

FINANCIAL ASSESSMENT OF THE FINANCE DEPARTMENT

THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

JULY 28, 2022



THE
ROBERTBOBB
GROUP^{LLC}





Presentation Team



ROBERT BOBB

President & CEO

The Robert Bobb Group, LLC

Mr. Bobb leverages more than 40 years of executive management experience in both the private and public sectors. He is the owner, President and CEO of The Robert Bobb Group, LLC (RBG), a multi-faceted private/public sector consulting firm specializing in restructuring and turnaround management consulting. RBG's primary objective is to help governments, schools and businesses find financial and operational solutions, greater efficiency and long-term viability.



BYRON C. MARSHALL

Managing Director

Integrated Public Management Solutions, LLC

Mr. Marshall has worked 30+ years as has worked as the Chief or Deputy Chief appointed administrative official, in five in large local governments, and as CEO/Executive Director of several and non-profit agencies.

He specializes in advising local government leaders on Government Operations, Economic Development, Strategic Planning and Budgeting.

Among other professional honors, Byron is a Fellow in the National Academy of Public Administration.



NANCY L. ZIELKE

Managing Director,

Alvarez & Marsal Public Sector Services, LLC

Ms. Zielke has worked for 40+ years for various state and local governments, public utilities, and higher education institutions including 25 years as Finance & Budget Director in various public entities.

She specializes in CFO Advisory and Government Transformation Services to improve financial and operational outcome to state & local governments.

Nancy is a recognized and known leader in public finance and active in GFOA where she served as the elected GFOA President.



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Executive Interviews

The RBG Team conducted interviews with executive stakeholders to gain their insights and perspectives on the financial operations of the Unified Government of Wyandotte County/Kansas City, Kansas (UG)

Interviewed	
Name of Interviewee	Role
Kickoff Meeting	Finance Department
Honorable Tyrone Garner	Mayor/CEO
Cheryl Harrison-Lee	Interim County Administrator
Kathleen VonAchen	Director of Finance
Debbie Jonscher	Deputy Chief Financial Officer
Reginald Lindsey	Budget Manager
Michael Peterson	Assistant Budget Manager
Pam Kahao	Accounting Manager
Rebecca Sandow	Grants Manager
Make Grimm	Research Manager
Ron Green	Payroll Manager
Alyse Villarreal	Debt and Economic Development Administration Program Supervisor
Becky Berger	County Treasurer/Revenue Director
Elizabeth Bergman	Municipal (debt) Financial Advisory, Baker Tilly
Brian Johnston, Esq	Health Benefits Advisory, Jackson Lewis P.C.



Organizational Improvement Strategies

Best practices in government support the need for the Finance Office to be a key resource in building trust and open communications about the financial health of a community

Observations:

- The Finance Team is very knowledgeable about best practices and their roles within the Finance Department
- The UG has maintained the current bond ratings of Aa by Moody's and AA Standard and Poor's
- Division leaders expressed concerns about the ability to recruit and retain professional employees and the lag time in the processing of Human Resource (HR) requests
- Finance leaders expressed workload challenges in meeting competing demands (e.g., *new ERP system implementation tasks, recent cyber security breach challenges, and other special projects*) which are inhibitors to being 100 percent successful in their jobs
- Finance Team would like to see more interdepartmental strategic planning, sharing of information, and improved communication on policy and operating issues

Improvement & Enhancement Strategies:

- Need for improved communication to the stakeholders (e.g., County Administrator's Office, Elected Officials and internal stakeholders) in a clear and concise manner
 - *For example, June Budget Assumptions presentation included too much detail about national and regional issues and not enough clear and concise policy considerations related to the UG*
- Enhance Budget & Strategy function focusing on analysis for improved accountability and decision making
- Create centralized Grants Management reporting and compliance function across all UG Departments
- Shift Purchasing Office to become a division under the Finance Department
- Assess processes and opportunities for centralization of UG revenue and cash management functions



Organizational Improvement Strategies

Need for improved communication to stakeholders in a clear and concise manner

Observations:

- Best practices in government support that communication is essential for developing a local government's budget
- Finance is responsible for communicating complex financial and programmatic information to many different stakeholder groups
- Best practices support that planning, strategizing, and negotiating are some of the most important skills that a finance officer must employ to develop and manage a budget effectively
- Good communication is at the core of mastering these skills
- Recent Finance Department presentations have included a significant amount of detail that needs to be presented in a summarized and conclusive manner

Improvement & Enhancement Strategies:

- Finance needs to focus on improving clear communication to enhance collaboration and build trust within UG officials and the community
 - *June Budget Presentation was reviewing economic trends versus driving the conclusion of needing to address a structurally unbalanced General Fund Budget*
- Ensure that budget and financial presentations are in a **clear, simple, and conclusive manner**
- Finance should present assumptions or financial results without delving too far into the details of the specific issues unless asked
- Presentations should be summarized with meaningful conclusions
- Finance should seek training opportunities in how to communicate complex information and financial data that will drive decision making purposes



Organizational Improvement Strategies

Enhance Budget & Strategy function focusing on analysis for improved accountability and decision making

Observations:

- Budget & Strategy Office has FTE authorization for 8 FTE with only five positions are currently filled
- Budget is not involved in developing revenue budget
- Priority based budgeting is not complete
- Analysis of current year expense and revenue trends is completed at a high level without any deep analysis of what is causing the variations from budget
- Budget is not involved in labor negotiation projections and/or economic incentive analyses
- Budget document does not include department goals and performance measures
- Surveyed communities have similar program operations with the Budget Office being a component of the Finance Department vs. County Administrator's/Manager's Office

Comparison of Budget FTE and Organizational Alignment

Name of Government	Budget (Expenses)	# of Funds	Population	Total FTE	Budget FTE & Alignment
Wyandotte County/Kansas City	\$420.2M (22)	29	160,384	2,405.80	8.0 Finance
Johnson County, KS	\$ 1.45B (22)	27	628,032	4,173.74	10.0 County Manager's Office
Sedgwick County, KS	\$480,191,394 (22)	17	515,416	3,292.84	5.0 Finance
Wichita, KS	\$600.3M (22)	35	397,532	3,067	9.0 Finance
Overland Park, KS	\$327.5M (22)	33	204,340	1,180.52	0.5 Finance
Topeka, KS	\$339M (22)	37	125,310	1,144	4.0 Administrative & Financial Services
Grand Rapids, MI	\$546M (22)	57	201,013	1642	8.48 Fiscal Services
St. Paul, MN	\$811.2M (22)	16	305,877	3,000	7.0 Financial Services
Lincoln, NE	\$626.4M (21-22)	66	289,102	2,102.96	4.5 Finance
Athens-Clarke County, GA	\$274.2M (22)	29	131,857	1,769	4.0 Finance



Organizational Improvement Strategies

Enhance Budget & Strategy function focusing on analysis for improved accountability and decision making

Improvement & Enhancement Strategies:

- **Realign Budget & Strategy function with direct reporting into the County Administrator's Office**
 - Fill vacant positions and retain Budget Planning & Strategy function in Finance
 - Combine Research Office function with Budget & Strategy
- **Shift Revenue Budgeting to Budget**
 - Create Revenue Consensus Team with Budget & Strategy, as the lead
 - Revenue Consensus Team would include active participants from CFO, Research, Revenue, and Appraiser Offices to ensure assumptions are validated and monitored
- **Establish Goals & Performance Measures**
 - Future year budget document should include department goals, objectives and performance measures that aligned to Board's strategic plan and UG wide goals
- **Enhanced budget analysis and reporting**
 - Expand the focus of the quarterly report to include analysis of what is causing the spending and revenue trends and propose solutions where appropriate
 - Budget reporting should include the status of department operating and CMIP spending trends
- **Centralization of data analysis for decision making**
 - Best practices support the use of data and analysis for decision making purposes to improve the quality and long-term sustainability
 - Research Office be directly aligned with the Budget & Strategy Office for enhanced data analysis
 - Research & Budget should be involved in revenue forecasting, labor negotiations, economic fiscal impact, and coordination of UG data and reporting needs



Organizational Improvement Strategies

Create centralized Grants Management reporting and compliance function across all UG Departments

Observations:

- Grants Management Office is to provide guidance on UG-wide grants management policy that: 1) seek and receive federal funding; 2) engage in grantmaking; and 3) execute policies and procedures to comply with local and federal regulations
- The Grants Management Advisory Committee is to standardize, streamline and improve UG's grant management practices to increase collaboration and partnerships between departments
- The current Grants Manager was very professional and knowledgeable about reporting and compliance needs
- Current COVID grant related reporting is currently handled by the CFO's Office and not the Grants Management Office
- However, the Grants Management Office function is not a fully centralized function for grants management, reporting, compliance along with grant seeking opportunities with many UG departments performing similar functions

Improvement & Enhancement Strategies:

- Assess grant management, reporting and compliance needs with goal to centralized grants management function
- All State & Federal grants should be appropriated in the budget
- Current UG charter states that ALL funds shall be a part of the budget process
- Grants Manager should have supervisory oversight of all grant management functions (*including ARPA*) including compliance, monitoring, reporting and cash drawn requests
- Monitor processes and internal controls across the UG departments financial and operational performance of grants
- Finalization of grants management policy and procedures
- Establish trainings for key internal stakeholders on governance, program, and fiduciary oversight, and subrecipient monitoring



Organizational Improvement Strategies

Realign Purchasing Office to become a Division under the Finance Department

Observations:

- In review of City/County Governments, we found that the Purchasing or Procurement function is usually a component function of the Finance Department
- Section 29-46 of the Unified Government of Wyandotte County/Kansas City, Kansas Procurement Code stated that the “The purchasing division headed by the purchasing director shall be a division under the finance department”

Improvement & Enhancement Strategies:

- Realign Purchasing function to the Finance Department for improved accountability of how resources are spent and managed
- The Purchasing Director should be a key member of the Finance leadership team to improve procure to pay processes within the UG

Comparison of Purchasing FTE and Organizational Alignment

Name of Government	Budget (Expenses)	Population	Total FTE	Purchasing FTE & Alignment
Wyandotte County/KCKS	\$420.2M (22)	160,384	2,405.80	8.0 County Administrator's Office
Wichita, KS	\$600.3M (22)	397,532	3,067	10.0 Finance
Overland Park, KS	\$327.5M (22)	204,340	1,180.52	9 Finance (Decentralized)
Topeka, KS	\$339M (22)	125,310	1,144	6.0 Administrative & Financial Services
Johnson County, KS	\$ 1.45B (22)	628,032	4,173.74	5.0 Financial Management and Administration
Sedgwick County, KS	\$480,191,394 (22)	515,416	3,292.84	8.0 Finance
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Organizational Improvement Strategies

Assess processes and opportunities for centralization of UG revenue and cash management functions

Observations:

- Recently hired County Treasurer/Revenue Director was very professional and knowledgeable of cash and revenue management practices and need for continued refinement of business processes to improve accuracy in cash receipts
- Recent process and organizational improvements to Motor Vehicles has streamlined operations and improved customer service (e.g., wait times)
- There are over 40 different cash location point of sale locations across the various UG Departments

Improvement & Enhancement Strategies:

- With the large number of cash collection locations, a comprehensive and detailed assessment of cash and revenue management practices is needed to improve accountability, accuracy, and timeliness of cash collections and receipt postings
- Recently hired Revenue Director needs to have input into any proposed reorganization of the cash management and reconciliation processes
- Prior to the purchase of any new Point of Sale cashiering system a review of all UG tools and applications should be completed
- Examine opportunities for centralization of cash receipting for Delinquent Property Tax Collections within the Finance – Revenue Division, as part of cash and revenue management review



Operational Improvement Recommendations

— ***During a series of 14 key stakeholder interviews and review of industry best practices the following operational improvement strategies are recommended to drive financial excellence within the UG:***

Recommendation 1. Understanding & Monitoring Financial Health of the Community

Recommendation 2. Revamp Priority Based Budgeting Processes

Recommendation 3. Review Need for Independent Verification and Validation (IV&V) of Workday ERP
Go-Live Readiness

Recommendation 4. Need for Procurement Card Assessment

Recommendation 5. Bidding of External Audit and Other Finance Service Professionals

Recommendation 6. Need for Risk Management Operational & Organizational Assessment

Recommendation 7. Need for Financial & Operational Plan for Cyber Security Preparedness

Recommendation 8. Role of the Finance Office in Economic Development

Recommendation 9. Need to Operationalize Financial Accountability Policies and Procedures



Recommendation 1. Monitoring and Understanding the UG's Financial Health

Observations:

- We asked for, but never received the set of metrics (dashboard) used to measure the financial health of the UG, and how well the government was performing against those metrics
- We were able to ascertain that there are policies that determine, for example, the minimum fund balance for the GF at the equivalence of 2 months of expenditures (17%)
- We did not locate a tool for forecasting and monitoring cashflow and cash position
- UG's level of bonded indebtedness is high when compared to other jurisdictions in the State, UG financial policies limit bonded debt to 10% of GF expenditures and is being met. However, no clear strategy was articulated for reducing the debt load from the current high levels. No plan was articulated for addressing the structural imbalance in the City GF.
- The unreserved Fund Balance was used to balance FY22 Adopted, and FY22 Preliminary Amended, GF budgets

Improvement & Enhancement Strategies:

- Publish a dashboard of key indicators of financial strength, and [their trends], such as :
 - # of days of operating cash on hand (by major fund)
 - % of total costs that are fixed, e.g., wages, funded and unfunded benefits, debt service – compared to current revenue. Fixed costs are more difficult to control during times of fiscal stress. A high level of fixed costs also lessens the amount of money available for discretionary or unexpected expenses.
 - Long term debt per capita, and as a % of GF revenues.
 - Per capita operating expenses
 - Per capita operating revenues, vs inflation
 - Per capita operating expenses, vs growth in service demand
 - Level of unreserved Fund Balance
 - Use of Fund balance (reserves) for one- time needs
 - Budgeted vs Actual revenues and expenditures
 - Amount of Unrestricted cash on hand
 - The composition and relative strength of the tax base



Recommendation 1. Monitoring and Understanding the UG's Financial Health

Improvement & Enhancement Strategies - Continued

- Develop a set of benchmarks to compare the UG's financial condition to those of its high performing peers
- Provide regular financial updates, with detailed analyses to the UG Leadership and Governing body -- based on the dashboard and trend analyses. Describe not on what is happening, but why, and what should be done to address significant variances.
- In conjunction with other Directors, (Planning Economic Development, Community Development, Police, Human Services, etc.), develop plans, with options, for the County Administrator and Mayor to present to the Board that address:
 - The structural imbalance in the KCK GF
 - Reducing the level of long- term bonded indebtedness
 - The backlog of unmet infrastructure needs and the Board's other six goals
 - The millage rate for City residents
 - Equitable development and job creation throughout WyCo/KCK



Recommendation 2. Revamp Priority Based Budgeting Processes

Background:

The UG has initiated a Priority Based Budgeting (PBB) program:

- This best practices based approach to financial management and budgeting “...emphasizes strategic planning to accomplish the goals and objectives identified by municipal leaders and members of the community
- Benefits...achieved in communities that have adopted this style of budgeting,” include increased transparency, increased community involvement and more accountability.”

For PBB to be successful, several elements are necessary:

- UG wide goals
- Prioritization of those Goals
- Allocation of funding based upon the priorities set
- Metrics for measuring progress towards achieving those goals

- Regular reporting on progress being made towards achieving the prescribed goals, and
- Mid-course corrections as necessary to adjust goals, funding metrics, etc.

Observations:

- **Goals:** The Board has identified six goals, but they are not related to a Strategic Plan for the UG enterprise
- **Prioritization:** It is not clear how the goals have been prioritized no to what extent priorities to into consideration, mandated vs. core vs. discretionary services
- **Allocation:** It is not clear that the budget is allocated based on priorities specific to the goals
- **Metrics:** We did not discover any UG wide metrics by which to gauge success or progress
- **Progress Reporting/Mid Course corrections:** N/A



Recommendation 2. Revamp Priority Based Budgeting Processes

Improvement & Enhancement Strategies:

- The Mayor, County Administrator and Board should work together with the community to develop a Strategic Plan for the UG. It should incorporate, at a high level, the various departmental strategic plans
- The planning process should re-validate the Six Board Goals included in its Strategic Plan Dashboard, address the long-term fiscal health of the UG and the community, and develop metrics that quantify success and measure progress towards success
- In the immediate term the budget process should take a multi-year focus as a means of tackling tough problems like the structural imbalance of the City General Fund, the long-term debt load, the tax burden attempting to lower taxes and fees and addressing the backlog of deferred infrastructure maintenance and replacement
- The prioritization of goals should also include identifying, costing out and prioritizing:
 - **Mandated Services** - Legally required
 - **Core Service** – Basic Service needs safety and public health
 - **Discretionary Services** – Good to have to make the community better place to live
- The goals and metrics should be viewed through a cross functional lens, e.g., public safety involves more than the criminal justice system...it also involves a sense of safety affected by disorder, debris, overgrown lots, code violations, poor lighting, etc.
- Reports on progress towards goals should be made on a regular basis, easy to digest, should be regular and published
- A fair and easy to administer system for reward and accountability should be established



Recommendation 3. Need for IV&V of Workday ERP Go-Live Readiness

Best practices in government support the use of strong Governance structures to provide oversight leadership of major system implementation efforts

Observations:

- In the summer of 2020, the Unified Government approved the capital initiative for the implementation of a new ERP system to replace an aged financial system legacy system
- The UG has identified the following major benefits:
 - Provide a centralized, real-time source for enterprise data and allow employees key access to information
 - Improve employee work processes and delivery of services
 - Reduce the likelihood of disruptions in service, including potential power or network outages, and compromised equipment or facilities
 - Provide Employee and Manager Self-Service capabilities on any device for many day-to-day activities including time keeping, benefits enrollments, management approvals, and procurement, etc.
- Workplan is scheduled to Go-Live on October 1, 2022 after a delayed Go-Live Date of July 1
- The primary Workday modules include:
 - Human Resources Management
 - Benefits Management
 - Recruiting
 - Payroll
 - Time Tracking
 - Accounting
 - Financial Reporting
 - Procurement
 - Grants Management
 - Budgeting
 - Historical Data
 - Talent & Performance Project Management
 - Supplier Management



Recommendation 3. Need for IV&V of Workday ERP Go-Live Readiness

Best practices in government support the use of strong Governance structures to provide oversight leadership of major system implementation efforts

Observations - Continued:

- The new ERP vendor places a great deal of focus on ensuring that their implementation services partners (such as Accenture) adhere to strict quality standards and meet all the requirements, deliverables, and timelines detailed in their statement of work
- Workday Executive Team does not have one “engagement executive”, rather they are “working as a team of executives”
- The current governance structure does not have any representation from the County Administrator’s Office to provide an enhanced independent view
- Workplan is scheduled to Go-Live on October 1, 2022 after a delayed Go-Live Date of July 1

Sources and Uses of Monies for New ERP System

Sources of CMIP Monies - ERP Implementation:		Uses of CMIP Monies - ERP Implementation:	
City Debt Fund 2020 Note Proceeds	\$ 3,329,745	Workday Strategic Sourcing 1-yr 2021 subscription cost	\$ 289,064
County Debt Fund 2020 Note Proceeds	\$ 1,920,000	Workday subscription for 2 years	\$ 2,094,267
Other City & County Operating Funds 2021 and 2022 Allocations	\$ 1,510,359	Accenture implementation services (thru June 2022)	\$ 3,535,295
Resources from City General Fund made available in 2020 due to CARES Act Public Safety Reimbursement Credits	\$ 1,015,541	Accenture implementation services (July-October 2022)(Estimate; waiting on final quote from Accenture)	\$ 494,033
Project prior year budgets in the 971/972 available that were associated with a new ERP or technology improvements	\$ 275,887	Accenture implementation services for the Budget Module (Adaptive Planning) that was not part of their original contract	\$ 308,640
		Workday Delivery Assurance and Training Package	\$ 555,500
		Internal Project Team, 3 rd -party integrations, and other associated costs	\$ 774,733
Total Sources of Monies	\$ 8,051,532	Total Uses of Monies	\$ 8,051,532

Source: Unified Government Finance Office, July 20 2022



Recommendation 3. Need for IV&V of Workday ERP Go-Live Readiness

Best practices in government support the use of strong Governance structures to provide oversight leadership of major system implementation efforts

Improvement & Enhancement Strategies:

- **Need for Executive Leadership presence on Executive Steering Committee**
 - Project implementation governance structures should include the organization's executive leaders
 - Executive Steering Committee should be aware of the go-live strategy plans, data conversion strategies, training, risks, and post go-live success measures
 - The County Administrator should be the Project Executive for the Workday initiative including immediate briefings on the project status, risks, and go-live strategy
 - The County Administrator should be the final decision maker (as the Project Executive in whether to Go-Live)
- **Review of Project Readiness through an Independent Verification & Validation Assessment**
 - Having an independent verification and validation focuses on an unbiased review of the requirements of a software development project including the overall readiness of an organization to move into a future state (go-live setting), is common industry standard.
 - While the normal technology implementation strategies are for a more normal and comprehensive review, an immediate abbreviated IV&V review should be done to confirm the readiness of the organization for the targeted October 1 go-live date.



Recommendation 3. Example of Key Components for High-Level Readiness Assessment

1. Risk Management

- What are the documented risks thus far?
- Have they been weighted by impact and likelihood (e.g.: red, green, yellow)?
- Are there mitigation plans for these documented risks?
- Are the risks and plans discussed at an appropriate executive steering team level regularly?
- What mitigation strategies have been developed and who is monitoring the actions?
- Is the UG at risk of missing statutory or regulatory deadlines for automation that is intended to meet program requirements?
- Is the UG at risk of failing to meet a critical milestone?
- Is there risk of failure, major delay, or cost overrun in their systems development efforts?
- How does the implementation plan address prior year external audit findings? How is this being validated?
- What impact does the recent Cyber Security incident have to the plan and what revised planning protocols have been put in place?

2. Implementation Cut-Over

- Review of cutover plans and checklists Including plans for war room readiness, e.g., who is staffing, how long it will be available, how personnel contact them if there are issues

3. Training Plan

- What sessions have been completed, what are still outstanding?
- Has the training been end to end training and role based?
- What is the schedule to have appropriate personnel been trained?
- What form of training evaluation has been used to make sure the new processes and technology enhancements have been mastered into core competencies
- If personnel fail, how are they retrained (some people learn different ways (tactile, visual, audio)?

4. Change Management Plan & Strategy

- What is the communication strategy and what key communications have been distributed?
- Are there leadership action plans that inform leadership of implementation status and how they should be communicating to direct reports (and flow down to all levels)?
- What are the future state organization chart and updated responsibilities?
- Have the various prior year audit finding been reviewed with workflow processes define and appropriate training complete?
- What existing legacy system processes are being refined and have the personnel performing those roles will need to be re-deployed and re-trained?
- Is the future state business process documentation ready and have personnel been trained on them?
- Status of new and revised financial accountability policies and standard operating procedures?
- What is the plan to review and update these as the system stabilizes and annually after that?



Recommendation 3. Example of Key Components for High-Level Readiness Assessment

5. Data Conversion & Integration Plans

- How has data been configured and cleaned prior to integration?
- What is the data integration plan?
- What is the plan for legacy prior year fiscal year data?
- What is the plan for current fiscal year data? (e.g., nine months of financial transactions will be in the existing legacy system)
- What systems will be integrated within Workday and which existing systems will not? When were these decisions made and why?

6. Testing Plan

- Have “user stories” been created to validate the end-to-end business process testing requirements?
- What testing plans have been executed and planned? What have been the results of the testing completed to date?
- What are the testing “gates” prior to the next phase of go-live? Have they been appropriately met? Are there documented approvals?
- What is the testing plan for data integrations?

7. Go-Live Plan & Post Implementation Monitoring

- What are the Key Performance Indicators that will measure the success of the implementation?
- Is there a Circle of Excellence set up for long term success post-implementation?
- What is the system security profile review process to review segregation of duties and strong internal controls?
- What are the plans for a post go live evaluation?
 - Determine current state of key change impacts, magnitude, and perception of changes Post Go-Live
 - Explain current awareness and engagement levels across the UG?
 - Determine if any additional resources are needed to support employees to work effectively in the new Workday system
 - Identify perceptions and concerns regarding what needs to be done to sustain changes



Recommendation 4. Review and Update the Purchasing Card (P-Card) Policy

Best practices support that governments need to maintain appropriate controls that are aligned with an approved purchasing policy, to ensure the ongoing success of a purchasing card program

Observations:

- P-Cards can offer significant benefits if utilized properly
- There is significant use of P-Cards within the UG
- Based on data obtained from UG Finance Department – Accounting:
 - Approximately 24,000 P-Card transactions per year, over each of the last three fiscal years
 - Annual purchases average \$6.86M over that period -- for a total of \$20.6M
 - In FY22 year to date \$4.4M had been expended with 363 active P-Cards
- Per the Purchasing Director, P-Card and other Purchasing policies and procedures, are often not followed, and have not been updated since 2007

Improvement & Enhancement Strategies:

- Immediately assess current P-Card purchasing practices and spending trends
- Review P- Cards currently issued to determine whether they are justified and necessary
- Conduct an in-depth, external audits of P-Card usage and areas for improvement
- Update the policy and procedure manual and re-educate cardholders
- Review merchant category codes (MCC), NAICS industry business classifications and by expense code or Supplier/Commodity/Service type to identify any adjustments needed to further restrict improper purchases
- Hold P-Card holders and those who approve their purchases held accountable for unauthorized purchases.



Recommendation 5. Bidding of External Audit and Other Finance Service Professionals

Best practices in local government support the competitive selection process for various finance service professionals including external audit services, banking services, financial advisor, and other debt financing team professionals

Financial Services	Contractor	Original Issue Date	Term & Renewal
External Auditor	Allen, Gibbs & Houlik, (AGH)	2002	RFP in 2016. Extended in 2021 for 3 years; expires in 2023
Depository Banking Services	UMB	2012	Original agreement was three years with additional 1-year extensions; last extension renewed in 2022 and expires in 2023
Bond Counsel	Gilmore & Bell	2004	Annual fee schedule
Municipal Financial Advisor (Debt)	Baker Tilly (formerly Springstead)	1995	Current RFP proposal signed in 2021 and expires in 2023

Observations and Improvement & Enhancement Strategies:

- Best practices support that governments select external auditing services that include a broad scope of financial presentations and perform their audits in accordance with the Generally Accepted Government Auditing Standards
- It is a common practice for governments to enter into multiyear agreements and undertake a competitive selection process
- Complete a **competitive process for the selection of independent auditors at the end of the term of each audit contract and rebid every five years**
- If a new external audit firm rotation does not result from this process, the UG’s accounting policy should require that the senior external audit engagement partners and senior managers, be rotated to provide a fresh perspective
- Other Financial Services like banking services, financial advisory services, bond counsel and other bond finance team members should also be frequently rebid, **every five years**
- The UG needs to that the finance department does not rely to much on the external finance service professionals for non-debt service related functions
- The UG’s Financial Accountability Policies be enhanced to also define the selection process for the selection of Depository Banking, Municipal Advisors, Bond Counsel, Underwriters, and Bond Trustee services.



Recommendation 6. Need for Risk Management Operational & Organizational Assessment

GFOA's best practices in government finance support the needs for established Risk Management programs:

“To identify potential events that may affect the government and to protect and minimize risks to the government’s property, services, and employees.”

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines enterprise risk management as:

“A process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

Source: GFOA Best Practices: Enterprise Risk Management

Observations and Improvement & Enhancement Strategies:

- A more detailed review of all risk management functions of the UG is needed to ensure long term strategies are in place to minimize risk to the UG’s property, services and employees
- We could not find a comprehensive portfolio of the various risks management strategies and services
- The assessment should evaluate the uses of insured versus self-insured policy areas for risk areas, as such, cyber security, officers and liability, property & casualty, workers compensation, building and facilities, settlement of judgement and legal claims, etc.
- The review should include assessment of the operational oversight and day to day monitoring of risk claims, exposure and monitoring



Recommendation 6. Example - Future-State Enterprise Risk Management

What is Enterprise Risk Management (ERM):

ERM is a coordinated strategy for addressing the complete spectrum of risks faced by an organization. ERM offers a comprehensive view of organizational challenges that are strategically aligned and help improve the understanding of how to prioritize and manage risks

The Process:

The process of planning, organizing, leading, and controlling the activities of an organization to minimize the effects of risk on an organization's strategic activities, assets, and business objectives

Why embrace ERM?

A consistent and systematic approach to proactively identify uncertainties, with a focus towards the “vital few” enterprise risk that matter most to the Unified Government of Wyandotte County/Kansas City’s ability to execute on its Strategic Plan, achieve its performance objectives, and support its Core Values

Key Benefits:

Integrates views of risk

ERM helps employees understand and prioritizing risk in all parts of the organization

Minimizes losses from risk events

Problems will always arise, but ERM can help with preparation in mitigation of the negative impact

Establishes a risk culture

Everyone will be on the same team to protect the UG from unforeseen threats.

Creates an ongoing process

ERM streamlines risk management to continuously handle threats.



Recommendation 7. Need for Financial & Operational Plan for Cyber Security Preparedness

Best practices are for organizations to deploy processes, training, and controls to maintain the reliability of its IT systems and protect against cybersecurity threats, mitigate intrusions and plan for business continuity

Observations:

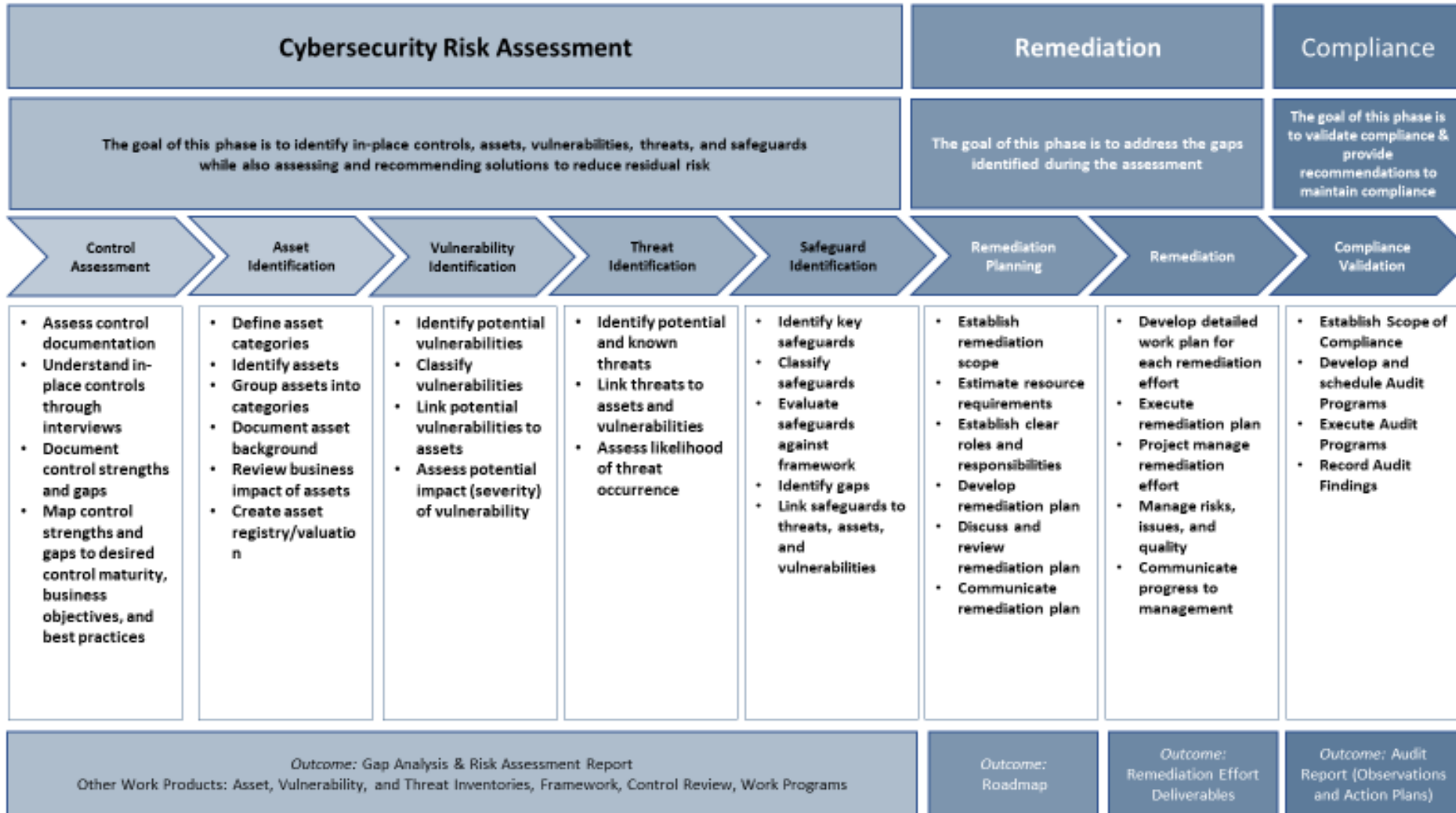
- Cybersecurity threats continue to become more sophisticated and are increasingly capable of impacting the confidentiality, integrity, and availability of government key financial systems and applications, including those of critical controls systems
- While the UG was able to have limited financial activity, the ability to meet federal grant reporting deadlines, posting of cash receipts and normal account payable processing, completion of the 2021 ACFR, and quarterly financial reports, to name just a few, were impacted and/or delayed
- Best practice organizations have adopted cybersecurity incident response plans that are reviewed regularly including annual reviews of the effectiveness of those plans

Improvement & Enhancement Strategies:

- A plan should be deployed to institute processes, training, and controls to maintain the reliability of its systems and protect against cybersecurity threats as well as mitigate intrusions and plan for business continuity via data recovery
- Conduct a cyber security assessments to identify areas for continual improvement, and develop work plans to address issues and support the cyber security program to protect valued public information and financial transactions
- The UG's Emergency Disaster Recovery Plan should also be reviewed with updated provisions for business continuity during any unforeseen future cyber incident



Recommendation 7. Example of Cyber Risk Assessment Approach



UG should conduct a cyber security assessments to identify areas for continual improvement, and develop work plans to address issues and support the cyber security program to protect valued public information and financial transactions



Recommendation 8. Role of the Finance Office in Economic Development

Best practices in local government finance promote that the “finance officer or budget officer should lead or be a key participant in the analysis of the economic and fiscal impacts, as well as the risks and uncertainties, associated with proposed economic development plans, strategies or individual projects”.

Source: GFOA Role of the Finance Office in Economic Development

Observations:

- The Finance Department role is not clearly defined, and the current staff involvement was limited in economic development incentive development and analysis
- Finance has previously prepared an economic development incentive report. The last update of the report was in 2020
- The General Fund Budget includes current economic development project agreement costs and revenues that relate to lease payments on a major soccer stadium parking facility
- The Finance Office should have a defined role and key participant in the analysis of economic and fiscal impacts, as well as the assessment of risks and uncertainties, associated with economic development plans, strategies, and proposed projects



Recommendation 8. Role of the Finance Office in Economic Development

Improvement & Enhancement Strategies:

The UG Finance Office should:

- Assist in creating and updating an economic development plan
- Create financial incentive tools and policies
- Analyze and/or assisting with creation of individual development proposals prior to finalization
- Be an active participant in the negotiation of development agreements with the Economic Development Director & General Counsel Office
- Monitoring compliance with ongoing development agreements
- Apply digital technology to assist with annual reporting
- Forecasts of the available financial capacities of incentive tools within legal and policy limits
- Weighing economic impact of overall project including community impact

Complete an Economic Incentive Assessment:

- Complete a comprehensive review of State of Kansas and local established economic development tools and incentive programs to evaluate their benefit and impact to prioritized growth strategies and create more value.
- Re-evaluate their transformational strategies and commit or recommit to human-centered design to prioritize individual's experience

Benefits of the Economic Incentive Review:

- Improve the overall economic development tools and programs to achieve higher-performing economy and better understand your competitive position in the current market
- Incentives often play a significant role in the attraction and retention of businesses at the city level
- Study potential changes to current incentives based on economic environment, identifying opportunities for cost reduction and the estimated value of incentives packages for various projects.



Recommendation 9. Need to Operationalize Financial Accountability Policies and Procedures

Best practices in government support that Financial Policies play a key role in building a strong financial foundation by promoting accountability and encouraging long-term thinking

Well defined policies help clarify and crystallize strategic intent for financial management.

Formally approved financial policies also define a shared understanding of how the organization will develop its financial practices and manage its resources to provide the best value to a community

Leading best practice authority is the Government Finance Officers Association (GFOA)

Observations:

- The UG has approved a set of Financial Accountability Policies that address some of the key elements of GFOA's best practices in financial reporting
- Finance has done an expectational effort in the creation of key financial accountability policies
- The majority of UG's adopted other financial policies were adopted in 2018 with only minor revisions or new policies since the initial Board approval
- Detailed operating procedures to support the adopted Financial Accountability Policies are not consistently in place with limited working desk manuals
- Financial policies lack metrics for measuring performance
- No adopted policies to address Environmental, Social and Governance (ESG) and Diversity/Inclusion financial and policy strategies



Recommendation 9. Need to Operationalize Financial Accountability Policies and Procedures

Improvement & Enhancement Strategies:

▪ ***Develop Financial Policy to Address Race and Social Justice Initiative (RSJI) operating priorities***

- A growing trend in financial management and budget policies and practices is to identify community Race and Social Justice Initiative (RSJI)
- Cities like, Seattle, Madison, Portland, and King County WA., have formally adopted strategic planning priorities and budget strategies to address racial disparities and achieve racial equity in within their communities
- Best practices shown that governing bodies are acknowledging that race matters. The movement for racial equity includes grassroots community, organizations, philanthropy, governments, and other institutions.
- The UG should develop financial policies, strategic plan and priority-based budget policies that are inclusive of RSJI priorities
- Review of how monies are spent across the City-County and the review of budget priorities to ensure equitable allocation of funds to address UG adopted policies

▪ ***Develop Policy for Environmental, Social and Governance/ Diversity, Equity, and Inclusion***

- Governments are adopting policies for the prioritization of Environmental, Social and Governance/ Diversity, Equity, and Inclusion in local development projects and/or government operations.
- Diversity, Equity, and Inclusion are as important as job creation and capital investment as measures of economic health. *For example, studies have shown employees prefer to work in regions and for employers who prioritize this agenda*
- Inclusive regions can more effectively leverage their talent to generate economic vibrancy and create greater opportunities for historically disadvantaged individuals



Recommendation 9. Need to Operationalize Financial Accountability Policies and Procedures

Improvement & Enhancement Strategies - Continued:

- Complete an updated detailed review of the currently adopted financial accountability policies to ensure alignment with all GFOA's key essential, informative, and discretionary element
- Develop financial and operational metrics to monitor the compliance of the approved policies
- Review, refine and create detailed operating procedures and working desk manuals for the implementation of the policies
- Monitor compliance and frequent reporting to the Mayor and County Commission
- Develop a policy and related multi-year strategies to address the structural budget deficit in the City General Fund budget, to ensure budget is balanced without using the fund balance or one-time actions
- Develop a Board Approved Strategic Plan that sets priorities for the community and identifies quantifiable outcome measures to which resources can be aligned
- Develop a multi-year debt reduction strategy to reduce the reliance on General Obligation debt
- Modify policies to identify term of service and procurement selection guidelines for financial service team professionals