

**LATE DISTRIBUTION****DATE** 11/20/18 Item 24

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Auditor-Controller's 2018-19 Budget #24 11-20-18 BOS Agenda

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Dear Board Members,

The purpose of this communication is to report to your Board what I have been informally mentioning to the CAO for the past several months. It will be a struggle for my office to meet our current net county cost target and I will likely ask your Board for additional Fiscal Technician positions for my transaction processing group in the near future.

Because of changes in the processes in my office caused by the Fenix software implementation, unprecedented amounts of overtime and extra help expenditures were incurred by my office during the closing of the books for the last fiscal year. In order to close the books on a timelier basis next fiscal year, my office needs to get a lot more transactions processed prior to June 30, 2019. This will again require significant overtime and extra help expenditures.

Some of the reasons for the necessity of the additional spending in the Auditor-Controller's office are as follows:

(1) It appears that again this fiscal year, my office will receive an avalanche (thousands) of credit card transactions "late" from departments which must be recorded in the County's accounting records. Currently, there are over 2,000 credit card transactions that have been incurred but not submitted to the Auditor's office for recording. Part of the reason for large number of delayed transactions is the learning curve with Fenix. I intend to work with the CAO and the Departments over the next several months to determine what can be done to improve this situation.

(2) The financial reporting capabilities of Fenix are not yet fully functional. The County spent hundreds of thousands of dollars and thousands of hours over the past 20 years developing and customizing financial reports based on data in our old accounting system, Famis. We are now enduring the slow expensive process of developing and customizing reports based on the data in the Fenix system. In many cases, financial reports that could be obtained by pushing a button now take a week to develop due to the Fenix implementation. My office and a number of County Departments are expending significant additional hours to obtain the financial reports that are necessary to manage the County and provide the state and federal government with mandated financial reports.

(3) Currently, there is a backlog over 500 invoices that have been recorded in Fenix by the Departments, but that have not yet been approved by the Departments for payment. Accordingly, my office cannot review or pay these invoices at this time and payments to vendors are being delayed. Part of the reason for the large number of delayed transactions is the learning curve with Fenix. I intend to work with the CAO and the Departments over the next several months to determine what can be done to improve this situation.

(4) For reasons unknown to my office, HHSA submitted about 800 rush transaction processing requests during the period October 1 through November 8, 2018. This causes delays and inefficiencies in my office to accommodate these requests. I intend to work with the CAO and HHSA over the next several months to determine what can be done to improve this situation.

(5) My office, along with IT will implement a number of modifications and fixes to the Fenix software that will be provided by Tyler Technologies between now and June 30, 2019. This will require significant amounts of my staff's time.

I look forward to reviewing my budget with the CAO, working with the CAO and the Departments to resolve the matters discussed above, and in all likelihood appearing before your Board in the near future to discuss these matters.

In some cases, my office accomplishes tasks for other entities. In those cases we bill those other agencies and bring in Departmental Revenues. In the event that my office brings in enough Departmental Revenue, we will in fact meet the net county cost target established by your Board.

Joe Harn
Auditor-Controller
El Dorado County