

**City of Beaverton**

***Request for Improvement of Deficiencies – Corrective Action Plan***

**Fiscal Year:** 2019

**Municipality Code:** 262010

**Report ID Number:** 99173

**Response to Q1: Budget Variances**

In 2017 the City started using BS&A software and have started uploading the budgets into BS&A; however, due to high turnover in the staff at the City there has been issues with inexperience. The staff was still learning how to use BS&A effectively and there was confusion with proper accounts to use for accounts, there was not consistency in accounts usage. These are the cause for differences with budget numbers and actual numbers.

The City is working with accounting consultants to assist in proper use of BS&A software and has invested in training for the employees. Also, the City Manager and Mayor have daily communications regarding the operations of the City, which include revenues and expenditures.

**Implementation date:** January 2019

**Response to Q2-6: Deficiencies included with Audit Report**

***Material Audit Adjustment; Reconciliations; Limited Separation of Duties; Preparation of Financial Statements***

With the turnover at the City and a BS&A conversion of the General Ledger software that occurred in December of 2017 before the new City Manager was hired, there was a learning curve for the new administration that was hired in relation to making corrective entries into the new software. The balances that were initially provided to the auditors were due to inexperience of staff in relation to the position and the BS&A software. Reconciliations of accounts payable, receivables, and due to and due from accounts, were not being done properly due to the accounts not being relieved of the payable or receivable when paid or received, instead fund balances were being increased or decreased. This again, was due to the inexperience of the staff performing the recording of activities in the respective accounts.

The City has resolved these issues by hiring new administrative staff with specific roles with segregation of duties and utilizing accounting consultants to help assist recording transactions properly in BS&A, review account balances, and perform reconciliations. The City has also invested in additional training for employees to enforce best practices and is expecting to rely less on the external auditors for material adjustments.

**Implementation date:** January 2019

## **Response to Q7: Violations**

### ***Violation of Reserve Requirements Related to Debt***

Over the course of the last few years the City has been working to correct issues that came about from the former City Manager making unauthorized transfers out of the USDA Reserve Accounts to pay for capital improvements for the City. The City has hired a new City Manager and they have been working diligently to increase their reserve amounts to meet the reserve requirements once again. The City has coordinated with the USDA to work toward a solution to increase the reserves.

To work toward correcting the issue the City has adopted a five-year utility rate increase that projects a 9.9% increase in overall rates over the next five years. The City had a Sewer study conducted by Utility Financial Solutions to analyze the City's rate increase plan. The City also has plans to restrict the use of funds to assist in replenishing the reserve amounts.

**Implementation date:** January 2020