

DARCIE ANTLE
CHIEF EXECUTIVE OFFICER



SARA PIERCE
ACTING AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

CORRECTIVE ACTION PLAN
INTERNAL CONTROL OVER FINANCIAL REPORTING
JULY 1, 2020 THROUGH JUNE 30, 2022

California State Controller
PO Box 942850
Sacramento, CA 94250
Attention Kimberly A Tarvin, CPA - Chief, Division of Audits

October 10, 2024

The County of Mendocino respectfully submits the following Corrective Action Plan (CAP):

Finding	Recommendation	CAP	Status	Planned Completion Date	Responsible Parties
FINDING 1 —Untimely Financial Transactions Report and Financial Statements	For future reorganizations, conduct a risk assessment before implementing significant changes, such as consolidating two elected offices.	The Board of Supervisors agrees that with future reorganizations, a risk assessment should be implemented prior to significant changes, such as consolidating two elected offices, so long as the elected officers or affected departments are responsive and agree to participate in the risk assessment in a timely manner. Without responsive and timely participation by all affected parties, a risk assessment can be indefinitely delayed or published with incomplete information.			Board of Supervisors
	Continue implementing the recommendations in the Grand Jury 2023 report, "Accountability at the County: 25 Years of Transient HR Leadership and a Hobbled HR Department.	Cherie Johnson was appointed Director of Human Resources in September 2024.	Completed	September 2024	Cherie Johnson, Human Resources Director
		Human Resources began work on a department Strategic Plan that incorporates the County's strategic plan, and Human Resources integrated the Board of Supervisors' responses to the Grand Jury report into this plan. Many items have been completed, others are still in progress, and some are continuous projects.	Ongoing		

Finding	Recommendation	CAP	Status	Planned Completion Date	Responsible Parties
FINDING 1 —Untimely Financial Transactions Report and Financial Statements	Hire, train, and retain competent staff.	<p>Human Resources provides monthly trainings to all staff, including supervisor and managers academy and a management roundtable series. There are opportunities for all staff to attend leadership courses that focus on High Performance Organization, and trainings through our employee assistance program to promote the well-being of County employees. All departments reporting to the CEO, the trainings are mandatory.</p> <p>Human Resources, through the leadership teams, provide annual anniversary surveys to all employees and an annual employee engagement survey.</p> <p>Human Resources is in the process of updating Civil Service Commission rules, and plans to present to the Commission in December 2024.</p> <p>Human Resources has also been working with many departments to update class specifications to align with the jobs employees are performing and the needs of the departments.</p> <p>Human Resources is working with Information Technology to create an online evaluation process through Munis, and plans to have implemented by July 1, 2025. Historically employees at a Step 5, evaluations were not tracked. Human Resources has implemented the tracking of employees that are currently at Step 5 in the merit chart to ensure evaluations are being completed. This will provide continuous feedback to employees which benefits the overall culture of the County.</p>	Ongoing		Cherie Johnson, Human Resources Director
		<p>Auditor-Controller/Treasurer-Tax Collector Offices ONLY: A full review of staff functions has been conducted to ensure adequate coverage and timely completion of tasks.</p> <p>A formal request for an organizational restructuring of the Treasurer Tax-Collector office will be brought to Civil Service on October 16, 2024. Depending on recommendations from Civil Service, an item will be brought to the Board of Supervisors on November 5, 2024.</p> <p>A formal request for an additional Full Time Equivalent (FTE) for the Auditor-Controller office will be requested during the Quarter 1 Board Agenda item.</p>	In Process	December 31, 2024	Sara Pierce, Acting Auditor-Controller/ Treasurer-Tax Collector
		Formalize and implement policies and procedures for journal entries and the annual year-end account closing.	Numerous policies and procedures, including those listed in the review report, are in the process of being created/updated and implemented. Please see Appendix A for complete list of proposed policies and procedures.	In Process	December 31, 2024 for Journal Entry and Year End Closing Policy and Procedure only

Finding	Recommendation	CAP	Status	Planned Completion Date	Responsible Parties
FINDING 1 —Untimely Financial Transactions Report and Financial Statements	Develop and implement a plan with milestones and targeted completion dates for processing the backlog of journal entries.	Back log of journal entries has been addressed.	Completed	December 2023	Sara Pierce, Acting Auditor-Controller/ Treasurer-Tax Collector
		Automation of the journal entry process is actively being discussed.	In Process	December 31, 2024	
	Recognize revenues in MUNIS in a timely manner.	Timely recognition of revenues in Munis has been addressed. The County received the Fiscal Year (FY) 2022/23 audit in June 2024, and there were no findings to note.	Completed	June 2024	
	Consider investigating the 14 bank accounts to determine whether there was any fraudulent activity.	The County reviewed transactions for the Fiscal Years Ended June 30, 2022, forward and did not find any fraudulent activity.	Completed	January 2024	
	Centralize county financial activity within MUNIS.	During the Fiscal Year (FY) 2022/23 close process, the County was able to record adjusting entries into MUNIS which will improve accuracy, transparency, and financial oversight. The practice of recording adjusting entries will continue as a standard operating procedure.	Completed	January 2024	
		Internally produced financial statements will be presented to the Board of Supervisors on November 5, 2024 for the Fiscal Year Ended June 30, 2024. This will be the first set of Financial Statements that can be completely produced using data from the financial system.	In Process	November 2024	
		The County is in the process of addressing concerns related to the Social Services disbursements from the State, not being recorded in MUNIS, since the upgrade in February 2022.	In Process	June 30, 2025	
The County is also in the process of reviewing various functions within Munis to gain efficiencies by automating processes. The initial focus will be around Journal Entries, Invoicing, Fixed Asset Tracking, and Bank Reconciliations.					
FINDING 2 —Inadequate Controls Over Bank Reconciliation Process	Reconcile bank and general ledger balance to the County Treasurer's records on an ongoing and timely basis to ensure the cash balances reported in the general ledger is complete and accurate.	During the FY 2022/23 and FY 2023/24 close, staff reconciled the general ledger to the County's treasury report and to the bank statements.	In Process	December 31, 2024	Sara Pierce, Acting Auditor-Controller/ Treasurer-Tax Collector
		A full implementation of an automated monthly bank reconciliation in the financial system Munis is being actively worked on.			
	Develop a plan and complete the backlog of reconciliations	Reconciliation of backlog prior to FY 2022/23 is not possible as not all adjusting entries were entered in Munis.	Unable to complete due to system limitations and time constraints	Unable to complete due to system limitations and time constraints	
Update, formalize, and implement policies and procedures to ensure that reconciliations are completed, reviewed, and approved in a timely manner.	Numerous policies and procedures, including those listed in the review report, are in the process of being created/updated and implemented. Please see Appendix A for complete list of proposed policies and procedures.	In Process	December 31, 2024 for Bank Recon Policy and Procedure only		

Finding	Recommendation	CAP	Status	Planned Completion Date	Responsible Parties
FINDING 3 —Insufficient Internal Controls Over Payroll	Segregate the duties in the payroll adjustment process to ensure that no individual is able to create, approve, and record pay adjustments unilaterally.	<p>Segregation of duties for Misc Pay entry and processing has been implemented:</p> <p>The employee entering one of the four (4) Misc. Pay adjustment is not the one processing payroll.</p> <p>Documentation for Misc. Pay code adjustments are required and saved as part of the pay period records.</p> <p>Additionally, prior to completion of payroll, both the Acting Auditor-Controller/Treasurer-Tax Collector and the Chief Executive Officer reviews the payroll register and provides approval.</p> <p>Once the payroll is approved and completed, the payroll manager will submit the posted payroll register to the Acting Auditor-Controller/Treasurer-Tax Collector and the Chief Executive Officer for comparison back to approved register.</p>	Completed	January 2024	Darice Antle, CEO Silvia Flores, Payroll Manager
		<p>In addition to implementing segregation of duties noted above, the following is also being addressed:</p> <p>Cross training of payroll staff is ongoing. Previously only one individual could process the payroll. Currently, there are at least two individuals who are fully trained with a third individual in training as of October 2024.</p> <p>The creation of a full payroll processing life cycle procedure manual is ongoing.</p> <p>Bi-weekly check-ins with Client First, a contractor specializing in the payroll processing system within Tyler Technology/Munis, for best practices and guidance.</p>	Ongoing		
FINDING 4 —Lack of Established Policy and Procedures	<p>Review, update, and document its accounting policies to ensure consistency with current processes;</p> <p>Ensure that its accounting policies clearly state the authority and responsibility of appropriate parties; and</p> <p>Disseminate the accounting policies to all responsible employees and provide training when necessary.</p>	<p>Numerous policies and procedures including those listed in the review report, are in the process of being created/updated and implemented. Please see Appendix A for complete list of proposed policies and procedures.</p>	In Process	June 30, 2025	Sara Pierce, Acting Auditor-Controller/ Treasurer-Tax Collector

If there are any questions regarding the proposed plan, please reach out to Sara Pierce, Acting Auditor Controller/Treasurer- Tax Collector at (707) 234-6860.

Regards,

Sara Pierce

Appendix A

Proposed Policies and Procedures

Accounts Payable
Accounts Receivable and Due from other Governments
Capital Assets
Cash Receipts
Cost Plan
Credit Cards
Custodial Personal Property
Delinquent or Uncollectible Accounts Receivable
Depositing into the County Treasury
Discharge of Accountability of Accounts Receivable
Escheating Unclaimed Funds
Fair Market Value
Fiduciary Fund Accounting
Fund Requests
Gifts and Donations
Grants
Imprest Funds (Petty Cash, change funds, gift cards/certificates, cash equivalents)
Interfund/Intra Fund Transfers
Internal Billing
Inventory
Journal Entries
Non-Capital Assets
Projects
Records Retention Guidelines for ACTTC offices
Stop Payments
Warrants

Property Tax Specific

Low Value Exemption
Refunds
Special Assessments