



CITY OF HOUSTON

P.O. Box 940027
Houston, Alaska 99694

Treasurer's Report for November 2022

Honorable Council,

Thank you for the opportunity to join the City and serve the citizens of Houston. There is a considerable amount of work to be accomplished by the Finance department in a short amount of time to be ready for the FY22 audit. We are working diligently to complete all the necessary tasks.

Attached you will find a SWOT analysis for the Finance Department I drew up. I will detail some key points below:

Strengths:

Guidance from the Mayor has been clear and the engagement of the Council has been evident. Our staff has been dedicated to tackling any issues as they arise. We did find all of the payroll taxes payments and reports up to date and in compliance.

Weaknesses:

The software conversion that was started at the start of FY22 is incomplete. The software itself is inefficient and cumbersome, lacking some key functionalities to make it work smoothly and in line with the modified accrual accounting method we are bound to. This has caused, and continues to cause, an inability to generate operational reports for departments and Financial Statements for the council. We are working as quickly as we can to remedy this. Monthly account reconciliations have not been completed since June-2021 which compounds things. There has not been effective segregation of duties or internal controls in the finance department historically.

Opportunities:

Moving forward, the Finance department goal is to provide a monthly operational report and GASB compliant Financial Statements, along with developing and implementing internal controls and workflows to protect the City from fraud. Succession planning for the department will also be primary concern.

Threats:

Non-compliance is our biggest threat, followed by the risk of fraud and citizen distrust in the Finance department.

Please see the attached analysis for an action plan outline. I look forward to working with each of you, and relish the opportunity to improve this department.

Respectfully,

Raelynn Llewellyn

Treasurer



Financial Operations Analysis

Strengths

- Dedicated Staff
- Engaged Council
- Documented "code"
- Clear Direction from Mayor
- Up to date Payroll Tax Reports & Payments

Opportunities

- Monthly GASB Compliant Financial Statement
- Monthly Operational Report
- Develop & implement internal controls
- Develop & implement Posting Checklist/Review workflow
- Develop & implement Monthly Close Checklist/Review workflow
- Develop & implement segregation of duties
- Succession Plan

Weaknesses

- Incomplete software conversion at start of FY22 (21-22)
- Ineffective departmental workflows
- Inability to provide accurate financial reports
- Lack of GASB knowledge
- Ineffective software and aged IT equipment
- Minimal segregation of duties
- Bank & Balance Sheet accounts not reconciled since 06/30/21 (17 months)
- Bank choice

Threats

- Citizen Distrust
- Fraud Risk
- Non-Compliance

Action Plan

- * Reconcile Bank Accounts - July-2021 to Current
- * Reconcile Balance Sheet Accounts - July-2021 to Current
 - Government Wide
 - Fund Level
 - Budget Level
- * Research alternative banking options
- * Research alternative accounting software options
- * Research additional functionality of current accounting software
- * Segregation of Duties plan
- * Internal Controls plan
- * Departmental Workflows
- * Create monthly Financial Statement & Operational Report template