



## MEMORANDUM

Date: September 10, 2019  
To: Board of Directors  
From: Tom Hennig, Director of Administration  
Subject: Financial Accounting Services Updates

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### **Pun Group Update**

Between April and June 2019, The Pun Group conducted a thorough analysis of how the District's Financial Account Services are managed as well as the District's compliance with laws and regulations over the financial activities for Special Districts in California. Their work product was summarized in the form of a report to the Board at the Board Meeting on July 17<sup>th</sup>, 2019. Based on the original scope and a mid-project scope expansion, they have developed a listing of Critical, Important and, Good Practice in the areas of Human Resources and Payroll, Financial Processes and Policies, Financial System Integration and Financial and Other Reporting. Finance staff agreed with the findings and have implemented or are in the process of implantation of specific recommendations. At this point we are requesting to retain consultants, at the request of the Board, to address recommendations which exceed the current staffing capacity. This contract would be considered the second phase of The Pun Group's work.

On August 19<sup>th</sup>, 2019, the District Administrative Staff had a preliminary meeting with Vanessa Burke, Partner with The Pun Group, to discuss the plan of implementing the recommendation.

### Recommendations implemented by Finance Staff:

- 2019-10 Errors in Posting Tax Payments Received from the County of Sacramento – errors have been fixed.
- 2019-16 Process for Receiving Cash Payments at Front Counter – the process has been improved.
- 2019-7 Accrued Interest is being Recorded through Monthly Market Value Adjustments – accrued interest is now being recorded properly.
- 2019-5 Prohibition on Gifts of Public Funds – Implemented

### Recommendations currently being addressed &/or planned by Finance Staff:

- 2019-1 Computation of Base Rate of Pay for Overtime
- 2019-2 Recording of CalPERS Contributions through Bank Reconciliation Module
- 2019-3 & 4 Address the lack of Monthly Reconciliations between Sage and Payroll System

- 2019-8 Stale Dated Entries and Unposted Batches in Great Plains
- 2019-13 Prepare a Formal Bid to Conduct a Cost Plan Study.
- 2019-14 Segregation of Duties over Journal Entry Preparation, Approval and Recording
- 2019-17 Address Paper and Electronic Document Storage Requirements for Critical Financial Records

### **Pun Group Proposal to provide additional Finance and Accounting Services**

- 2019-6 District Lacks Formal, Written Accounting Policies and Standard Operating Procedures – The Pun Group will help with Accounting Policies and Standard Operating Procedures. The Pun Group is also going to help the District to close the Fiscal Years 17/18 and 18/19. This will also include audit preparation assistance.
- 2019-11 & 12 Lack of formal Policies and Procedures Governing the Budget Preparation, Presentation, Adoption, and Monitoring - The Pun Group will provide advisory services for staff to implement.
- 2019-19 Chart of Accounts Deviates from the State Controller’s Special District Uniform Accounting and Reporting Procedures - The Pun Group will provide guidance if necessary.

### **Under separate contracts**

- 2019-10 Lack of Proper Accounting over Community Facilities District (CFD 2014-1) - The Pun Group or other consultant to provide a proposal for a formal audit with recommendations for immediate actions and long-term strategy.
- Recommendation to contract for an updated Reserve Study to address short, medium, and long-term Fixed Asset management.