



# City of Gainesville

## Office of the City Manager

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### City Manager Memorandum No. 220023

To: The Honorable Mayor and City Commission

From: Cynthia W. Curry, Interim City Manager

Date: April 12, 2022

Re: **General Government Financial Services Update**

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During the week of March 28, 2022, I along with Claudia Rasnick, Chief Financial Officer Gainesville Regional Utilities, and April Shuping, CPA, Carr, Riggs & Ingram (External Consultant), met with Charter Officers and members of the City Commission and provided more information on the work underway in the Department of Financial Services to identify issues and implement solutions to correct outstanding audit findings. The following is a synopsis of current efforts to address findings identified in the January 2022 State of Florida Auditor General's *Operational Audit Report No. Report No. 2022-087*, in addition to findings by the City's Internal Auditor:

On January 4, 2022, the City engaged Carr, Riggs & Ingram (CRI) to assist with stabilizing General Government's Financial Services Department Accounting Division, including assessing the state of the general ledger and preparing for the Fiscal Year 2021 external audit. Beginning January 31, 2021, the Interim City Manager and Interim General Manager for Utilities together assigned GRU's Budget, Finance, and Accounting Department (GRU BFA) with providing management support to the Financial Services Department. Significant components of the service level agreement included GRU providing support for the FY 2021 and FY 2022 Financial Statement Audit and other miscellaneous support, including staffing.

General Government's (GG) internal controls over financial reporting have been a documented issue since FY 2018. The audit report provided by the State of Florida Auditor General's Office and the City Auditor in January 2022 noted serious issues with internal controls over financial reporting among other findings.

GG's Financial Services Department has faced significant turnover and vacancies in key positions throughout the department, including finance director role since 2016, accounting manager and other junior and senior accountants since 2018, internal control manager since the position was created in November 2017, and lack of a controller position. Further, filling the vacancies has been difficult due to candidate applications at all staff levels not having the

necessary amount of government accounting/financial expertise and skills or knowledge to prepare or review the City's Annual Comprehensive Financial Report.

The instability of staffing has caused issues with:

- Timely bank reconciliations;
- Monthly closing of financial activities;
- Timely and accurate completion of external audits and reports;
- Standard operating procedures for the Accounting Division are significantly outdated; and
- Workday configuration and implementation.

In addition, a culture of silos developed within the Financial Services Department during the past five years which has limited a collaborative approach to problem-solving within the department and worsened errors.

In order to move forward, the following recommendations are made by CRI and GRU BFA:

- Adequate and sufficient time must be allowed to focus on researching and correcting the accounting and subsidiary ledger records;
- Ensure proper training is provided to staff throughout the department so that corrections and proper operating procedures can be sustained;
- City Auditor's audit plan be adjusted to allow for a focus on completing FY 2021 and FY 2022 financial statements;
- Recruiting and hiring staff that has governmental accounting/finance experience and the necessary qualifications such as a CPA designation and years of experience;
- Evaluate the need for additional positions to support accounting and finance operations in future years in the grants, accounting, payables/payroll, and reporting areas;
- Research and correct Workday issues in configuration, processes, reporting, and training; and
- Provide frequent updates to the City Manager on improvements.

cc: Charter Officers  
Claudia Rasnick, Chief Financial Officer Gainesville Regional Utilities  
April Shuping, CPA, Carr, Riggs & Ingram (External Consultant)