



City of Hyattsville Treasurer Action Plan on Audit Committee Recommendations

Recommendation AC-2023-01: Steps Towards Timely Financial Reports

Summarized Condition:

The report date for the fiscal year ended, June 30, 2023 was March 19, 2025.

Recommendation AC-2023-01: Steps Towards Timely Financial Reports (cont.)

AC-2023-01.1

- Monitor performance in FY26 to assess whether new roles and software have been sufficient, or whether additional resources are needed.
- **Treasurer's Response:** **Staffing** -The Deputy Finance Manager has been most helpful in reducing document turnaround and streamlining audit activities between finance and the audit team. We anticipate the senior accountant retiring mid-year 2026 and plan to hire an accountant in the first quarter of 2026. **Software** - We use the required auditor's share file software for audit workflow purposes; it has proven to be the best tool at this point to streamline and centralize audit documentation.
- Request assessment on the implementation of the new ERP and establish a workplan for migration or a new RFP by the end of 2027. Update and allocate additional resources or prepare RFP for ERP that more adequately serves the city's needs.
- **Treasurer's Response:** The ERP platform of BC Systems that has been tested for migration over several years, was recently deemed incompatible. Feedback from city staff users of the system over time was that it was cumbersome and lacked the standardized government data fields needed to be useable, efficient and sustainable. The administration is planning to reissue an RFP for a new ERP system by the end of the 2nd quarter of 2026

AC-2023-01.2

- Develop a detailed project management plan for the month end close.
- **Treasurer's Response:** Currently there is a month end close process; to address this recommendation the process is being converted to a detail project management plan, which will be completed by month-end February 2026 or before.

Recommendation AC-2023-01: Steps Towards Timely Financial Reports (cont.)

AC-2023-01.3

- Shorten the month end close period to 10 business days
- The report detail 5 steps to achieve this.
- **Treasurer's Response:** *In conjunction with our auditors and after the final closeout of the current audit we are including a review process to determine if the five issues identified in committees detail report that would help in reducing the month-end close period during the final review of accounts receivables, accounts payables, account reconciliation, and fixed assets.*

AC-2023-01.4

- Develop a detailed project management plan for the annual report process.
- Include quantification of annual/year-end specific entries and top-side entries.
- **Treasurer's Response:** *After the final closeout of the current audit a detailed project management plan for the annual report will be complete and submitted to the committee within 15 days to include a summary of the number of general entries that are system generated versus top-side entries.*

Recommendation AC-2023-02: Address Misstatements Prior to Identification by the Auditor

Summarized Condition:
Management's process
failed to prevent, detect,
or correct misstatements
prior to identification by
the auditor.

Treasurer's Response:
After recent consultation with the audit firm ZA and upon completing the current audit will are revising the monthly internal control process to add substantive testing, which involves detailed examination of financial transactions and balances.

AC-2023-02.1

- City develop a corrective action plan to identify the root cause of why the misstatements occurred.
- Develop process to prevent, detect, and correct misstatements in related accounts.

Recommendation AC-2023-03: Timely Internal Financial Reports to Council

Summarized Condition:
Interim financial reports are not being provided to Council

Treasurer's Response:

This recommendation has been addressed whereby the council was provided the FY26 first quarter financial report according to ARTICLE V C5-2 D of the Charter and Code. Going forward council will receive the quarterly report no later than three weeks after the close of each fiscal quarter.

AC-2023-03.1

- Council and management determine in advance a schedule for interim financial statements to be provided on at least a quarterly basis, beginning no later than calendar 2027.

AC-2023-03.2

- Council holds management accountable for the provision of timely interim financial statements.

AC-2023-03.3

- Council and management monitor performance in FY26 to determine whether additional resources are needed for the Finance Department.

Recommendation AC-2023-04: Capital Asset Thresholds and Useful Lives

Summarized Condition:
The Capitalization threshold
(\$2,500) too low.

Additionally, the useful lives of
may be too high (e.g., vehicle
useful lives are 10 years).

Treasurer's Response:

**The Capitalization Threshold will
be increased to \$10,000 but may
not be reflected until the FY26
audit and TBD. The useful life
minimum and replacement policy
for vehicles are under review, and
a recommendation will be brought
to council to increase to decrease
useful life to 5 years.**

AC-2023-04.1

- Review and adjust the capitalization threshold.

AC-2023-04.2

- Review and update established useful lives of capital assets.

AC-2023-04.2

- Quantify and adjust fully depreciated assets as well as assets that are no longer in service but still labeled as a capital asset.

Recommendation AC-2023-05: Corrective Action Plans

Summarized Condition:

To sufficiently address the root cause of these items, a more detailed corrective action plan beyond hiring additional staff is warranted.

Treasurer's Response:

After consultation with the audit firm ZA and upon completing the current audit will be revising the monthly internal control process to add substantive testing, which involves detailed examination of financial transactions and balances. This is tied to AC-2023-02.1 and will be part of that corrective action.

AC-2023-05.1

- Develop a Corrective Action Plan (“CAP”) that specifically addresses:
 - 1. the material weakness.
 - 2. process in which the corrected misstatements occurred.
 - 3. Audit Committee recommendations.
- Include a root cause of the condition
- Include a thorough timeline for implementing

Provide to City Council and the Audit Committee for review.

Recommendation AC-2023-06: General Ledger Reconciliations

Summarized Condition:
There is not a timeline
for other general ledger
accounts to be
reconciled.

Treasurer's Response:
Presently monthly reconciliations are currently performed within two weeks of month end. However as noted in my response in AC-2023-01.3 a review of the five steps noted in audit committee detail report will help determine if the monthly close-out period can be shortened.

AC-2023-06.1

- Perform monthly reconciliations for all general ledger accounts that meet a certain threshold.

Recommendation AC-2023-07: Improvements to the MD&A

Summarized Condition(s):
Improvements to the Management Discussion & Analysis (MD&A) to provide additional information and accessibility to the reader.

Treasurer's Response:
Future MD&As beginning with FY25 will include glossary and more visual data to ease comprehension. Report uploads will be made searchable.

AC-2023-07.1

- Clearly depict long term financial trends
- Adding select “Indicators of Financial Condition”

AC-2023-07.2

- a. Adding a glossary of acronyms
- b. Speaking to financial decisions or “anomalies.”
- c. Easy to follow graphs and charts that align with the narrative.
- d. Searchable PDFs.

Questions/Comments