California State Auditor Report 2025-049 Mendocino County

The California State Auditor Report 2025-049 Mendocino County Titled: *It Should Continue to Address Its Strained Financial Condition and Can Improve Several Important Operational Processes*, Issued December 18, 2025 required responses from some County offices, including the Auditor-Controller/Treasurer-Tax Collector (ACTTC) at the following intervals; upon draft issuance, 60 days, 6 months, and one year. The following responses were submitted by the ACTTC for the 60-day reporting time frame – it should be noted that responses are submitted online and limited to 250 words each:

2025-049: Mendocino County: It Should Continue to Address Its Strained Financial Condition and Can Improve Several Important Operational Processes (Released: 12/18/2025)

Finding 12

To ensure the consistency and efficiency of its operations, the ACTTC's Office should revise its timeline for creating policies and procedures for key responsibilities, including bank reconciliations and journal entries, by March 2026. It should then follow this timeline.

6-Month Response

The Auditor-Controller's Office (ACO) has drafted policies and procedures for the following key functions:

- Accounts Payable
- Accruals (Modified Accrual Basis)
- Bank Reconciliations (subject to revision following implementation of the Munis Bank Reconciliation Module)

- Journal Entries (subject to revision following full implementation of the electronic workflow)
- Year-End Close Process
- Interest Apportionments

Additional progress includes:

- The ACO has an open contract with Regional Government Services (RGS). The ACO has requested assistance with developing and finalizing remaining policies and procedures.
- Due to the accelerated deconsolidation of the Auditor-Controller and Treasurer-Tax Collector offices, leadership transitions, and current staffing vacancies, completion of a comprehensive Policy and Procedure Manual has been delayed.
- The ACO anticipates publishing a finalized Policy and Procedure Manual by June 2027.

To improve consistency and efficiency while policies are being finalized, the ACO has implemented several operational enhancements:

- Munis Bank Reconciliation Module implementation is scheduled for July 2026.
- An electronic journal entry workflow has been developed within Munis, eliminating paper processing and improving efficiency.
- A pilot program is scheduled prior to countywide implementation of the electronic journal workflow.
- Journal entry submission deadlines have been established to improve timeliness and reduce backlog.
- Three countywide journal entry training courses have been conducted, with additional department-specific training ongoing.
- Departments have demonstrated improved compliance with journal entry requirements and established deadlines.

Finding 13

<u>To maximize the county's accounting system's capabilities and to ensure consistent documentation of the work its staff perform, the CEO's Office and ACTTC's Office should, by September 2026, collaboratively develop a plan for using more of the system's capabilities. At a minimum, the plan should address electronic processing of journal entries and bank reconciliations. It should also include goals for how the county will use the system, assign responsibility to specific staff for managing the county's efforts to reach those goals, and create deadlines for achieving the goals.</u>

6-Month Response

- The Board of Supervisors through the CEO's office approved contracting with Ben Rosenfield to produce a Financial Road Map which outlined clear, actionable steps to improve the County's financial management while addressing problems highlighted in recent audits. This includes reimplementing the financial system so functionality can be maximized. The Financial Road map was approved by the Board on 6/2/26. Steps taken so far include:
    - The ACO, CEO's Office, and Information Services established a steering committee to oversee Munis ERP reimplementation efforts.
    - The Board of Supervisors approved funding to support the initiative.
    - The steering committee will meet monthly to monitor progress and evaluate interim system improvements.
    - Site visits with Napa and Marin Counties are planned to review Munis best practices.
    - Tyler Technologies will be asked to demonstrate current software capabilities.
    - Interim enhancements under evaluation include automated journal workflows, bank reconciliations, interdepartmental billing, project and grant management, stale check processing, and CIP tracking.
    - Automated journal workflows are targeted for implementation in July 2026.
- Monthly coordination meetings between the ACO and CEO's Office continue to support implementation planning and operational improvements.

Finding 15

<u>To ensure that the ACTTC's Office receives necessary information from departments in a timely manner, the CEO's Office and the ACTTC's Office should, by June 2026, collaborate on a protocol that outlines the key expectations for the timeliness and content of these communications. These offices should meet monthly to coordinate and share information about requests that have gone unfulfilled and to identify successful approaches to sharing information that they can replicate.</u>

6-Month Response

- The ACO and CEO's Office continue to meet monthly to coordinate communication expectations and monitor progress.
- Department liaison contacts have been identified and are notified when information requests remain outstanding after follow-up attempts.
- The ACO distributed fiscal deadlines and reporting expectations to department heads and fiscal staff.
- Departments have improved the timeliness of accounts payable submissions and journal entries.
- The CEO's Office has supported efforts to obtain timely responses and reinforce compliance with established timelines.
- The ACO will host its second annual fiscal year-end training on June 24 and 25, 2026, for fiscal staff, management, and department heads.
- Individual follow-up meetings will be available to address department-specific questions and provide additional guidance.

Finding 17

<u>To ensure that the county is fully prepared to address future changes resulting from new accounting standards, the ACTTC's Office should, by June 2026, establish a plan for how it will approach these changes. At a minimum, the plan should designate which staff in the ACTTC's Office are responsible for monitoring changes in relevant standards and specify how the office will communicate with other county departments about their responsibilities for gathering, analyzing, and providing required information.</u>

6-Month Response

- The ACO engaged Regional Government Services (RGS) to assist with implementation of new accounting standards and related staff education.
- RGS will support implementation of GASB Statements No. 101 and No. 103 for fiscal year 2025-26.
- Responsibility for monitoring emerging accounting standards remains within the ACO and will be incorporated into departmental procedures.
- The ACO will communicate information requirements to affected departments and coordinate the collection of data necessary for future implementations.
- Staff training and knowledge transfer activities will be incorporated into the implementation process to strengthen internal capacity for future standards.