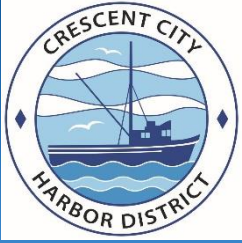


Crescent City Harbor District Plan of Action & Milestones

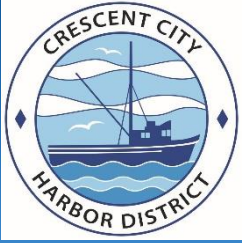
As of June 30, 2022

Prepared for CCHD by:
Stephen Denny
Financial Consultant
Robert Half | Talent Solutions



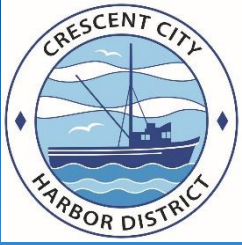
Summary of Recent Updates

Date	Section	Revision
6/30/2022	Policies & Procedures	Incorporated all policies and procedures recommendations from various segments to the Policies & Procedures section
6/30/2022	Software Conversion	Updated milestones and targeted completion dates
6/30/2022	Oversight & Accountability	Updated milestones and targeted completion dates
6/30/2022	Financial Reporting – SLC	Updated targeted completion dates
6/30/2022	Financial Reporting – Audit	Updated milestones and targeted completion dates



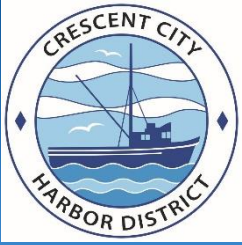
Plan of Action & Milestones

Action Required to Meet Standards	Milestones	Target Date	Status
TRANSPARENCY/STEWARDSHIP	6	3/31/2022	ⓐ
Update Enterprise Systems Catalog	1	3/31/2022	ⓐ
Fix District Transparency Page Links	1	3/31/2022	ⓐ
Add Reports to Financial Transparency Page	3	3/31/2022	ⓐ
Reconcile Meeting Materials w/ Ledger	1	3/31/2022	ⓐ
AGED RECEIVABLES/BAD DEBT	3	3/31/2022	ⓐ
Validate Aged Receivables Balances in Ledger	1	3/31/2022	ⓐ
Reclassify Erroneous Aged Accounts	1	3/31/2022	ⓐ
Write Off Unrecoverable Bad Debt	1	3/31/2022	ⓐ



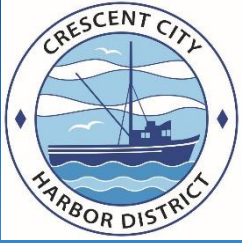
Plan of Action & Milestones

Action Required to Meet Standards	Milestones	Target Date	Status
SOFTWARE CONVERSION	4	6/30/2022	Ⓞ
Allocate Unapplied Credits & Partial Payments	1	9/30/2021	Ⓞ
Recode Transactions to Correct Accounts	1	9/30/2021	Ⓞ
Transition to New Enterprise Software	1	4/30/2022	Ⓞ
Reconcile Molo Transactions to New Software	1	6/30/2022	Ⓞ
OVERSIGHT & ACCOUNTABILITY	3	6/30/2022	Ⓞ
Establish Financial Reform Ad Hoc Committee	1	12/31/2021	Ⓞ
Create & Fill New Comptroller Position	1	4/30/2022	Ⓞ
Develop Financial Reporting Schedule	1	6/30/2022	Ⓞ



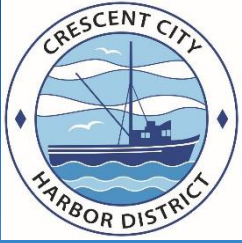
Plan of Action & Milestones

Action Required to Meet Standards	Milestones	Target Date	Status
FINANCIAL REPORTING – SCO	4	1/31/2022	ⓐ
Reconcile Beginning/Ending Balances	1	1/31/2022	ⓐ
Post Adjusting Journal Entries	1	1/31/2022	ⓐ
Perform Year-End Close Procedures	1	1/31/2022	ⓐ
Submit Special Districts FTR for FY2020/2021	1	1/31/2022	ⓐ
FINANCIAL REPORTING – SLC	4	7/31/2022	Ⓨ
Submit Annual Reports for FY2018/2019	1	10/31/2021	ⓐ
Request Extension for FY2019/2020	1	10/31/2021	ⓐ
Submit Annual Reports for FY2019/2020	1	1/31/2022	ⓐ
Request Extension/Submit FY2020/2021	1	7/31/2022	Ⓨ



Plan of Action & Milestones

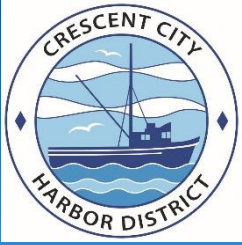
Action Required to Meet Standards	Milestones	Target Date	Status
FINANCIAL REPORTING – AUDIT	7	7/31/2022	Y
Complete FY2019/2020 Audit	1	1/31/2022	G
Post Prior Year Adjusting Entries	1	1/31/2022	G
Perform Year-End Close Procedures	1	1/31/2022	G
Issue/Award RFP for FY2020/2021 Audit	1	3/31/2022	G
Support Audit Testing & Auditor Inquiries	2	5/31/2022	G
Attend Exit Conference & Support Add'l Tests	1	7/1/2022	Y
Review/Respond to Preliminary Audit Report	0	7/31/2022	R
Deliver Management Discussion of Findings	0	7/31/2022	R
Complete FY2020/2021 Audit	0	7/31/2022	R



Plan of Action & Milestones

Action Required to Meet Standards	Milestones	Target Date	Status
POLICIES & PROCEDURES	0	12/31/2022	Ⓡ
Develop Accounting Policies & Procedures	0	12/31/2022	Ⓡ
Develop Collections Policy & Procedures	0	12/31/2022	Ⓡ
Develop Month/Year-End Close Procedures	0	12/31/2022	Ⓡ
Develop Reconciliations Policy & Procedures	0	12/31/2022	Ⓡ
Develop Recordkeeping Policy & Procedures	0	12/31/2022	Ⓡ
Develop Asset Management Policy	0	12/31/2022	Ⓡ
Develop Detailed Depreciation Schedules	0	12/31/2022	Ⓡ
Develop Flowcharts, Checklists & Other Tools	0	12/31/2022	Ⓡ
Implement New Policies & Procedures	0	12/31/2022	Ⓡ

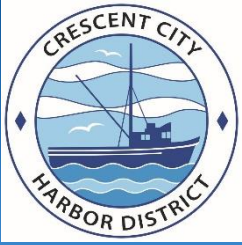
Findings & Recommendations



Findings & Recommendations

TRANSPARENCY & STEWARDSHIP

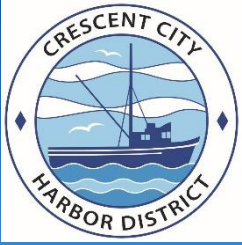
RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District is not compliant with the California Public Records Act. The Enterprise Systems Catalog is outdated. The Financial transparency page does not contain financial reports. The financial reports in the meeting materials do not reflect the Harbor District's financial transactions and account balances in its general ledger.</p>	<ul style="list-style-type: none">• Update the Enterprise Systems Catalog Annually• Fix the links on the District Transparency page (e.g., Financial Audit link routes users to the Compensation Database information)• Add reports to the Financial transparency page(s)• Reconcile reports presented in meetings with balances in the general ledger	<ul style="list-style-type: none">• Fixed Transparency links• Added POAM to Financial Reports page• Added FY2019/2020 and 3 Prior Years Audit Reports to Financial Reports page• Updated SB 272 Enterprise System Catalog• Reconciled Board Meeting Materials with General Ledger• Responded to Public Records Act (PRA) Request



Findings & Recommendations

AGED RECEIVABLES / BAD DEBT EXPENSE

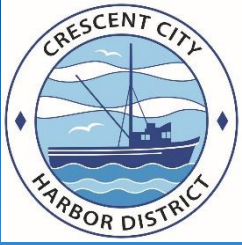
RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District does not reconcile aged receivables with the general ledger, correct transactions recorded erroneously as receivables, nor write off aged receivables balances in a timely manner. As a result, the Harbor District's account balances are misstated for the current and prior fiscal years (e.g., revenue/expense balances overstated/understated).</p>	<ul style="list-style-type: none">• Validate aged receivables balances and correct transactions misclassified as aged receivables in the general ledger• Review and write off aged receivables that reasonably are not expected to be collected	<ul style="list-style-type: none">• Validated aged receivables balances and corrected misclassified receivables• Reviewed and wrote off uncollectible receivables



Findings & Recommendations

SOFTWARE CONVERSION / DATA MIGRATION

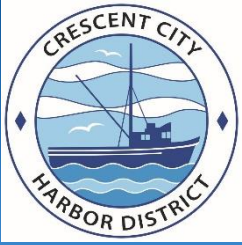
RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District's myriad issues encountered during the conversion of its marina management software (e.g., coding errors, billing issues, delayed start date, invoices/line items not posting from Molo to Xero) have been resource intensive, inhibited reconciliation efforts, and compounded the ability to improve overall accounting processes and procedures.</p>	<ul style="list-style-type: none">• Allocate unapplied credits and partial payments• Recode transactions to correct accounts• Resolve issues affecting billing and reservations in Xero (workaround solutions)• Transition to new enterprise management and accounting software• Reconcile Molo transactions with QuickBooks	<ul style="list-style-type: none">• Posted unapplied credits and partial payments not allocated during migration• Recoded transactions posted to the wrong accounts during migration• Implemented temporary workaround solutions• Provided 30-day written notice to terminate Molo• Transitioned to QuickBooks Premier and Scribble• Reconciled Molo with QB



Findings & Recommendations

OVERSIGHT & ACCOUNTABILITY

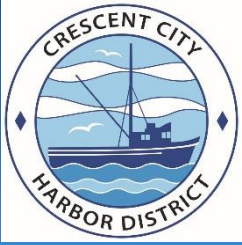
RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District lacks proper oversight and accountability of accounting and financial reporting requirements. Required tasks are not properly tracked or followed up on enabling tasks to become forgotten or deadlines to be missed (e.g., annual financial reports to SLC, audit response, annual inventories).</p>	<ul style="list-style-type: none">• Formulize tracking and follow through of tasks• Implement separate levels of reviews over accounting and payroll transactions	<ul style="list-style-type: none">• Established the Financial Reform Ad Hoc Committee• Created new Comptroller position to add layer of segregation, oversee accounting personnel and tasks, validate financial transactions, and ensure timely submission of deliverables• Developed the Financial Reporting Requirements Schedule



Findings & Recommendations

FINANCIAL REPORTING – STATE CONTROLLER

RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District is at risk of being non-compliant with the State of California Government Code § 53891 for FY2020/2021 that mandates submission to the State Controller’s Office (SCO) within seven months of fiscal year end the Special Districts Financial Transactions Report (FTR) containing data from the audited financial statements.</p>	<ul style="list-style-type: none"> • Reconcile FY2020/2021 beginning and ending balances • Post adjusting journal entries for FY2020/2021 • Perform year-end close procedures for FY2020/2021 • Complete the FTR for FY2020/2021 	<ul style="list-style-type: none"> • Reconciled beginning and ending balances • Posted adjusting journal entries • Performed year-end close procedures • Completed FY2020/2021 FTR and delivered signed cover sheet



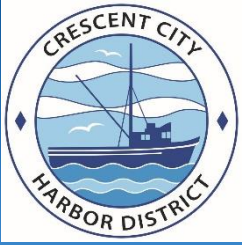
Findings & Recommendations



FINANCIAL REPORTING – STATE LANDS



RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District is in violation of Public Resources Code § 6306 for failing to comply with the State Lands Commission (SLC) reporting requirements for FY2018/2019 and FY2019/2020. The Harbor District is at risk of being non-compliant for the fiscal year that ended June 30, 2021 (FY2020/2021) with annual reports due at the end of the calendar year.</p>	<ul style="list-style-type: none"> • Complete and submit the SLC150 form and financial reports for FY2018/2019 • Request extension from SLC to submit the FY2019/2020 annual reports • Complete and submit the annual reports for FY2019/2020 upon audit completion • Request extension for the FY2020/2021 submission • Submit FY2020/2021 report upon audit completion 	<ul style="list-style-type: none"> • Completed and delivered the SLC150 and financial reports for FY2018/2019 • Granted extension from SLC for FY2019/2020 • Completed and delivered the SLC150 and financial reports for FY2019/2020 • Granted extension from SLC for FY2020/2021



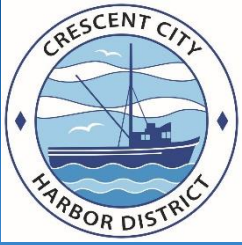
Findings & Recommendations



FINANCIAL REPORTING – ANNUAL AUDIT



RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District has not completed its FY2019/2020 audit 18 months after the fiscal year ended and is at risk of being non-compliant with government reporting standards for the prior fiscal year (FY2020/2021).</p>	<ul style="list-style-type: none"> • Post adjusting journal entries for FY2019/2020 • Complete the FY2019/2020 financial audit • Perform year-end closing procedures and deliver trial balance and financial reports • Award contract for FY2020/2021 audit • Support FY2020/2021 audit testing and inquiries • Deliver management response to audit findings 	<ul style="list-style-type: none"> • Posted FY2019/2020 AJEs • Completed FY2019/2020 audit (unmodified opinion/reissued material weakness) • Performed year-end closing in preparation for audit • Developed internal audit response tracker and responded to audit engagement requests • Attended exit conference and responded to additional testing requests

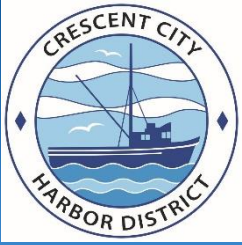


Findings & Recommendations

POLICIES & PROCEDURES

RISKS	RECOMMENDATIONS	MILESTONES
<p>The Harbor District does not have or is unable to deliver documented accounting policies and procedures. The district does not have documented processes for month-end/year-end close, expense and revenue recognition, reconciliations, collections, recordkeeping, asset management, inventory, and depreciation.</p>	<ul style="list-style-type: none">• Develop accounting, month-end/year-end close, expense and revenue recognition, reconciliations, collections, recordkeeping, asset management, and inventory policies and procedures• Develop detailed depreciation schedules• Develop process flowcharts, checklists, and other tools to supplement new procedures• Implement new procedures	<ul style="list-style-type: none">• None

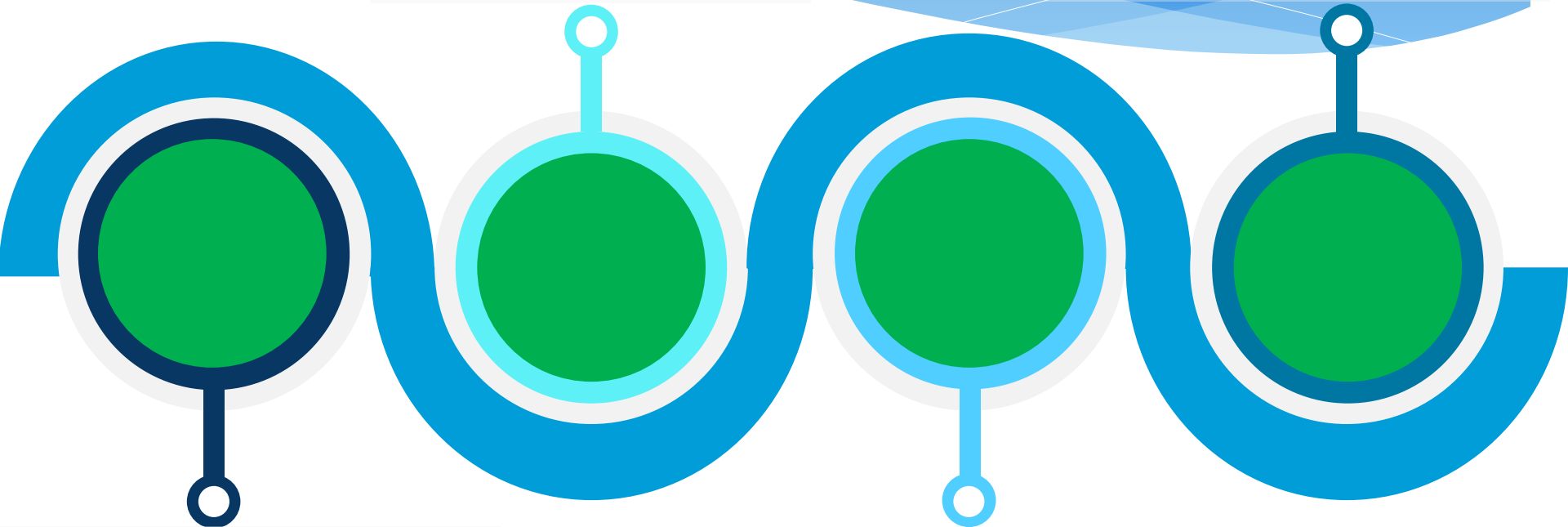
Financial Reform Roadmap



Roadmap

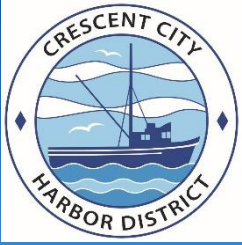
**AGED
RECEIVABLES**

**OVERSIGHT &
ACCOUNTABILITY**



**TRANSPARENCY
& STEWARDSHIP**

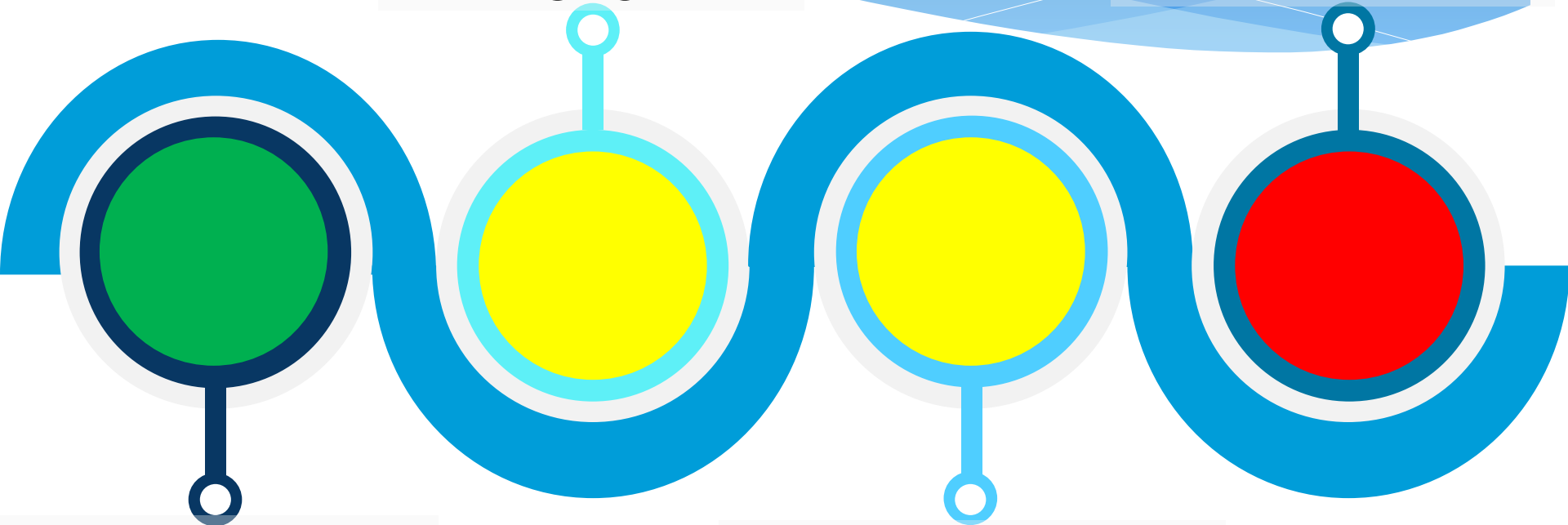
**SOFTWARE
CONVERSION**



Roadmap

**FINANCIAL
REPORTING -
SLC**

**POLICIES &
PROCEDURES**



**FINANCIAL
REPORTING -
SCO**

**FINANCIAL
REPORTING -
AUDIT**

Crescent City Harbor District Plan of Action & Milestones

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