

John Galusha, Chairman
Arica Andreatta, Commissioner
Karl Sporleder, Commissioner



HUERFANO COUNTY GOVERNMENT BRIEFING MEMORANDUM

Date: April 25, 2023
To: Huerfano County Board of County Commissioners
From: Carl Young, County Administrator and Kim Trujillo, Finance Officer
Re: Update on Audit Preparation and Accounting Policy Consulting

Summary: As you know we have been working with DMC Auditing and Consulting to prepare the 2022 books for the audit and to advise the County on internal controls and other accounting policy updates stemming from either the 2021 audit or are needed to comply with 2 CFR 200. This has been a big project and the entire Administration Office is engaged with helping move things along. You will see below an update directly from DMC. We are requesting that you increase the not to exceed amount on this contract by \$25,000 to a total of \$43,000 including the previous limit of \$18,000. Our Auditor, Hinkle and Company, will be on site the week of May 22, 2023.

Requested Motion/Action:

Motion to authorize an additional \$25,000 for accounting services from DMC Auditing and Consulting to a total not to exceed amount of \$43,000.

Background: Update from DMC Auditing and Consulting.

To summarize our work for the past month and a half, we were able to reconcile the County's books to the treasurer, review auditor's issues, and fix the payroll issues that were causing issues for staff since September 2022. We reconciled the County's books to match the treasurer and fixed some issues on the County's accounting records October - December 2022. In addition, we have completed the following:

- Reconciled payroll registers to CIC from September to December and provided correcting journal entries to Nancy and Kim
- Corrected unreconciled items in the bank reconciliations with Treasurer
- Reconciled treasurer reports to CIC and provided correcting journal entries to Nancy and Kim
- In the middle of the grants process with DHS and Kim to prepare the Schedule of Expenditures of Federal Awards (SEFA) for the auditors - single audit requirement
- Reviewed internal controls and made some recommendations
- Working on re-vamping the capital asset schedule per auditor's request

The next phase for our work over the next month is to get the County ready for the audit. This means we will be doing the following:

- Review other balance sheet accounts for issues and make corrections
- Preparing County's books on accrual basis for the audit by identifying and preparing accrual entries for the revenues and expenditures
- Calculate interest income and allocate accordingly

- Reconcile and calculate capital assets
- Work with Kim and Melva at DHS to reconcile grants and prepare SEFA
- Create debt schedule for auditors
- Review leases for new GASB 87 when they are provided to us

Subsequent to the audit, we are hoping to have conversations with finance staff to establish some monthly and yearly processes, internal controls, and best practices.

Signature of the Chair

Approved

Denied