, 2021 to allow for the development of alternative recommendations by Moss Adams.

### **COORDINATION**

As listed in the status update's "Departments" column, the Financial Services Department is working with the City Clerk and City Treasurer to complete these internal control measure tasks.

### **FISCAL IMPACT**

Only completing the policies requires assistance from Moss Adams. This is being done with the remaining policy development project funding carried over to the current fiscal year. All other items in the status update schedule can be done without their assistance.

### **ATTACHMENTS**

Internal Control Measures - Implementation Status