

# Update to the Human Services Department Financial Improvement Plan

Tanya Kim, Acting Director, Human Services Department

Joseph Kasperski, COO/CFO, Human Services Department

Public Safety and Human Services Committee

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Human Services Department



City of Seattle

# Overview

- Financial Improvement Plan Background
- Project Timeline
- Project Update
- Key Successes
- Remaining Actions
- Questions



# The Need for a Financial Improvement Plan

HSD historically faced challenges with:

- Low cash balances
- Missed payments to agencies
- Inaccurate reporting
- Untimely recording of transactions
- Poor budget oversight
- Clarity in organizational roles

The underlying cause for these issues stem from:

- Staffing constraints: HSD's budget grew from \$142M in 2016 to its FY 22 level of \$403M without an increase in Financial Staffing until recently
- Lack of change management and full buy-in for implementation of the City's financial system (PeopleSoft 9.2) in FY 2018

# Launching of the Financial Improvement Plan

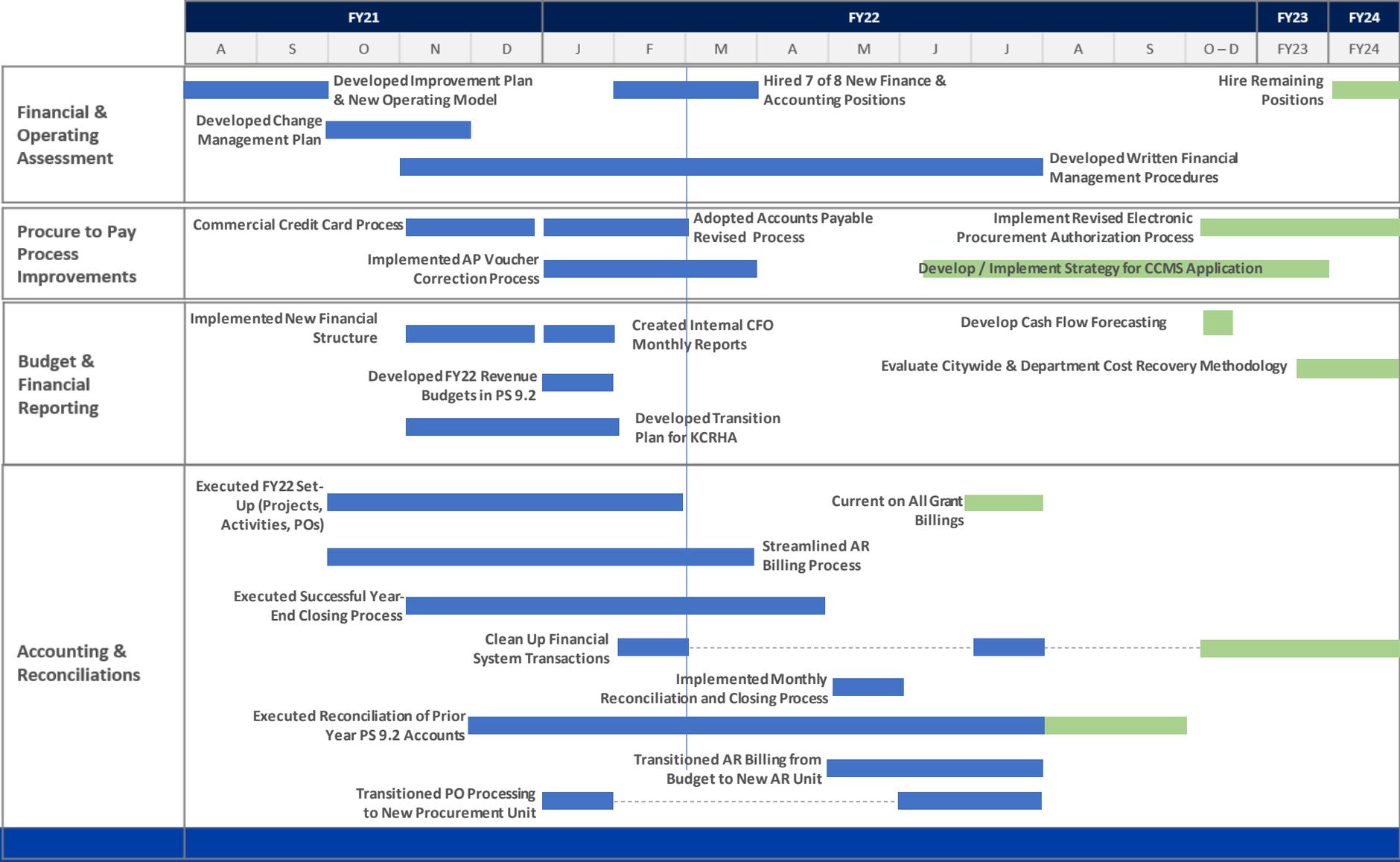
In August of 2021, The Human Services Department (HSD) partnered with City Budget Office (CBO), Finance and Administrative Services (FAS), and contracted with Almaraz & Marsal (A&M) to address these long-standing issues which impeded HSD's financial performance.

This effort focused on these areas:

1. Restoring and stabilizing cash balances
2. Becoming current on billing for Federal and State funding sources
3. Simplifying HSD's financial structure
4. Eliminating late and/or missed payments to our agencies
5. Optimize our budget (funds) management

# HSD Improvement Plan Schedule Summary

■ Completed Activity  
■ Planned Activity



# Financial Improvement Plan Objectives Status

- Simplified HSD's Financial Structure beginning in FY22
  - ✓ Over 3,000 lines of accounting were removed
- Adopted streamlined processes for financial processes
  - ✓ Financial roles were defined, and standardized processes created
- Implemented dashboard metrics to provide HSD's current financial posture
  - ✓ Monthly reviews now include all standard financial measures
- Increased staffing capacity and training
  - ✓ 7 of 8 new positions filled, written and video training available for all billing processes
- Improved timeliness and accuracy of billing of Federal and State Funds
  - Billing packages will be current in Sept 2022
- Account Reconciliation will be completed in Oct 2022
  - 2017 to 2021 accounts still under review



# Impacts and Results

- Streamlined processes to make payments within 30 days of agency invoice
- Billings to State and Federal granting agencies are now timely and auditable
- Workforce is sized appropriately with defined roles for all positions with a separation between funding acceptance and payment responsibilities

# Remaining Actions

Evaluate a different methodology for budgeting of general overhead costs

- This proposal will allocate overhead costs to specific divisions
- Anticipated: March 2023

Finalize cash forecasting approach

- Anticipated: Oct 2022

Implement the new City Contracting Management System

- Aligns with a contract's "life cycle" and avoids managing contracts in the legacy system and new system concurrently
- Anticipated: Effort has launched for using the system for FY 2024 contracts

# QUESTIONS?

