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City of Manitou Springs
CLA Finance Department Assessment
As of 03/14/19

Below is a brief summary of CLA's observations through the assessment of the City of Manitou Springs' Finance Department:

- Finance Director – Becca demonstrates an appropriate level of knowledge in governmental accounting and with the basic functions of her department. However, it would be beneficial for Becca to have additional training surrounding Federal Awards, Pension Liability, Financial Reporting, Caselle and Excel. In addition, it's apparent that during Becca's tenure she has managed to get things done and has implemented various improvements. She would, however, benefit from further development of upper managerial skills that are critical in her position. Primarily, she must assert herself as a leader within her team and amongst the other departments in order to get things done in as timely a manner as possible. This most likely will include having to hold others accountable when deliverables are required from other departments to satisfy deadlines. This may not be comfortable but, in her position, it is necessary. This was undoubtedly a contributing factor to some of the issues experienced during the prior year budgeting process. Also, Becca must get "out of the weeds" and become a reviewer rather than a preparer. A prime example of this is her preparation of financial reporting. All general ledger functions should be performed by the Deputy Finance Director as outlined in the Deputy Job Description. Becca should be reviewing. In order to avoid any future material misstatements in reporting, Becca must move aggressively into the reviewer role. She would also benefit from further development of analytical skills. This also includes reviewing Crystal Abeyta's reporting. Specifically, the Schedule of Expenditures of Federal Awards must be reviewed by Becca prior to finalizing. Finally, through my observations it also became apparent that Becca would benefit from a separate office that minimizes distractions and allows her to focus her attentions on those areas and functions that are necessary for the Finance Director. Any incoming traffic in the office should be handled entirely by either Joyce or Amanda. Also, e-mails and/or correspondence should be delegated downward whenever possible. It is certainly understandable that Becca must assist due to the small size of her team but delegation and a solid review process are critical in order to establish consistent financial reporting throughout the year and the potential for future financial planning.

- Deputy Finance Director – Nichole is also knowledgeable but we need to expand her responsibilities beyond payroll processing, payroll reporting and sales tax reporting and analysis. Nichole needs to become more efficient with her processes in order to take on all general accounting functions from Becca. Of the group, it is possible Nichole may be the most resistant to additional work and this may be a difficult situation for Becca.
- Accounts Payable Clerk – Joyce is cross trained in multiple areas and should have the ability to take on additional responsibility if some of her processes can be simplified. Utilizing an electronic document system that can link invoice images within excel should be able to help simplify her processes. This is further discussed with Accounts Payable.
- Accounts Receivable/Billing Clerk – Amanda is a good fit in the position and is competent in her functions. In time Amanda may be able to take on additional responsibility but the volume of some of her workload is seasonal and should be considered if additional duties will be delegated to her.
- Grant Administrator – There appears to be somewhat of a disconnect and lack of communication within the City's departments in regards to Crystal's responsibilities. Currently Crystal is working primarily with the Public Works department administering the Flood Recovery/FEMA grants and will soon be administering City contracts as well. It is our understanding that, as the grant administrator, Crystal should have a more integral part of the entire grant process and be included from the initial application through the close out of the grant. Currently, a "master list" of grants is located on the City's network without an official owner of the document/process. Crystal should be the owner of this file and in doing so, she also needs to be in constant communication with departments that are applying/utilizing grant funds to ensure proper compliance and timely reporting to both the grantor but also for the year end audit Schedule of Expenditures of Federal Awards.
- Financial Statement Reporting – The monthly financial statement report being provided to City Council is created in Excel by Becca manually entering data from Caselle based reports. Although the process works, manual data entry tends to take longer and is more prone to mistakes. This process can be simplified and made more efficient through the utilization of Excel and creating formulas to pull the data directly from the accounting system. In addition, it is important to note that the reports being provided are almost entirely on the cash basis of accounting. Expense accruals specifically are not being captured for expenditures and could drastically change reported amounts depending on the significance of the amount incurred. If the expectation of the City is to have more timely and accurate reporting, the Finance Department will need to work more closely with other departments to obtain, at the very least, an estimate of costs incurred for the period being reported. It is important to also note that in the event that the City begins forecasting financial results on a regular basis, understanding the estimated outstanding payables becomes even more critical to ensuring there are no omissions or duplications of expenditures.

- Audit/Financial Statement Reporting – Becca is currently working on the year-end financial statements to provide to the auditor and has provided an estimated timeline of entries. It appears to be reasonable; however, it should be accelerated in order to allow Becca a proper amount of review time to avoid any potential misstatements such as what was noted in the 2017 management letter from the auditor. In addition, much of the year-end work needed to finalize the annual financial statements needs to be updated throughout the year. This would not only significantly increase the efficiency of the year-end financial statement preparation for audit but would also allow for any errors or misstatements to be identified prior to year-end. Monthly or quarterly financial statement reporting should be prepared and in doing so; some of the entries can and should be done throughout the year. Other items, such as Capital Assets, can be tracked throughout the year by accounts payable.
- Departmental Reporting – Multiple departments are tracking their costs outside of Caselle and have been doing so for some time. It is our understanding that a primary reason for this is due to the lack of reporting that is provided by the Finance Department. Beginning with January 2019, Becca has provided a system generated report to the departments. This is a good start; however, the reports being provided have an excess amount of information and are difficult to read. It is our recommendation that the reports be customized either in Caselle or Excel. It would be beneficial for the City if the departmental reporting and review process were as seamless and meaningful as possible, which would allow the ability to eventually be able to perform additional planning functions, such as forecasting.
- Accounts Payable – Currently all invoices are being mailed in or physically delivered to Joyce for processing. Some departments retain copies of these invoices and some do not. It is our understanding that in 2019 Joyce will be exploring the Document Management function in Caselle. However, the standard process of providing the invoices to Accounts Payable will not change. It is our belief that this process can be simplified by having the Departments scan invoice images directly into the system after an account code has been assigned to the invoice. This will allow the City to have a consolidated repository for its invoices that are accessible to all departments and would minimize the need for other departments to retain copies internally.
- Accounts Receivable – The accounts receivable function works as a whole but a few minor improvements can be achieved during the analysis process, prior to finalizing. For example, Amanda reviews the monthly billings line by line for anomalies. This can be exported into Excel and anomalies can be identified through either a filter or a simple formula. Although the accounts receivable function works well, during the observation process it was observed there is a lack of controls regarding cash. Amanda performs all of the cash collections, receipting and depositing functions. In addition, she opens all mail and makes adjustments to resident's accounts when needed. As per best practice, there should be a segregation of duties and an additional layer of control implemented to ensure cash is safeguarded.

- Payroll Processing – Currently the bi-weekly payroll is being reviewed within the Finance Department a total of 3 times. This is in addition to the review that is performed by the approver within each department. This level of review is excessive and is certainly an area where all around training would be beneficial. The implementation of the electronic timesheets appears to be a step in the right direction but the process is not running efficiently. There are system constraints when it comes to the Police and Fire Departments that need to be adjusted for due to Caselle's inability to be customized by department. In addition, individuals have the ability to exceed vacation/sick days utilizing the electronic timesheets. This is adjusted by Finance after the department approver has approved payroll. The biggest issue appears to be the lack of training for both the employee and their reviewer. This needs to be addressed at the front end and specific instructions need to be provided. It may also be necessary for Nichole to further educate City employees that consistently record time incorrectly. An Excel template may be an option to assist approvers in reviewing timesheets but if things don't improve it may be necessary to alter the process to alleviate the amount of time being spent by the 3 employees reviewing in Finance and the department reviewer.
- Sales Tax Reporting Analysis – The sales tax reporting analysis prepared by Nichole on a monthly basis is a good report with pertinent information that could be used for the estimation of a revenue amount to be reported in the financial statements. However, much time could be saved by automating the process using Excel. The current process is manual and time consuming.

Overall, the team has been a pleasure to work with and all team members were helpful to the best of their ability. It does appear the team is functional and can get things done but can become more efficient and effective by implementing better review processes and utilizing tools such as Caselle and Excel to a greater capacity. Improving functions, becoming more efficient and issuing monthly reporting can all be achieved; however, the department must have a clear set of directions, expectations and overall guidance to facilitate departmental and City needs.

Attached to this report is a matrix which contains a listing of recommendations for training opportunities for the staff and the City.

A handwritten signature in black ink that reads "Clifton Larson Allen" followed by a stylized monogram.

May 17, 2019
Colorado Springs, Colorado

Areas of Improvement	CLA Recommendations/Training	Cost/Additional Info	Recommended Attendee(s)					
			R. Davis	N. Ortega	J. Jones	A. Robinson	C. Abeyta	City-Wide
Caselle - General Ledger	It is our belief that the Finance Director would benefit from in-house Caselle training to assist with report building procedures for Monthly and Annual City-Wide Financial Statements, Monthly Departmental Budget vs Actual reporting, Annual Budget Preparation and the ability to build other Adhoc reports as requested. Utilizing the systems capabilities to the fullest will help compensate for the small size of the City's Finance Department.	caselle training \$145 per hr online or Cost of \$1500 per day - per trainer. Caselle does not charge for travel days, just the days Instructors are on site. Airfare, Baggage Fees, Daily Per Diem, Car Rental, and Gas will also be charged to the City.	X	X	X	N/A	N/A	N/A
Caselle - Payroll/Electronic Timesheets	Per conversation with a Caselle representative, it is our recommendation that a training representative from Caselle come to the City for an in-house training session with the City to review the setup of the Electronic Timesheets, remedy any setup issues prohibiting the ability to customize Police Department payroll and Should the training not achieve the objective needed, it may be necessary for the Police Department to track time manually and entered by the Finance Department. However, it is our recommendation to utilize electronic timesheets whenever possible.	See - Caselle - General Ledger. Training can be scheduled in conjunction with the General Ledger training.	X	X	X	X	X	X
Caselle- Purchasing and Requisitions	The purchasing and requisition module in Caselle can facilitate the City's ability report expenditures more timely and accurately. By utilizing the the new module, departmental users will be required to create a purchase requisition prior to incurring the actual costs. If utilized properly, the module will implement proper spending controls while simulataneously enhancing the City's ability to capture accruals for incurred expenditures that have yet to be received by the City.	Purchasing and Requisition Module \$68 additional per month fee. No user license fees. Training can be scheduled in conjunction with the General Ledger and Payroll training.	X	X	X	N/A	N/A	X
Other Caselle Training Opportunities	It would be our recommendation that the Finance Director attend the Annual Caselle Conference in October. This would provide an additional supplemental training for the Finance Director and also provide useful tips and ideas that other organizations are utilizing.	Caselle 2019 Conference October 9th-10th Aria Hotel, Las Vegas, NV \$450-\$595 Registration Cost	X	N/A	N/A	N/A	N/A	N/A
Other Financial Reporting	CLA provides a complimentary round table event at UCCS on 06/12/19 to help organizations make reporting more meaningful. We recommend the Finance Director and Deputy attend the CLA Roundtable: Crafting Your Nonprofit and Government Financial Story. Key takeaways will be: Explain what information your organization wants to communicate in its financial reporting Identify techniques for presenting and communicating financial information to provide a clearer picture of your financial landscape Develop financial reports using a dashboard format Each of the Finance Department's staff can benefit from understanding and utilizing various formulas in Excel. The following areas and formulas can be improved: V-Lookups and Index Match formulas can assist identifying data using a unique identifier. This can be used to help with identify anomalies in billing based on their account number or it can be used to assign a specific category in order to simplify Sales Tax Reporting.	CLA session at UCCS 06/12/19	X	X	N/A	N/A	N/A	N/A
Excel		Excel Tips	X	X	X	X	X	N/A

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	Pivot Tables can be utilized to consolidate mass data in order to create various reporting. By assigning an account grouping to a basic Trial Balance exported report and creating a pivot table, customized automated reporting can be created by either utilizing simple linking formulas or through the utilization of a V-Lookup formula. If specific budgeting or financial reporting cannot be achieved through the utilization of Caselle, this is a good way to populate data in an timely and efficient manner.							
Schedule of Federal Awards	The Schedule of Federal Awards must be review by R. Davis prior to being provided to the auditor. Links have been provided for additional CLA resources. In addition, as Crystal is the most familiar with the grant reporting, it should be her responsibility to monitor and manage all grant awards. Clear communication must be provided City-Wide regarding her responsibilities and any grant activity must also be communication with Crystal.	cla grant compliance workbook	X	X	N/A	N/A	X	N/A
		cla disaster recovery grant management	X	X	N/A	N/A	X	N/A
Pension Liability Reporting	Links to the GASB and PERA websites have been provided to assist with the general understanding and reporting. However, due to the complexity of the Pension Liability Reporting for GASB 68 and the implementation of GASB 75, it is our recommendation that this calculation be outsourced until a future time at which the calculation can be brought in house. This will not only ensure the accuracy of reporting but also it will provide the finance department the ability to finalize year end financial statements in a timely manner.	gasb implementation toolkit PERA Pension Website	X	N/A	N/A	N/A	N/A	N/A
			X	N/A	N/A	N/A	N/A	N/A
Cash Controls - Segregation of duties	It is our recommendation that the City segregates the responsibilities for cash handling and recording of cash transactions between A. Robinson and J. Jones. Responsibilities can be rotated between both parties but neither party should perform both receipt of cash and recording in the system on the same day.	N/A	N/A	N/A	X	X	N/A	N/A
Monthly financial reporting	To ensure the most timely and accurate reporting, it is important for all financial statement entries be entered into the system on a monthly basis. This especially includes accrual of expenditures. If the purchasing and requisition module is utilized, this process can be simplified.	N/A	X	X	N/A	N/A	N/A	N/A
Leadership and communication	It may be beneficial for the Finance Direct to obtain additional training at Pikes Peak Community College.	Pikes Peak Catalog						
	COM 225 Organization Communication: This course focuses on the role of communication theory and skills as they apply to business and organizational settings. Topics include organizational and leadership models, effective communication skills with peers, superiors, and subordinates, environmental factors impacting communication, and interviewing skills.	COM 225 Ogranization Communication \$446.70 plus any applicable fees. Class is 3 credit hours.	X	N/A	N/A	N/A	N/A	N/A
	COM 269 Leadership: This course emphasizes the essential skills and attributes of leadership. Through lectures, activities and readings, the students will understand the differences between leadership and management, how theory leads to practice, and the appropriate leadership style to use according to the situation.	COM 269 Leadership \$148.90 plus any applicable fees. Class is 1 credit hour.	X	N/A	N/A	N/A	N/A	N/A