



**SEPTEMBER  
2022**

# Finance Department Operational & Organizational Assessment Final Report

**PRESENTED BY**

**The Robert Bobb Group**



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Submittal Letter

September 28, 2022

Ms. Cheryl Harrison-Lee  
Interim County Administrator  
701 N. 7th Street,  
Kansas City, KS 66101

Dear Ms. Harrison-Lee:

The Robert Bobb Group, LLC (RBG) is pleased to submit the *Finance Department Operational & Organizational Assessment and Recommendations* for the Unified Government of Wyandotte County/Kansas City, Kansas (UG). Our team completed our interviews, assessment, and recommendation process from June to August 2022.

The purpose of this Operational & Organizational Assessment was to conduct a review of the UG's Department of Finance, and the UG's overall financial and operational activities. RBG focused on financial processes and controls, using executive interviews, data analysis, financial assessments, and process reviews to determine the sufficiency of the Finance Department's operations and organization.

The RBG team met with executive team leaders and outside experts to conduct interviews, conducted a thorough benchmarking analysis of similar jurisdictions, reviewed departmental documents and data, and examined current Finance Department policies and procedures. In conveying the *Finance Department Operational & Organizational Assessment and Recommendations*, we have met the established goals of our engagement, and we continue to make our team available to serve UG and its constituents.

If you have any questions about this report, please reach out to me.

Respectfully submitted,

A handwritten signature in black ink that reads 'Robert C. Bobb'.

Robert C. Bobb  
President & CEO  
The Robert Bobb Group, LLC  
Phone: (202) 731-0006  
Email: [bob@robertbobbgroup.com](mailto:bob@robertbobbgroup.com)

## Project Overview

This organizational review and assessment was initiated in order to provide a fresh look at the financial operations of the Unified Government of Wyandotte County/Kansas City, Kansas (UG), and to help determine the appropriate changes necessary to improve performance and productivity within the UG Department of Finance.

Such a review would have as its primary aim to investigate, assess, and recommend revisions, where necessary, to organizational components, processes, and positions within the Department's organization and its corresponding policies, procedures, and systems in order to improve performance.

The review would present conclusions and recommendations resulting from a comprehensive performance assessment engagement. It would likely identify a number of specific objectives to be accomplished in organizational analysis and service delivery for the Department.

The RBG team understood UG has unique goals and a myriad of challenges to navigate to realize its priorities and ultimately achieve its critical mission. This combination of organizational and operational concerns challenge to superior management and operations. The goal has been to provide cutting-edge review and analysis. UG's demand that the various operations be managed in an efficient and effective manner at all times, particularly considering the needs and desires of taxpayers demand a higher level of scrutiny and stewardship at all times.

The No. 1 step to improving performance is a complete understanding of operational and organizational practices. RBG's operational assessment and organizational analysis are two of our most requested services. We achieved a deeper understanding of the Department by surveying and assessing key organizational practices. We then used these insights to create detailed recommendations to optimize outcomes for the UG Finance Department.

An organizational and operational analysis should not be merely a snapshot of one point in time, nor should it be a laboriously documented analysis of each method and procedure. Simply stated, an organizational and operational analysis should consist of a thorough examination of the Department's management system and processes.

The review examined historical performance results only as an indication of the effectiveness and capabilities of the Department's systems and resources. The review was designed to bring outside experience and expertise to bear on the Department's organizational and operational processes and to serve as a catalyst for improvement. The result of the overall assessment are the recommendations presented in this report.

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).



During these interviews, we identified areas where UG has put in structures and initiatives consistent with the expectations of high-performing local governments.

The Robert Bobb Group, LLC (RBG), engagement team included:

Robert C. Bobb, who leverages more than 40 years of executive management experience in both the private and public sectors. He is the owner, President and CEO of 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. Mr. Bobb is a Fellow of the National Academy of Public Administration. He is a certified emergency financial manager, and *City & State Magazine* (now *Governing Magazine*) named him the "Most Valuable Public Official" among professional managers in U.S. local governments in September 1993.

Byron C. Marshall, who has worked more than 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, Mr. Marshall is a Fellow in the National Academy of Public Administration.

Nancy L. Zielke, who 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 and local governments. Ms. Zielke is a recognized and known leader in public finance and active in GFOA where she served as the elected GFOA President. She is a certified emergency financial manager.

For this engagement, the RBG team interviewed 14 key internal and external Finance Department stakeholders who provided valued insight on the current organizational and operational challenges and identified areas for improvement. All the persons interviewed were very professional and willing to share insights on current operations and areas for improvement. The Finance Department also provided a data directory for the sharing of various requested documents and reports.

The RBG team also performed a number of key services in its support of the assessment. Activities include:

- Gaining an understanding of the organizational goals, service levels, and future directions desired by UG.
- Reviewing existing organizational systems via document study as well as reviewing information and documentation for formal definitions of responsibilities and various performance standards.

**Table 1: List of Interviewees**

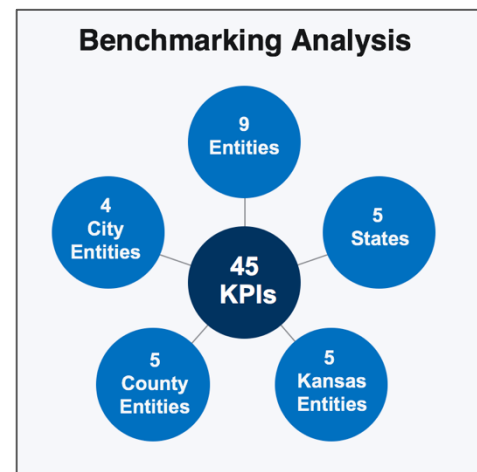
STAKEHOLDER INTERVIEWS	
NAME OF INTERVIEWEE	ROLE
Honorable Tyrone Garner	Mayor/CEO
Cheryl Harrison-Lee	Interim County Administrator
Kathleen VonAchen	Director of Finance
Debbie Jonscher	Deputy Chief Financial Officer
Reginald Lindsey	Budget Manager
Michael Peterson	Assistant Budget Manager
Pam Kahao	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.

- Reviewing and collecting Departmental input, output, and throughput data including results and performance measures, and comparing existing activities inside the organization to the formalized structure in place.
- Synthesizing information about the existing organization structure and workflow.
- Meeting with County officials individually and in small groups to report on the status of the engagement and project performance pursuant to the contract.

### Financial Health of Wyandotte County Unified Government

Our assessment of the financial health of Wyandotte County Unified Government is based on the benchmarking of the county's key performance indicators with eight jurisdictions in four states. (For the complete analysis, see the Appendix.) Additionally, we have considered COVID-19's impact on the county's financial health. These are the conclusions based on the evaluation of KPIs:

- Collection of property taxes (largest and most significant revenue source) results in around a 93% collection rate. The average collection rate for the eight other entities is around 98.5%. The analysis found no evidence of a revenue enhancement collection strategy to increase tax collections.
- The bond rating of the county is below the average bond ratings of the eight entities. The county's cost to borrow funds is higher than the other entities.
- The size of the county staff per resident was significantly below the staff size for the residents of the eight other jurisdictions. The data could indicate either a "mean and lean" county staffing structure, or an understaffed workforce that does not adequately produce key services to county residents. The report's assessment indicated the latter.
- The county's tax rate was the lowest among the entities benchmarked. This fact should be marketed to the residents as the lower tax rate coupled with the lower tax collection rate requires the county to operate with less revenues than comparable entities.
- The county's unassigned general fund balance of 9.6% is acceptable based on the revenue impact of COVID-19. The recommendation is that the county should increase the general fund balance to 12% in the next fiscal year.
- The county's parks and recreation spend amount per resident significantly outdistances the other entities, indicating a strong commitment to recreational facilities and opportunities for county residents.



- The budget for fire, police and sheriff's services is more than twice the spend amount percentage-to-total-budget than the other eight entities. The assessment indicates that there is significantly less revenue to support other city-wide operations that benefit county residents.
- Minority residents account for approximately 55% of the residents in the county while the eight other jurisdictions have average minority populations of approximately 20%. The UG median household income is significantly lower than the other eight entities.
- Violent and property crime rates are higher than the average crime rates of the other entities by approximately 25%.
- The sales tax percentage is comparable with the other eight entities.

The overall health of UG is below average based on the combined KPIs outlined above. Significant concerns are centered around the low property tax collection rate; the low bond rating, the majority of the budget spent on police, fire, and parks, with minimal revenue to address other key operational activities; and a higher than average crime rate.

The recommendation is that UG consider a formal revenue enhancement and expenditure reallocation plan to strengthen the financial health of the county.

### Organizational Improvement & Enhancement Strategies

This section of Finance Department Assessment examines the organizational structure of the UG Finance Department to identify potential improvements in support of a well-managed and high-performing organization.

The UG's Finance Department consists of the following six divisions: Accounting, Budget, Capital and Economic Development Financing, Research, Treasury, and Payroll. The Finance Department is responsible for the collection and distribution of all revenues, payment of all expenses, the processing of payments to all employees and vendors, administration and management of all debt, preparation of the Annual Comprehensive Financial Report, and the development of the Annual Operating and Capital Budgets. The Finance Department is also responsible for the development of the Government's long-term financial plans and financial policies, and grants management.

The Department's website lists important challenges and issues including:

- Emphasize the importance of a structurally balanced budget and the need to strengthen fund balances, specifically the General Fund balance reserve policy target by maintaining the operating reserve policy at two-months (17%) of operating expenditures
- Continue long-range financial planning forecasting, recognizing the need to properly plan for the continuity of service delivery, as well as meeting our debt limitation goals
- Align capital and operating budgets with Commission goals and objectives



- Maintain and improve upon the UG's credit ratings by Standard & Poor's (AA) and Moody's (A1) through proactive fiscal planning, strong liquidity, and encouragement of commercial and business development

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

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During this high-level assessment, the team meet with 14 UG Executive and Finance Department leaders and key two external public finance stakeholders, discussing areas for operational and organizational improvement. All the employees and stakeholders visited were knowledgeable about best practices in financial management, budgeting, accounting, revenue and payroll administration, and grants management.

Division leaders expressed concerns about their ability to recruit and retain professional employees, the lag time in the processing of HR requests, new ERP system implementation tasks, recent cyber security breach challenges, and the time required to address other special projects as inhibitors to their being 100% successful in their jobs. Additionally, the Finance team would like to see more interdepartmental strategic planning, sharing of information, and improved communication on policy and operating issues.

At the same time, the Chief Financial Officer (CFO) also needs to be available for enhanced strategic visioning and monitoring of the financial health of the UG. Many of the day-to-day operating tasks with which it is involved, (e.g., revenue budgeting, building the multi-year revenue forecasts, preparing U.S. Treasury grant portal reports, and added grant management reporting functions, etc.) are minimizing the time available to the CFO to manage more essential tasks. The CFO should be more focused on clearly communicating financial results- and trends, and leading the effort to address the important financial challenges and issues facing the Department and the UG.

The Finance team is very knowledgeable about best practices and their roles within the Finance Department. The Finance team takes pride in maintaining the current bond ratings of Aa by Moody's and AA Standard and Poor's.

Based on industry knowledge of finance organizations, internal observations, and document review, the remainder of this section presents recommended organizational improvements to the roles and responsibilities of the six divisions and the CFO including areas that need further organizational review.

Major organizational improvement and enhancement strategies include:

**Recommendation 1.    Need for improved communication in the budget planning and financial accountability processes**



- Recommendation 2. Enhance budget and strategy function with added focus on metrics, analysis, and multi-year strategies, for improved accountability and decision making**
- Recommendation 3. Create Centralized Grants Management Reporting and Compliance function**
- Recommendation 4. Assess processes and opportunities for centralization of UG revenue and cash management functions**
- Recommendation 5. Transfer of the Purchasing Office under Finance Department**

For each of these Organizational Improvement & Strategy Recommendations, the report provides a brief overview of the team's observations, industry best practices, and improvement recommendations. Best practice review was based on analysis of similar-sized city and county governments in Kansas and the Midwest.

The RBG team also reviewed best practices in financial accountability from the Government Finance Officers Association (GFOA), the U.S. General Accounting Office (GAO), and other professional accounting and finance organizations. The team also considered its 120 years in collective government management experience in designing its recommendations.

As a reminder, the Appendix of this report includes the benchmarking analysis of various key financial and operating ratios and demographics.

### **Recommendation 1. Need for improved communication in the budget planning and financial accountability processes**

Best practices in government support that communication is essential for developing a local government's budget. Trust is everything when it comes to maintain a solid foundation within the community.<sup>1</sup> The state of the government's finances is an area where this is particularly true.

The Finance Department 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 and to keep the governing body and top management apprised of the most salient issues.

Good communication is at the core of mastering these skills. The Finance Department is responsible for communicating complex financial and programmatic information to both internal and external stakeholders. In review of various budget presentations to the Board of Commissioners, we found that information was not always clear and concise. While good and valid information, it was sometimes too

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<sup>1</sup> [https://gfoaorg.cdn.prismic.io/gfoaorg/566002a0-8197-4f29-9991-103bf3c37a76\\_BuildingTrustOpenCommunication2019.pdf](https://gfoaorg.cdn.prismic.io/gfoaorg/566002a0-8197-4f29-9991-103bf3c37a76_BuildingTrustOpenCommunication2019.pdf)

abstract to be useful in a presentation where the identification and illumination of critically important financial issues – and their implications for policy and operations – would have been more useful to both appointed and elected leaders. For example, the June 2022 Budget Assumptions presentation as originally drafted included a series of tables, charts and data on various census and economic trends. While interesting, the presentation did not communicate the importance of the data or make conclusive statements on the impact to Wyandotte County/Kansas City, Kansas.

Improvement is needed to ensure that budget and financial presentations are made in a clear, simple, and conclusive manner. Recent Finance Department presentations we observed have included a significant amount of detail and would have been more successful had they been presented in a more summarized and decisive manner. We recommend that the desired outcome(s) of the presentation be stated at the outset, that the key assumptions be made very clear and be supplemented with the most salient information, and at the conclusion of the report any needed actions being taken by the Administrator or needed by the Commission be clearly stated. The CFO needs to explain the assumptions which lead to the forecast or report, without delving into the details of the specific --unless asked. Additional relevant, supporting data can be provided as appendices.

The CFO should focus on improving clear communication to raise the level of understanding regarding the UG's finances, enhance collaboration and build trust both among UG officials and within the broader community. Obtaining training on tips for communicating complex information and financial data that will drive decision making is recommended.

### **Recommendation 2. Enhance budget and strategy function with added focus on metrics, analysis, and multi-year strategies for improved accountability and decision making**

The Budget & Strategy Office is responsible for the preparation and monitoring of the annual operating and capital improvement budgets. They prepare annual budget instructions for the preparation of the budget and CMIP and coordinate the preparation and monitoring of the budget. The Office also coordinates with other Finance Divisions in the presentation of a Quarterly Financial Report.

As shown below, many of the other Kansas local governments and similar-sized “peer” communities have comparable program operations with the Budget Office being a component of the Finance Department.

We recommend that the Budget & Strategy Office be aligned with the County Administrator's Office and be endowed with enhanced roles and responsibilities. Our recommendations include:

- a. **Revenue Budgeting.** We recommend that the current tasks assigned to the Finance Director's Office, such as revenue forecasting, be shifted to the Budget Office. Currently, the Budget Office is only charged with development of expense projections with little involvement or insight into the revenue budget.

The Budget Office should be responsible for both the revenue and expense projections. That would allow it to have a full picture of the UG's financial picture and to make

recommendations that are more holistic. This office currently seems to focus only on the expenditure portion of the equation.

**Table 2. 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

We found that the Budget Office is not an active participant in the development of Revenue Forecasts for the UG. The Revenue Forecasts are prepared by the CFO and Deputy CFO. We recommend that the revenue forecasting function become a functional responsibility of the Budget Office. Having one office prepare and monitor both revenues and expenses will provide a more strategic operation and more sophisticated guidance.

Many best-in-class organizations have the Budget Office oversee the revenue budget with the use of a Revenue Consensus Team. Involving other staff in the forecasting process in these steps will also help ensure that the understanding of the method is shared by key potential supporters. It may also help in developing "bench strength," which can aid in succession planning.

- b. **Priority-Based Budgeting Review and Established Broader Goals and performance metrics.** Best practices promote the need for governments to incorporate into their budget monitoring process an examination of performance measures and linkages to financial and programmatic outcomes. The analysis should include any changes to goals/initiatives that existed at the time of the budget's adoption, and whether there are any new initiatives not initially included in the budget.

The UG budget document did present sections on Important Issues, Highlights and New Initiatives. However, we did not see where the budget document consistently linked unit goals or key projects with organization-wide priorities. There was not a consistent use of UG-wide and/or Department level-focused performance measures that show progress over multiple years toward goals and service standards, and emphasizing information used for operating decisions.

We recommend that future budget-planning cycles be on a two-year rolling basis – a budget to be approved for the upcoming fiscal year, and one that’s adopted that sets planned policy initiatives for the following year. Funding allocations should be based on the clearly defined strategic goals, priorities, and performance metrics of the UG, recommended by the Administrator and set by the Board. Department goals, priorities, and performance metrics should be aligned with those approved by the Board.

The Finance Department and related service portfolios/Departments under Assistant County Managers (e.g., Administrative Services; Public Safety; Health and Human Services; and Planning, Economic & Community Development) should, on a routine basis, report on the progress being made toward attaining the Board of Commissioners’ priorities and goals – based on the performance measures associated with the goals in their service portfolio’s/Department’s business plans. These presentations and associated published reports will serve as a means for determining any adjustments needed to goals, metrics, and or budgets – and a method of increasing transparency and accountability, which may increase credibility.

- c. **Enhanced budget analysis and reporting.** In the quarterly Budget vs. Actual Reports, little effort is placed on understanding what is causing under/overspending and/or the status of revenue collection. The Budget Office should expand the focus of the quarterly report to include analysis of what is causing the spending and revenue trends, and what options should be considered to address any negative trends, or take advantage of positive ones. We also recommend that budget reporting should include the status of Department operating spending trends, and also include narrative analysis and commencement-to-date progress reports on the Capital Asset and Equipment Investment and Management (CMIP) projects (e.g., budget vs. spending and completion status of projects, reasons for delays or over/under spending, etc.).

The quarterly reporting should also chronicle key metrics to monitor the financial health of the UG. Providing an ongoing cadence of compliance to the UG-adopted financial policies and key financial indicators will increase the transparency in how monies are being spent and increase the focus on strategies for managing debt, growing revenue, and controlling expenses so that they don’t exceed revenue.

- d. **Centralization of data analysis for decision making.** Best practices in local government support the use of data and analysis for decision-making purposes. Being able to make policy decisions that are data-based will improve their quality and the UG’s long-term sustainability.

We recommend that the Research Office be directly aligned with the Budget & Strategy Office for enhanced data analysis and centralized information management and reporting.

The Research Office should be involved in revenue forecasting, labor negotiations, economic fiscal impact, and coordination of UG-wide data and reporting needs.

### **Recommendation 3. Create Centralized Grants Management Reporting and Compliance function**

The Finance Department also includes the Grants Management Division, which provides guidance on UG-wide grants management policy to all Departments 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 UG's website describes its role: "... Develops, revises, and maintains policies and procedures for implementing best practices in grants management – and manages the UG-wide Grants Policies and Procedures Manual containing all grants-related policies for all UG Departments."

The Division's responsibilities include:

- Providing assistance to UG Departments in their grant discovery and grant writing activities.
- Developing and delivering training and workshops on local and federal grants guidance for internal colleagues managing grants.
- Hosting periodic UG-wide grant sessions to share best practices in grants management, disseminate updates to grants guidance, and connect the network of grants professionals, financial officers, and Department managers working on grants in the government.
- Directing the State Single Point of Contact program to ensure intergovernmental collaboration among those agencies and organizations seeking federal funding in the Unified Government.
- Facilitating the UG-wide Single Audit and liaises with audit coordinators to respond to findings.

The UG also has established a Grants Management Advisory Committee (GMAC) to standardize, streamline, and improve UG grant management practices, as well as to increase collaboration and partnerships between Departments applying for federal grant opportunities. The Committee serves as a forum for sharing best practices in grants management.

The current Grants Manager was very knowledgeable about grant reporting areas under her line of authority and had responsibility for assisting in the preparation of the reporting materials for the GMAC

We found, however, that the current Grants Management Office, which reports to the CFO, is not a fully centralized grants management function for grants management, reporting, compliance along with grant seeking opportunities. There is one fulltime position with a second grant position to be starting soon focused on American Rescue Plan Act (ARPA) grant funds, which report to the CFO Office. The COVID grant-related reporting is also currently handled by the CFO Office, and not the Grants Management Office. Additionally, we found that other Departments have grant reporting and monitoring functions (e.g., Sheriff's Office, Community Development, etc.).

We recommend further analysis to determine to what extent opportunities exist to centralize all grant reporting, monitoring, and compliance functions under the Grants Management Office. The Grants Manager should have supervisory oversight or at least a dotted-line reporting relationship of all grant

management functions for the UG, including compliance monitoring, reporting, and cash-drawn requests.

The UG should establish processes to promote awareness throughout the government that grants normally come with significant reporting and compliance requirements. This proposed review should focus on:

- Centralization of all grant reporting, monitoring, and compliance into one organizational unit.
- Creation of consolidated and coordinated grant funding plans, linked to the UG's priorities and policy objectives to address outside funding opportunities, grant use spending plans and cash flow forecasts
- Monitoring processes and internal controls across the UG Departments financial and operational performance of grants, including performance and accountability measures.
- Finalization of grants management policy and detailed procedures.
- Inclusion of all approved grants in the UG's appropriated budget as required by Charter, but not currently being done.
- Establish trainings for key internal stakeholders on governance, program and fiduciary oversight, and subrecipient monitoring.
- Develop appropriate cash management procedures for drawdown and receipt of funds.

### **Recommendation 4. Assess processes and opportunities for centralization of UG revenue and cash management functions**

The UG should evaluate its revenue and cash collection processes across all county and city government operations. It was reported that there are currently more than 40 different locations for the collection of revenue across the community. There are various cashiering and revenue collection practices used across the UG as well.

The County Treasurer/Director of Revenue should be leading this review as the chief custodian of revenue collections. The need for improved revenue posting was also cited as a need within the County Treasurers Office. The Director indicated that there was a proposed plan to shift the revenue reconciliation and accounting of UG revenues from the Treasurer's Office to the UG Accounting Office. We would recommend that the recording and reconciliation of cash receipts should be a function of the County Treasurer/Revenue Office and not the UG Accounting Office.

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. We recommend that prior to the purchase of any new point-of-sale technology system or reorganization of the cash accounting and reconciliation processes that the procedures be mapped and a detailed process improvement plan be developed.

The County Administrator's Office should 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. Due to the timing of this initial review, we were unable to complete a more comprehensive review of all the tax collection processes within the UG. We would recommend a more

detailed analysis of the delinquent property tax collections be undertaken to better understand the organizational alignment of this function.

In late winter 2022, the newly hired County Treasurer/Revenue Director introduced new customer service-focused practices for the Motor Vehicle Division that should lead to improved service delivery with the training being deployed. The recent process and organizational improvements to the Motor Vehicles Division has streamlined operations and is reported to have improved the customer service experience (e.g., reduced wait times).

The Revenue Director/Treasurer noted that the Motor Vehicles Division had experienced a high degree of turnover and staffing vacancies over the past several years. Given the outward-facing nature of this division, we recommend that attention be focused by the County Administrator's Office on HR's efforts to address this issue expeditiously.

The UG's Stabilization, Occupation and Revitalization program (SOAR) has been somewhat successful in addressing long-time delinquent tax collection challenges but its primary focus is confronting "...some of the most pervasive challenges in the appearance, communication and safety of Wyandotte County neighborhoods (e.g., vacant and abandoned homes, property maintenance...poorly maintained streets, graffiti", etc.). We think for the SOAR program, serious consideration should be given to making delinquent collection the responsibility of the Finance Department, which can continue to serve as a member of a cross-functional team.

We found that in some instances the delinquent tax collection operation is a part of the County Treasurer's operations. Locally for example, in Johnson County, Kansas, the function of delinquent property tax collections is part of the County Treasurer's Office to provide for a streamlined customer experience and alignment of all real estate, motor vehicle, and personal property taxes in one organization under the County Treasurer's Office. Johnson County's projected delinquency rate is 2.1%.

We found that the UG's projected delinquent property tax rates for 2023 of 6.9% is one of the highest in the State. And, according to the Long Term Financial Forecast for Fiscal Years 2023- 2027, is significantly higher than the national average of 2%. It represents \$4.3M in lost or delayed revenue. The report estimates that the UG has \$6-\$8M in past-due revenue that is deemed collectable.

While the UG uses the State of Kansas income tax set-off program, the UG should also investigate the deployment of the U.S. Treasury Tax Off-set Program (TOPs) to recover various taxes and fees. The TOPs program withholds state and locally owed revenues (e.g., child support, taxes, business licenses, etc.) from federal income tax payments.

### **Recommendation 5. Transfer of Purchasing Office under Finance Department**

In review of other Kansas county governments and other similar-sized peer governments, we found that the Purchasing/Procurement function is usually a component function of the Finance Department.



We also found that Section 29-46. of the Unified Government of Wyandotte County/Kansas City, Kansas Procurement Code denoted that the “The purchasing division headed by the purchasing director *shall* be a division under the finance Department”.<sup>2</sup>

The recommended realignment to the Finance Department would allow for improved accountability of how resources are spent and managed. The Purchasing Director should be a key member of the Finance Department leadership team to improve procure to pay processes within the UG. Proposed efforts to implement strategic sourcing, and the Minority Business Enterprise Program (MBE) within the UG could also be enhanced through coordination with Budget & Strategy and the development of detailed operating and CMIP budget plans

**Table 3. Comparison of Purchasing FTE and Organizational Alignment**

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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
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Lincoln, NE	\$626.4M (21-22)	289,102	2,102.96	9.0 Finance
Athens-Clarke County, GA	\$274.2M (22)	131,857	1,769	7.0 Finance

<sup>2</sup> [https://library.municode.com/ks/wyandotte\\_county\\_-\\_unified\\_government/codes/code\\_of\\_ordinances?nodeId=CH29PRCO\\_ARTIIPROR\\_DIV2PUDI\\_S29-47QU](https://library.municode.com/ks/wyandotte_county_-_unified_government/codes/code_of_ordinances?nodeId=CH29PRCO_ARTIIPROR_DIV2PUDI_S29-47QU)

## OPERATIONAL IMPROVEMENT & ENHANCEMENT STRATEGIES

During a series of key stakeholder interviews and a 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 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. Understanding & Monitoring Financial Health of the Community

The RBG team 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 two months of expenditures (17%).

We did not locate a tool for forecasting and monitoring cash flow 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 and enhancement strategies:

- Publish a dashboard of key indicators of financial strength, and [their trends], such as:
  - Number of days of operating cash on hand (by major fund)
  - Percentage 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 percentage 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
- 
- Develop a set of benchmarks to compare the UG's financial condition to those of its higher—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 City General Fund budget
    - 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 (PBB) Processes

The UG has initiated the process of creating a Priority Based Budgeting program (PBB). As stated, in the document, *"Finance Department What We Do"* this best practices-based approach to financial management and budgeting "...emphasizes strategic planning to accomplish the goals of and objectives of identified by municipal leaders and members of the community. Many benefits have been achieved in communities that have adopted this style of budgeting, such as: increased transparency, increased community involvement and more accountability."

For PBB to be successful, several elements are necessary: A limited set of UG wide goals tied to its vision and values, prioritization of those goals, allocation of funding based upon the priorities set, agreed to metrics for measuring progress towards achieving those goals and robust, honest discussions around which programs represent the best investments for achieving the goals. In addition, it is important to have regular reporting on progress being made towards achieving the prescribed goals, and to make mid-course corrections to adjust goals, funding metrics, move funds between programs, etc.

Goals: The Board has set seven strategic goals that stem from its vision of: ***Uniquely Wyandotte - a vibrant intersection of diversity, opportunities, and distinctive neighborhoods. An engaged community: healthy, fulfilled and inspired.*** Those goals include:

- Reduce blight
- Increase safety and perception of safety

- Improve community health
- Increase economic prosperity of the community and opportunity for our residents
- Increase community cohesion
- Improving customer service and communication improve infrastructure

Allocation of resources based on priorities: We found that a process of weighting has been employed to allocate resources, but it is not clear that the weighting considers Commission priorities, or what can be achieved in the near-term vs. longer term objectives. It is also not clear to what extent the weighting considered Mandated services vs. Core service vs. Discretionary services. We also found:

- There were no easily identified UG-level metrics exist that can serve to tie performance to desired outcomes.
- There was no systematic reporting done on progress being made towards the Board's goals.

The UG has taken some of the initial steps necessary to implement PBB. However, to address existential challenges like expenditures outpacing revenues in the City General Fund, projected deficits in the Emergency Services Fund (EMS), unfunded long-term liabilities like street rehabilitation and replacement costs, and a myriad of other fiscal sustainability issues, it must as the 2020 – 2027 Long Term Financial Forecast states: "...continue [in] the process of implementing Priority-Based Budgeting as a tool for identifying alternative resource allocation options."

Based on our collective experience, interviews, observations, and the reaction of members of the Board of Commissioners during our July 28, 2022, PowerPoint presentation, there is an urgent need for a strategic planning process to revisit and validate the Commissions goals -- and to set priorities. The goals and priorities need to consider the urgent challenges and fiscal sustainability issues facing the UG. In addition, the exercise should identify Mandatory Services, Core Services, and Discretionary Services – and their respective minimum service levels. Costs should be calculated for all three types of service.

While it is too late to impact the current (FY2023) budget approval process, we recommend designating the time and resources needed to immediately initiate a Strategic Planning Process for the UG and to also begin the process of developing appropriate metrics to measure progress towards goals and priorities. Ideally, the FY2024 would begin a multi-year approach to addressing the UG's fiscal and programmatic challenges, incorporate the results of this planning and goal setting initiative, and allocate resources in large part on that basis.

Departments should also begin the process of developing business plans that incorporate enterprise-wide goals that they can impact. The County Administrator and the Assistant County Administrators should look for synergies between the various Departmental programs within and between their portfolios (i.e., Administrative Services, Public Safety, Health & Human Services and Planning, Economic Development & Community Development) – that can help to achieve the Board's strategic goals. *[It should be noted that we have reviewed the recommendations of the other consultants engaged to review the UG's structure, management systems, and HR operations, and we generally agree with the organizational realignment and proposals regarding bolstering HR systems].* We also recommend that a robust system of reporting on progress towards strategic goals be instituted, to complement the Budget vs. Actual Reports done on a quarterly basis.

To make the changes necessary to alter the UG's current financial course, the County Administrator's Office and the Finance Department will have to provide the Mayor and Board well-reasoned and data-supported policy choices. To be successful, the Board will have to make hard policy choices, and stay the course to ensure long-term viability.

Some examples of local governments who successfully utilize Priority-Based or Outcome-Based Budgeting, are the City of Baltimore Maryland, and Mecklenburg County, NC.

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

In the summer of 2020, UG approved the capital initiative for the implementation of a new enterprise ERP system to replace an aged financial 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.

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

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The new ERP system, was reported to Go-Live on October 1, 2022, after a delayed Go-Live Date of July 1 that includes the following functional modules:

- Human Resources Management
- Benefits Management
- Recruiting
- Payroll
- Time Tracking
- Accounting
- Financial Reporting
- Procurement
- Grants Management
- Budgeting
- Historical Data
- Talent & Performance Project Management
- Supplier Management

**Table 4: 2020 CMIP budget for the WorkDay implementation totaled \$8.1 million including the following sources and uses of monies:**

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 <sup>rd</sup> -party integrations, and other associated costs	\$ 774,733
<b>Total Sources of Monies</b>	<b>\$ 8,051,532</b>	<b>Total Uses of Monies</b>	<b>\$ 8,051,532</b>

Source: Unified Government Finance Office, July 20 2022

The new ERP vendor places a great deal of focus on ensuring that their implementation services partners adhere to strict quality standards and meet all the requirements, deliverables, and timelines detailed a defined statement of work. There is no third quality control oversight party.

The existing Workday Executive Team does not have one “engagement executive”, rather three Department Directors (Knowledge Management, Human Resources, and Finance) who are “working as a team of executives”. We found that the current governance structure does not have any representation from the County Administrator’s Office to provide an enhanced independent view.

**a. Need for Executive Leadership presence on Executive Steering Committee**

The existing WorkDay ERP Project implementation governance structures should include the organization’s executive leaders. The Executive Steering Committee should be aware of the go-live strategy plans, data conversion strategies, training, risks, and post go-live success measures

Due to the critical nature of the ERP implementation, we recommend that the County Administrator should be the Project Executive for this project 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).

If not created, there should be Post-Go-Live accountability plan including metrics to measure the success and service level agreements between Finance and Human Resource to the “client” UG Departments.

**b. Review of Project Readiness through an Independent Verification & Validation Assessment**

Best practices in ERP implementations are for a verification and validation performed by an organization that is technically, managerially, and financially independent of the development

organization.”<sup>3</sup> The inclusion of IV&V services is recommended as a part of large-scale system development projects by many computers science, engineering, and technology organizations.

- The Institute of Electrical and Electronics Engineers (IEEE) and the Capability Maturity Model Integration Institute (CMMI) are among the professional technical standards organizations that define and promote IV&V as a best practice. (IEEE, 1998; CMMI, 2007)
- The Clinger-Cohen Act of 1996, which addressed Federal technology acquisition and use, included a recommendation to “outsource for IV&V support” in its Project Management Handbook for Mission Critical Systems. (The United States Information Technology Resources Board, 1998)
- The General Accountability Office (GAO) has consistently recognized the use of IV&V as a leading practice for Federal agencies in the acquisition of programs that are variously complex, large-scale, or high risk. (GAO, 2011, 2014)
- The Department of Homeland Security (DHS) cites the value of IV&V in providing project management with “an objective assessment of processes, products, and risks” throughout the system development life cycle and its ability to promote “conformance to program performance, schedule, and budget targets” in its report on information technology. (GAO, 2014).

The UG Finance Department communicated that the new ERP vendor places a great deal of focus on ensuring that their implementation services partners (such as Accenture) adhere to their strict quality standards and meet all the requirements, deliverables and timelines detailed in their statement of work. We did find that the 68-page Accenture Statement of Work (linked [HERE](#)) contains all the specific requirements and deliverables, and as you review this document you will find that the requirements have been specified in detail.

However, having an independent verification and validation focuses on an unbiased review of the requirements of a software selection or 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, we recommend that the UG complete immediately an abbreviated IV&V review to confirm the readiness of the organization for the targeted October 1 go-live date. This date has been delayed once already.

GFOA also recommends that during ERP implementations government officials should: <sup>4</sup>

- Understand the requirements for effective management of each phase of an ERP implementation project
- Understand indicators for risk and need for project plan corrections in each project phase
- Identify critical success factors for ERP implementations
- Take opportunity to improve process and implement best practice

<sup>3</sup> <https://www3.technologyevaluation.com/research/article/what-is-ivv-and-why-does-it-matter-to-software-selection.html>

<sup>4</sup> <https://www.gfoa.org/events/erp-implementation-and-technology-governance-lmserp1121>



- Take advantage of lessons learned with change management
- Identify how to transition out of the project and maintain a successful system

Best practices in major technology implementation are the completion of an Independent verification and validation (IV&V) to provide a completely independent assessment of the work products and progress of a system development project. The purpose of IV&V or Readiness Assessment is to verify and validate that a system will comply with its stated requirements and organizational standards and meet its users' needs.

An independent validation of the separate from the organization responsible for system development or project to provide an independent, unbiased review of an information system's processes, products, and results.

With the revised ERP Go-live date of October 1, 2022, and the lack of information shared with the County Administrator's Office, we recommend a high level IV&V review. Critical review criteria should include:

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.

Key focus areas of the high-level readiness assessment should include:

#### **1. Risk Management**

- What is the project 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?
- What is the budget to actuals spending plan for the project? Who has approved any change orders and/or contract amendments?

## **2. Implementation Cut Over**

- Review of cutover plans and checklists including plans for readiness, e.g., who is staffing, how long it will the staffing be available, how personnel contact them if there are issues?
- What is the plan for cut-over of data for the go-live with the start of the fourth quarter of the fiscal year?

## **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?
- Has 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?

## **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 where these decisions made and why?
- What is the decommissioning plan for the existing systems?

## 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 is the schedule for remaining end-to-end business process testing?
- 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?
- What is the process and results of the validate of the end?

## 7. Go-Live Plan & Post Implementation Monitoring

- What are the Key Performance Indicators (KPIs) 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 operating costs for the new ERP system? Has this amount been included in the FY23 Budget and future year financial projections?
- 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. Need for Procurement Card Assessment

Like many local governments, UG introduced the use of P-Cards. According to the Government Finance Officers Association (GFOA):

“...Purchasing card (also known as procurement card or P-Card) programs provide an efficient, cost-effective method of purchasing and paying for small-dollar and high-volume purchases. Purchasing cards offer an alternative to the traditional purchasing process and can result in a significant reduction in the volume of purchase orders, invoices, petty-cash transactions, and checks processed. “

Best practices dictate that to ensure the ongoing success of a P-Card program, governments need to maintain appropriate controls that are aligned with an approved purchasing policy. This should be done through the development of a P-Card program that includes the following elements:

- Defining the scope of the program (usually for small dollar, high-volume purchasing, and possibly travel)

- Having a Purchasing Card Policy and ensuring that it conforms to the entity's overall procurement policy
- Developing a P-Cards procedures manual that also addresses fraud prevention
- Implementing a training program (include a training manual)
- Developing a process for selecting and managing the right issuer/ card provider (Competitive RFP Process) ..."

P-Card usage in the UG is significant. Based on data obtained from the Finance Department - Accounting Division:

- There are currently approximately 363 active P-Cards in use.
- There was \$4.4 million in P-Card purchases through the first six months of fiscal year 2022.
- The number of P-Card transactions over the past three years has averaged 24,000.
- Annual purchases over those fiscal years averaged \$6.86M and totaled \$20.6M.
- Per the head of Purchasing, P-Card and other Purchasing policies and procedures have not been updated since 2007, and are often not followed.

We recommend the UG immediately:

- Review the P-Card program's policies, practices, and spending trends.
- Assess the necessity for each of the P-Cards currently issued.
- Conduct an in-depth, external audit of P- card usage over the last three – five years, and conduct regular audits of the program thereafter.
- Update the Procurement Policy and P-Card Policy – address fraud prevention.
- Update the P-Card procedures manual -- address fraud prevention.
- Develop a training manual, retrain every current P-Card holder, and have existing and future cardholders, agree to and sign the new policy.
- Hold P-Card holders and those who approve their purchase accountable for unauthorized purchases.
- Consider issuing a new RFP for an issue and specifying additional controls such as – more limited merchant category codes (MCC), or require reports that identify NAICS industry business classifications, and by expense code or Supplier/Commodity /Service type to identify and further restrict improper purchases.

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*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*

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

The UG has several Financial Service contracted professional service providers used for defined financial advisory service purposes. In each case, these professional services were obtained through a formal Request for Proposal Process (RFP) with the former City and now Unified Government. We found that many of the financial service firms have been the firm of record for an extended period.

Table 5: Key Financial Advisory Service Professionals

Financial Services	Contractor	Original Issue Date	Term & Renewal
External Auditor	Allen, Gibbs & Houlik, (AGH)	2002	Extended in 2021 for three years; expires in 2023
Depository Banking Services	UMB	2012	Original agreement was 3 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 signed in 2021 and expires in 2023

Source: Unified Government Finance Department, July 2022

### External Auditing Services

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.

As shown, above the current independent external audit firm has been in place since 2002. UG Finance Department officials noted that RFPs have been completed for these services with the changing of the engagement partners and/or audit managers over those years. The assigned AGH personnel has also changed. The last RFP was completed in 2016 and then extended to 2021; it expires in 2023.

Based on best practices and our industry experience, we recommend that the UG should require in their audit contracts that the auditors of their financial statements perform their audits. Governments, like the UG, should enter into multiyear agreements of **at least five years in duration** when obtaining the services of independent auditor. This allows for continuity and help to minimize the potential for disruption in connection with the independent audit.

The UG should complete a competitive process for the selection of independent auditors at the ***end of the term of each audit contract***. 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.

While we could not validate the services provided by the current external audit firm any significant non-audit services, we recommend that any such services be approved in advance by the County Administrator and an established UG's audit committee.

Finally, we would also recommend that any future audit procurement process be structured so that the principal factor in the selection of the auditor be based on the ability to perform a quality audit. The fee proposal should not serve as the sole criterion for the selection of an independent auditor, rather an independent auditor should have a demonstrated commitment to state and local government audit practices. The Accounting Policies should also denote the procurement process as well.

### Other Financial Services

Other Financial Services like banking services, financial advisory services, bond counsel and other bond finance team members should also be frequently rebid. GFOA recommends such services be procured every five years. Governments need to ensure that the finance Department does not rely on too other financial service professionals.

Industry practices support the use of an open, merit-based process for the selection of underwriters for those bond issues that are not sold by the competitive-bid process. Similarly, other municipal finance professionals also should be selected on merit.

For example, within the District of Columbia Financial Office, (OCFO's) current practice is to solicit firms to provide municipal financial advisory services in relation to bond issuances and other related matters through the issuance of an RFP for such services. The RFP is broadly advertised through national publications and associations such as the Bond Buyer and GFOA. The OCFO, seeks to attract national, regional, and minority-owned firms based on their expertise with issuers like the District of Columbia. A pool of qualified firms is selected for a five-year period in various roles, including providing Financial Advisory services and CIP transactions, Economic Development Finance TIF transactions, acting as pricing advisor and swap advisor, as well as assistance with rating agency presentations.

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

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."<sup>5</sup>*

We recommend a more detailed review of all risk-management functions within the UG. While this analysis did not focus on program operations, we found in discussions with various Finance Department leaders that there is not a comprehensive or single-source operation for various risks. A more detailed review of all risk-management functions of the UG is needed to ensure long-term strategies are in place

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***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."***

Source: GFOA Best Practice: Enterprise Risk Management

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<sup>5</sup> <https://erm.ncsu.edu/library/article/coso-erm-framework>

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 and casualty, worker's 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

Secondly, the UG should complete an Enterprise Risk Management (ERM) that an 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 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.

A consistent and systematic approach to proactively identify uncertainties, with a focus towards the "vital few" enterprises 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 Elements of Enterprise Risk Management Assessment include:

#### 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 & Operating Plan for Cyber Security Preparedness

As the UG has recently experienced, cyber security 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.

*Best practices in government and private industry are for organizations to work with various organizational Departments, 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.*

Financial accounting, reporting and business practices were significantly hampered by the spring 2022 cyber security incident. 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.

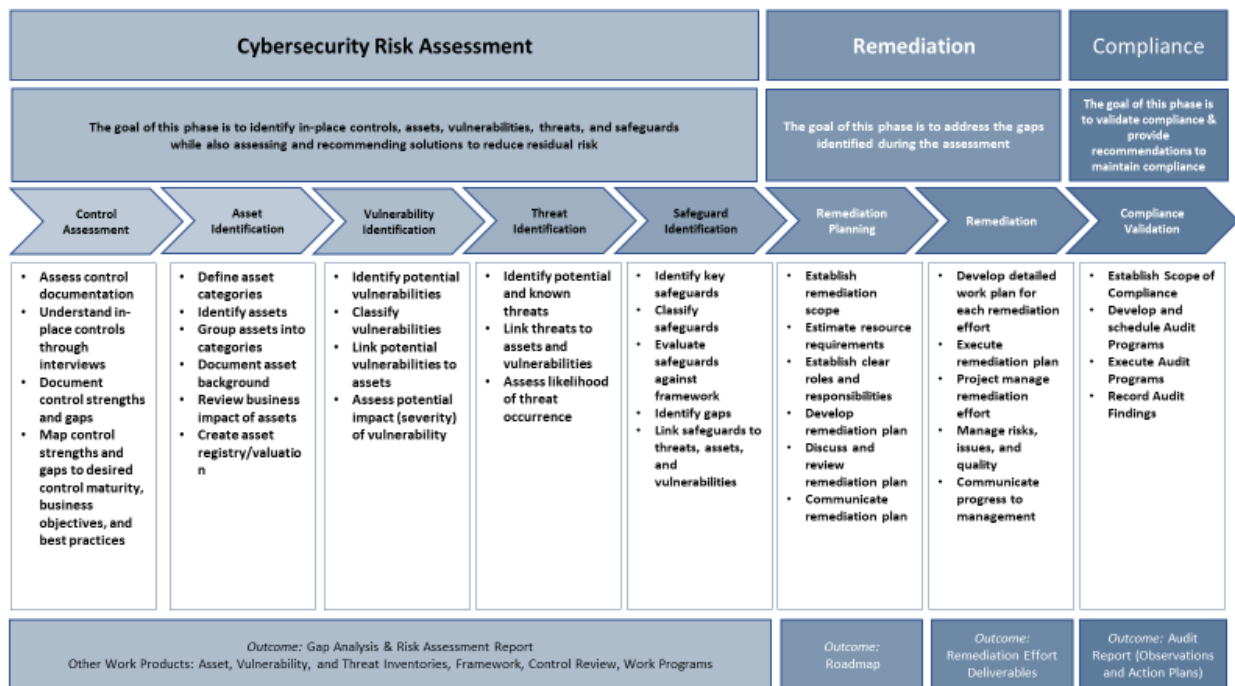


The UG should be working in conjunction with various Departments, to institute processes, training, and controls to maintain the reliability of its systems and protect against cybersecurity threats as well as mitigate intrusions and plan for business continuity via data recovery.

We recommend that the UG complete a full and comprehensive cybersecurity risk assessment to identify needed safeguards to protect valued public information and financial transactions.

Cybersecurity incident response plans are reviewed regularly, and tabletop and other exercises are conducted annually to assess the effectiveness of those plans. The UG should conduct cyber security assessments with the intent to identify areas for continual improvement and develop work plans to address issues and support the cyber security program. The below graphic provides an illustration of key Cyber Security Plan components<sup>6</sup>.

**Table 6. Example of Cyber Risk Assessment Approach**



The UG should also create a disclosure statement in its financial statements to alert the financing community of its plans, processes, and training. Cybersecurity risks create potential liability for exposure of financial and nonpublic information and could create various other operational risks.

The UG's Emergency Disaster Recovery Plan should also be reviewed with updated provisions for business continuity during any unforeseen future cyber incident.

## Recommendation 8. Role of the Finance Department in Economic Development

We found in our interviews, that the Finance Department role is not clearly defined, and the current staff involvement was limited in economic development incentive development and analysis. The UG

<sup>6</sup> Alvarez & Marsal Cyber Security Assessment Approach

Finance Department occasionally analyzes the incentive agreements, but usually after they are close to being finalized. The UG does use outside consulting firms to preform economic fiscal impact analysis on projects that will be debt financed.

We also observed that the UG does not have any financial policies or disclosure in place about the prioritization of Environmental, Social and Governance/ Diversity, Equity, and Inclusion in local development projects and/or government operations. Diversity, Equity, and Inclusion equity 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.

It is recommended that both the Finance and Budget Offices have a defined role and key participant in the analysis of economic and fiscal impacts, as well as the risks and uncertainties, associated with economic development plans, strategies, and proposed projects.

The Offices should:<sup>7</sup>

- 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
- Be an active participate in the negotiation of development agreements
- Monitor compliance with ongoing development agreements
- Apply digital technology to assist with annual reporting
- Evaluate and forecast economic impact of overall project including community impact

We found in our interviews, that the Finance Department role is not clearly defined, and the current staff involvement was limited in economic development incentive development and analysis. The UG Finance Department occasionally analyzes the incentive agreements, but usually after they are close to being finalized. The UG does use outside consulting firms to preform economic fiscal impact analysis on projects that will be debt financed.

Finance has previously prepared an economic development incentive report. The last update of the report was in 2020, however. We also found that within the General Fund Budget there were economic development project agreement costs and revenues that related to lease payments on a major the soccer stadium parking facility.

It is recommended that the Finance Office have a defined role and key participant in the analysis of economic and fiscal impacts, as well as the risks and uncertainties, associated with economic development plans, strategies, and proposed projects. The Finance Office should:

- Assist in creating an economic development plan
- Create financial incentive tools and policies
- Analyze and/or assisting with creation of individual development proposals

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<sup>7</sup> GFOA Recommended Practice: Role of the Finance Office in Economic Development

## Finance Department Operational & Organizational Assessment

- Be an active participant in the negotiation of development agreements
- 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
- Create incentive programs specific to the strategic priorities of the community

We also recommend the UG undertake a comprehensive review of State of Kansas and locally established economic development tools and incentive programs to evaluate their benefit and impact to prioritized growth strategies and create more value. In addition, the UG must re-evaluate its transformational strategies and commit or recommit to human-centered design to prioritize individual's experience

This review could assist in improving 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. The UG should 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.

Additionally, the Finance Department should ensure that the annual report on economic incentives is completed on a timely basis that discloses the various active economic development incentives and the defined outcome measures for each project. (e.g., number of jobs created, % of locally hired employees., etc.). There should also be an annual review of each incentive agreement to ensure compliance with the terms and conditions of the local and State of Kansas incentives and take remediation action (e.g., claw backs) to address any shortfalls cited.

### **Recommendation 9. Need to Operationalize Financial Accountability Policies and Procedures**

The Government Finance Officers Association (GFOA), as the leading organization to promote best practices, support those financial policies play a key role in building a strong financial foundation by

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***Best practices in local government finance promote play a key role in building a strong financial foundation by promoting accountability and encouraging long-term thinking***

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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.<sup>8</sup>

The GFOA recommends that local governments establish the financial policies and procedures to:

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<sup>8</sup> GFOA Recommended Practice on Financial Policies

- Financial policies define limits on the actions staff may take. The policy framework provides the boundaries within which staff can innovate to realize the organization's strategic intent
- Support good bond ratings and thereby reduce the cost of borrowing
- Promote long-term and strategic thinking. The strategic intent articulated by many financial policies necessarily demands a long-term perspective from the organization
- Manage risks to financial condition. A key component of governance accountability is not to incur excessive risk in the pursuit of public goals. Financial policies identify important risks to financial condition
- In times of fiscal uncertainty or distress, they can guide decision-making and set boundaries for acceptable action

We compared GFOA's recommended best practice in Financial Policies and found that the UG has adopted financial policies that align with the basic key elements of the policy framework. Most of the policies were adopted in 2018.<sup>9</sup>

**Table 7: GFOA Financial Policy Comparison with UG Policies**

GFOA Financial Policy	Policy Purpose & Guideline	Unified Government Policy
<b>General Fund Reserves</b>	Policies govern the number of resources to be held in reserve and conditions under which reserves can be used.	General Fund Operating and Economic – Adopted July 26, 2018  Uncertainty/Emergency Reserve Policy – Adopted July 26, 2018
<b>Reserves in Other Funds</b>	Policies for other funds (especially enterprise funds) that serve a similar purpose to general fund reserve policies.	Special Revenue Funds Operating Reserve Policy – Adopted July 26, 2018  Enterprise and Internal Service Funds Operating Reserve Policy – Adopted July 26, 2018
<b>Grants</b>	Policies that deal with the administration and grants process.	No UG formally adopted policy – No Date
<b>Economic Development</b>	Policies that address a local government's use of subsidies or other incentives to encourage private development	Local Economic Development Policy - Adopted April 24, 2014  Tax Abatement Policy - Adopted October 21, 2010  Industrial Revenue Bond Policy - Adopted April 8, 2021  Tax Increment Finance Policy - Adopted April 8, 2021
<b>Debt</b>	Policies that govern the use of government debt, including permissible debt instruments, conditions under which debt may be used,	Debt Policy – Adopted March 28, 2019

<sup>9</sup> GFOA Recommended Practice on Financial Policies

	allowable levels of debt, and compliance with continuing disclosure requirements.	Debt and Securities Continuing Disclosure Matters Compliance Procedure - Adopted June 5, 2014, and Updated July 26, 2018  Tax-Exempt Financing Compliance Policy Adopted January 19, 2012 and Updated July 26, 2018
<b>Investment</b>	Policies that provide guidance on the investment of public funds, including permissible investment instruments, standards of care for invested funds, and the role of staff and professional advisors in the investment program	Cash and Investment Policy - Adopted December 16, 2021
<b>Accounting and Financial Reporting</b>	Policies that establish and guide the use of an audit committee, endorse key accounting principles, and that ensure external audits are properly performed	Accounting, Auditing and Financial Reporting Policy – Adopted July 26, 2018
<b>Risk Management and Internal Controls</b>	Policies that address traditional views of risk management and internal control, as well as more modern concepts of "enterprise risk management."	Risk Management and Internal Controls Policy - Adopted January 23, 2014
<b>Procurement</b>	Policies that are most essential for adoption by the governing board to encourage efficient, effective, and fair public procurement	Procurement and Purchasing Policy - Adopted July 12, 2007
<b>Long-term Financial Planning</b>	A policy that commits the organization to taking a long-term approach to financial health	Long-Term Financial Planning Policy - Adopted July 26, 2018,
<b>Structurally Balanced Budget</b>	Policies that offer a distinction between satisfying the statutory definition and achieving a true structurally balanced budget	No separate policy. While no separate policy existed reference to a structurally balanced budget was found in the Operating Budget policy.
<b>Capital</b>	Policies that cover the lifecycle of capital assets, including capital improvement planning, capital budgeting, project management, and asset maintenance.	Operating and Capital Budget Policy- Adopted July 26, 2018  Capital Asset and Equipment Investment and Management Policy - Adopted February 11, 2021
<b>Revenue</b>	Policy guidance through the designing of efficient and effective revenue systems that guarantee the generation of adequate public resources to meet expenditure obligations	Revenue and User Fee Policy - Adopted July 26, 2018,
<b>Expenditures</b>	Policies addressing a range of issues around how the money is expended, including personnel, outsourcing, and funding long-term liabilities	Expenditure Policy - Adopted July 26, 2018
<b>Operating Budget</b>	Policies that describe essential features of the budget development process and form, as well as principles that guide budgetary decision making	Operating and Capital Budget Policy - Adopted July 26, 2018



		<b>Other UG Policies:</b> United Government Summary of the Financial Policies - Adopted July 26, 2018  Red Flag Policy and Identify Theft Prevention – Adopted May 11, 2011
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Local governments should also support open and transparent communication of the policies with stakeholders (in development, training, and annual review) and the developing detailed procedures to ensure the policies are operationalized within the organization. Policies should also be monitored with established metrics and compliance reporting. Best practices support those financial policies are most successful when they monitored, reviewed, and updated as needed in a systematic way.

In 2020, GFOA launched the Financial Policy Challenge, where GFOA members were encouraged to share adopted financial policies that are essential to a strong financial foundation. The UG was one of 12 local governments that earned recognition for completing the challenge by submitting policies that addressed at least 50 percent of the key policy elements. However, the policy examples submitted by the UG, GFOA in their challenge, did not complete a review for consistency with GFOA best practices.

The Finance Department also indicated that the City’s current Financial Advisor, also reviewed the financial policies prior to submission to the Board of Commissioners for adoption.

We did request copies of all Finance Department procedures. In review of the procedures provided, we found that they were not in alignment with the UG approved financial accountability policies. This is concerning that while great effort was spent in 2018 to develop the financial policies, we could not validate whether they are being followed and monitored.

We recommend that the UG:

- a. **Complete a detailed annual review of the currently adopted financial accountability policies to ensure alignment with all GFOA’s key essential, informative, and discretionary element and policies are current**

Policies should be Annually Reviewed and Updated. It is recommended that annually, the Financial Accountability Policies are reviewed by the County Administrator and the CFO for alignment to best practices in financial management, accounting, and budgeting. The review should then be submitted to the Board of County Commissioners for formal adoption on an as-needed basis.

Proper Referencing of the Comprehensive Annual Financial Report. In March and April 2021, GFOA advised its members to change the reference to Annual Comprehensive Financial Report (CAFR) or Annual Report. To date, the UG policies still include the CAFR acronym. (When pronounced aloud, it sounds the same as a highly derogatory term that causes great offense to international communities.) As a commitment to diversity, equity, and inclusion, ACFR should be used instead in the UG’s various financial policies when referencing this report.

Enhancements to Debt Financing Policy: Debt Financing Policies should be supported by strategies to reduce the reliance on general obligation debt. The UG policy for debt does not address the need to create a long-term plan to reduce the use of long-term debt. We also noted that there were no operating procedures related to issuance and monitoring of long-term debt or monitoring debt-financed projects. The policy also stated that the UG should complete an analysis that includes the annual debt service/lease payment for all long-term fixed obligations backed by the UG General Fund. The UG policy is to maintain this Debt Ratio below 10% of total General Fund expenditures. As of the June 28, 2022, the Debt Ratio, while troublingly high, was in compliance with the policy.

We could not find where the Finance Department is reporting to the Governing Body the annual results of this policy and where the debt-financing policy has now adopted formal metrics to monitor the UG debt capacity.

While the Debt Financing Policy references the Financing Team Roles and Selection Process in the policy, there was no defined guidance on the selection process and rotation of key financial roles. Best practices in local government promote an open process review with the potential rotation every five years. (See Table 5 on p. 7.)

Disclosure in the financial policies of the selection of financial service professionals and external auditor firm. We recommend that those various policies (e.g., Accounting, Debt Financing, Cash Management, etc.) include a section that outlines the procurement process for the selection and rotation of outside auditor service firms and other financial service professionals.

Red Flag Policy and Identity Theft Prevention Program Authority. This policy has not been updated since 2011. The UG should review this policy to add provisions like HIPPA and Cyber Security Risk. The lack of notation of these two current risk areas for governments demonstrates the lack of timely review and update of approved financial accountability policies.

**b. Develop Financial Policy to address Race and Social Justice Initiative (RSJI) operating initiatives**

A growing trend in financial management and budget policies and practices is to identify community Race and Social Justice Initiative (RSJI). Local governments like, Seattle, Madison, Portland, and King County, Washington, among others, have formally adopted strategic-planning priorities and budget strategies to address racial disparities and achieve racial equity in within their communities.

Secondly, best practices in local governments shown that governing bodies are acknowledging that race matters. The movement for racial equity includes grassroots community, organizations, philanthropy, governments, and other institutions. We recommend that the UG develop financial policies, strategic plan and priority-based budget policies that are inclusive of RSJI priorities. This recommendation would include a 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.



c. **Develop financial and operational metrics to monitor the compliance of the approved policies**

Monitoring of Policy Performance and Defined Metrics. The various 2018 approved Financial Accountability Policies include a section called “Metrics” with the notation that metrics “To be developed and managed accordingly”. We could not find where the policies have been updated with any established metrics and/or reported to the Mayor and Commission. Additionally, the policies clearly state that: The County Administrator and Chief Financial Officer will report potential non-compliance on any proposed Commission action and will report annually on overall compliance and non-compliance with all the financial policies. Without metrics, this compliance review is difficult to monitor and operationalize.

Monitoring compliance with adopted policies. We could not find where the Finance Department regularly monitored (outside of the year end) the fund balance or the target level of Operating Reserves. As noted in the policies, if the Operating Reserves “is not being met or likely to not be met at some point within a five-year time horizon, then during the annual budget process, Fund Balance levels will be provided to the Mayor and Board of Commissioners. Should the projected year-end Fund Balance be below the Operating Reserve amount established by this policy, a plan to replenish the Operating Reserves would be established based on the requirements outlined in this policy”.

d. **Create, review, and refine detailed operating procedures for the implementation of the policies**

While the adopted policies are very detailed and follow many of the essential, and discretionary policy elements of GFOA, the UG Finance Department needs to ensure that they have been operationalized. In review of several procedure examples provided (e.g., Fund Balance Procedures) they were approved prior to the formal adoption of the Financial Policies and reflect outdated materials and thresholds. Procedures were not provided or were in draft form in many of the finance Department programs areas.

The General Fund Operating and Economic Uncertainty/Emergency Reserve Policy, states that it is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of adopted policy. We could not find where these procedures or practice exist.

e. **Address structural budget projections to ensure the budget is balanced**

The General Fund Reserve policy states that “it is the intent of the UG to limit use of General Fund Operating Reserve to address unanticipated, Non-Recurring (one-time) needs. However, we found in the FY22 Adopted Budget and Preliminary FY22 Amended and FY 23 Proposed Budget Projects that Fund Balance Reserves are being used to pay for reoccurring operating expenditures.

Per the UG Policy, “reserves may, however, be used to allow time for the Unified Government to restructure its operations in a deliberate manner (as might be required in an economic downturn or an emergency), but such use will only take place in the context of an adopted long-term financial plan”.

We could not see in UG's five-year financial forecast or annual budget any plan to address a balance below the two-months minimum, a plan will be developed and included in the formulation of the five-year forecast presented during the annual budget process.

The UG's adopted Long Term Financial Planning policy, states that "in preparing the plan and based on available data, staff will analyze long-term trends and projections of revenues, expenditures, debt, deferred capital maintenance, and non-current liabilities to uncover potential long-term imbalances. Should the long-term forecasting and analysis show that the Unified Government is not structurally balanced over the five-year projection period; staff would then identify alternative strategies needed to address the issues and make recommendations, for the Board of Commissioners consideration, on how the plan can be brought into balance".

In review of the FY 22 Adopted Budget and the Preliminary FY23 Proposed and FY22 Amended Budget the Finance Department has not presented, to date, how the plan could be brought back into balance.

**f. Development of a Strategic Plan Board Approved that provides the priorities for the community in which resources can be aligned to**

The policies reference the alignment of the Strategic Plan to annual budget process We could where the current UG had completed a strategic plan or where Departments were involved in the creation of objectives and spending plans that align to the strategic plan. The Unified Government should adopt a multi-year Strategic Plan that is annually updated to define the operating and capital improvement priorities for the UG. The Plan should be the basis for the deployment of the UG's priority-based budgeting process

### Conclusion

The RBG team is pleased to submit the *Finance Department Operational and Organizational Assessment and Recommendations Report* to the UG. The assessment is designed to help UG improve its operational and organizational efficiency, financial services, and performance by pinpointing "gaps" present in the UG Finance Department. organization. Our recommendations were designed to better focus resources and investments on identified areas in order to improve them.

While this report gives UG officials a high-level assessment of UG's current state, the RBG team recommendation is that UG take the next step forward to continue to evaluate its policies, procedures and practices through a detailed efficiency review and desk audit. By evaluating the current state versus future state for UG government, a business process model review of policies, practices and procedures will allow elected officials to gain a better understanding of UG's performance and sustainability.

### Appendix

A benchmarking analysis was conducted as part of the engagement. It provides critical information that was essential in the analysis of UG's best path forward by giving UG staff an opportunity to compare itself to other jurisdictions.

**Benchmarking KPIs – Part 1\***

Benchmarking KPIs	Formula	Unified Government Wyandotte County	Sedgwick County, Kansas	Johnson County, Kansas	City of Wichita, Kansas	City of Topeka, Kansas
Historical Population	2010 - US Census Bureau	157,505	498,365	544,179	382,368	127,473
Current Population	2020 - US Census Bureau	169,245	523,824	613,219	397,532	126,587
Population Increase (decrease) trend	Calculation	7.40%	5.10%	12.69%	3.97%	-0.07%
Working Population	% Population 18 years to 64 years	59.80%	59.70%	61%	60.50%	59%
Organization Staffing	FTE's (all Funds)	2198.50	3092.59	4136.48	3258.00	1144.00
Local government structure efficiency	FTEs per total residents	76.98	169.38	148.25	122.02	110.65
Workforce assessment & support	HR as a % of total budget (highlight cells not used)	0.45%	10.25%	0.35%	0.30%	0.45%
Available Resources	Total Budget	\$424,158,024.00	\$480,191,394.00	\$1,003,034,908.00	\$611,581,533.00	\$338,997,708.00
Revenue enhancement	Property tax collection rate	93.20%	97.98%	99.01%	95.78%	N/A
Customer payment efficiency	% bills paid within 30 days	Aging Report	Aging Report	Aging Report	Aging Report	Aging Report
Spending priorities	Finance budget as a % of Total Budget	1.57%	1.82%	0.57%	0.45%	0.74%
Digital operations	IT budget as % of total budget (Knowledge budget for UG)	2.42%	2.98%	2.45%	2.71%	1.28%
Digital enablement	IT spends per employee	\$4,675.49	\$4,620.16	\$5,952.87	\$5,092.41	\$3,802.72
Bond Rating	Rating issued by agencies	Moody's A1; S&P's AA	Moody's AAA; S&P's AAA; Fitch AA+	Moody's AAA; S&P's AAA; Fitch AA+	Moody's Aa2	S&P's AA
Legal Debt Limit	In Thousands	\$474,943,000.00	\$156,103,000.00	\$969,636,000.00	\$940,358,000.00	\$289,993,000.00
Total Net Debt	Applicable to Limit - In Thousands	\$290,934,000.00	\$22,031,000.00	\$4,807,000.00	\$339,537,000.00	\$101,030,000.00
Debt burden capacity	% of general long term debt to total budget	2.60%	3.16%	0.20%	0.09%	N/A
Assessed Valuation	In Thousands	1,583,146	500,840	11,733,829	4,266,318	1,303,411
Property Tax Rates	City & Overlapping Tax Rate	77.798 (direct rate)	115.2-265.0	115.26	116.60	158.33
Financial sustainability	Unassigned General Fund Balance	\$40,977,190.00	\$68,187,847.00	\$129,620,730.00	\$45,032,000.00	\$21,915,115.00
Financial sustainability	Unassigned GF Balance % of Total Budget	9.66%	14.20%	12.92%	7.36%	6.46%
Internet connectivity	% Households with Broadband Internet	80.40%	86.30%	93.9%	85.40%	73.8%

## Finance Department Operational & Organizational Assessment



Benchmarking KPIs	Formula	Unified Government Wyandotte County	Sedgwick County, Kansas	Johnson County, Kansas	City of Wichita, Kansas	City of Topeka, Kansas
Community Growth	Econ Dev Budget % of Total Budget	0.26%	N/A	0.11%	0.29%	N/A
Median Household Income	2016 to 2020 Data	\$48,093.00	\$57,540.00	\$91,650.00	\$53,466.00	\$49,647.00
School Enrollment	Daily Attendance	Multiple districts	90791.00	104198.00	48175.00	12439.00
Parks and open spaces	Acreage	2715.00	1120.00	N/A	5007.00	N/A
City of attributes	Parks & Recreation Spend Amount per Resident	\$80.06	\$2.39	\$79.96	\$68.97	\$4.98
Land Area	Square Miles	151.60	997.51	473.38	159.29	60.17
Population Density	Residents per Square Mile	1116.39	499.60	1149.60	2400.40	2118.60
Public Safety	Fire Department Budget as a % of Total Budget	16.37%	4.34%	N/A	8.90%	8.88%
Public Safety	Police / Sheriff Budget as a % of Total Budget	23.69%	14.26%	9.50%	17.15%	12.67%
Safe neighborhoods	Violent crimes per 100,000 residents	1038.00	1141.00	205.00	1141.00	740.00
Safe neighborhoods	Property crimes per 100,000 residents	5074.00	5321.70	3855.90	5321.70	5072.50
Single Audit Act	Total Federal Grants - 2020	\$32,359,948.00	\$92,393,068.00	\$40,251,581.00	\$88,907,793.00	N/A
Form of Government	Leadership Structure	Mayor/Chief Executive; Commission; County Administrator (Appointed)	County Manager - Commissioner	County Manager - Commissioner	City Manager - Council	City Manager - Council
Demographic: Major Race Categories	US Census Bureau: White	40.30%	67.6%	79.4%	62.5%	67.2%
Demographic: Major Race Categories	US Census Bureau: Black or African American:	22.60%	9.3%	4.9%	10.3%	10.5%
Demographic: Major Race Categories	US Census Bureau: Hispanic or Latino:	29.80%	15%	7.9%	17.4%	15.3%
Demographic: Major Race Categories	US Census Bureau: Asian	5.40%	4.6%	5.4%	4.9%	1.7%
Business Operations: Enterprise Funds (major)	Sewer System	\$48,216,276.00	N/A	\$63,923,300.00	\$45,227,383.00	\$37,248,313.00
Business Operations: Enterprise Funds (major)	Stormwater Utility	\$6,100,256.00	N/A	\$16,172,182.00	\$13,755,350.00	\$10,453,689.00
General Fund: Sustainability	Tax revenue	\$172,068,604.00	\$181,686,331.00	\$450,513,199.00	\$253,050,851.00	\$129,697,709.00
General Fund: Sustainability	Tax revenue as a % of total budget	40.57%	37.84%	44.92%	41.38%	38.26%

Benchmarking KPIs	Formula	Unified Government Wyandotte County	Sedgwick County, Kansas	Johnson County, Kansas	City of Wichita, Kansas	City of Topeka, Kansas
Sales Tax	Total Percentage	9.13%	7.50%	8.25%	7.50%	9.15%
Sewer spending per resident		\$284.89	\$0.00	\$104.24	\$113.77	\$294.25
Stormwater Utility per resident		\$36.04	\$0.00	\$26.37	\$34.60	\$82.58

\*Sources:

## Benchmarking KPIs – Part 2

Benchmarking KPIs	Formula	Unified Government Wyandotte County	City of Lincoln, Nebraska	City of Saint Paul, Minnesota	City of Grand Rapids, Michigan	Athens-Clarke County, Georgia
Historical Population	2010 - US Census Bureau	157,505	258,379	285,068	188,040	116,714
Current Population	2020 - US Census Bureau	169,245	291,082	311,527	198,917	128,671
Population Increase (decrease) trend	Calculation	7.40%	12.67%	9.28%	5.78%	10.24%
Working Population	% Population 18 years to 64 years	59.80%	64.30%	64.20%	65.30%	71.60%
Organization Staffing	FTE's (all Funds)	2198.50	2675.53	3004.30	1721.00	1729.00
Local government structure efficiency	FTEs per total residents	76.98	108.79	103.69	115.58	74.42
Workforce assessment & support	HR as a % of total budget (highlight cells not used)	0.45%	13.27%	1.16%	2.98%	1.06%
Available Resources	Total Budget	\$424,158,024.00	\$645,440,382.00	\$411,605,110.00	\$114,226,137.00	\$300,486,406.00
Revenue enhancement	Property tax collection rate	93.20%	97.62%	98.78%	N/A	99.29%
Customer payment efficiency	% bills paid within 30 days	Aging Report	Aging Report	Aging Report	Aging Report	Aging Report
Spending priorities	Finance budget as a % of Total Budget	1.57%	3.15%	9.68%	0.44%	0.83%
Digital operations	IT budget as % of Total Budget (Knowledge budget for UG)	2.42%	N/A	0.99%	7.82%	1.281%
Digital enablement	IT spends per employee	\$4,675.49	N/A	\$1,355.96	\$5,190.99	\$2,226.72
Bond Rating	Rating issued by agencies	Moody's A1; S&P's AA	Moody's Aa2	S&P's AAA; Fitch AA+	Fitch AA	N/A
Legal Debt Limit	In Thousands	\$474,943,000.00	N/A	\$689,684,297.00	\$548,126,256.00	\$479,560,230.00
Total Net Debt	Applicable to Limit - In Thousands	\$290,934,000.00	N/A	\$191,416,480.00	\$121,161,614.00	\$27,369,070.00
Debt burden capacity	% of general long term debt to total budget	2.60%	0.14%	N/A	N/A	N/A
Assessed Valuation	In Thousands	1,583,146		27,418,889	13,158,496	12,673,233

## Finance Department Operational & Organizational Assessment



Benchmarking KPIs	Formula	Unified Government Wyandotte County	Sedgwick County, Kansas	Johnson County, Kansas	City of Wichita, Kansas	City of Topeka, Kansas
Property Tax Rates	City & Overlapping Tax Rate	77.798 (direct rate)	200.06	148.20	52.837	33.7
Financial sustainability	Unassigned General Fund Balance	\$40,977,190.00	\$36,948,163.00	\$68,797,968.00	\$37,037,796.00	\$32,148,781.00
Financial sustainability	Unassigned GF Balance % of Total Budget	9.66%	5.72%	16.71%	32.42%	10.70%
Internet connectivity	% Households with Broadband Internet	80.40%	89.30%	87.90%	83.90%	86.50%
Community Growth	Econ Dev Budget % of Total Budget	0.26%	N/A	N/A	N/A	N/A
Median Household Income	2016 to 2020 Data	\$48,093.00	\$60,063.00	\$59,717.00	\$51,333.00	\$40,363.00
School Enrollment	Daily Attendance	Multiple districts	42258.00	N/A	15313.00	N/A
Parks and open spaces	Acreage	2715.00	7528.00	4404.00	N/A	N/A
City of attributes	Parks & Recreation Spend Amount per Resident	\$80.06	\$86.37	N/A	\$48.00	N/A
Land Area	Square Miles	151.60	89.11	51.98	44.40	119.20
Population Density	Residents per Square Mile	1116.39	2899.40	5484.30	4235.60	979.10
Public Safety	Fire Department Budget as a % of Total Budget	16.37%	7.47%	2.07%	8.04%	4.93%
Public Safety	Police / Sheriff Budget as a % of Total Budget	23.69%	9.33%	6.00%	15.08%	14.31%
Safe neighborhoods	Violent crimes per 100,000 residents	1038.00	422.34	780.45	730.65	415.00
Safe neighborhoods	Property crimes per 100,000 residents	5074.00	2635.40	4065.38	1999.50	2802.33
Single Audit Act	Total Federal Grants - 2020	\$32,359,948.00	\$43,286,126.00	N/A	N/A	N/A
Form of Government	Leadership Structure	Mayor/Chief Executive; Commission; County Administrator (Appointed)	Mayor - Council	Mayor - Council	City Manager - Council	Mayor - Council
Demographic: Major Race Categories	US Census Bureau: White	40.30%	79%	50.7%	58.2%	55.2%
Demographic: Major Race Categories	US Census Bureau: Black or African American:	22.60%	4.3%	15.5%	18.1%	28.3%
Demographic: Major Race Categories	US Census Bureau: Hispanic or Latino:	29.80%	7.8%	9%	16.3%	11%
Demographic: Major Race Categories	US Census Bureau: Asian	5.40%	4.6%	19.1%	2.6%	1%



Benchmarking KPIs	Formula	Unified Government Wyandotte County	Sedgwick County, Kansas	Johnson County, Kansas	City of Wichita, Kansas	City of Topeka, Kansas
Business Operations: Enterprise Funds (major)	Sewer System	\$48,216,276.00	\$46,609,275.00	N/A	\$49,287,847.00	N/A
Business Operations: Enterprise Funds (major)	Stormwater Utility	\$6,100,256.00	N/A	N/A	N/A	N/A
General Fund: Sustainability	Tax revenue	\$172,068,604.00	\$239,000,000.00	\$153,523,426.00	\$88,477,071.00	\$122,343,850.00
General Fund: Sustainability	Tax revenue as a % of total budget	40.57%	37.03%	37.30%	77.46%	40.72%
Sales Tax	Total Percentage	9.13%	8.50%	10.50%	6%	8%
Sewer spending per resident		\$284.89	\$160.12	\$0.00	\$247.78	\$0.00
Stormwater Utility per resident		\$36.04	\$0.00	\$0.00	\$0.00	\$0.00

#### RBG Team Contact Information

Robert C. Bobb  
 President & CEO  
 The Robert Bobb Group, LLC  
 Phone: (202) 731-0006  
 Email: [bob@robertbobbgroup.com](mailto:bob@robertbobbgroup.com)  
 robertbobbgroup.com





## Unified Government of Wyandotte County / Kansas City, Kansas

701 N. 7th Street,  
Kansas City, KS 66101  
(913) 573-5311  
[info@wycokck.org](mailto:info@wycokck.org)