

## CORRECTIVE ACTION PLAN

August 29, 2016

To: Colorado Department of Public Safety  
Division of Homeland Security and Emergency Management

The Town of Lyons respectfully submits the following corrective action plan for the year ended December 31, 2015.

**Auditor:**

Poysti & Adams, LLC  
400 S. Colorado Blvd. Suite 690  
Denver, Colorado 80246

The findings from the Year Ended December 31, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS-FINANCIAL STATEMENT AUDIT

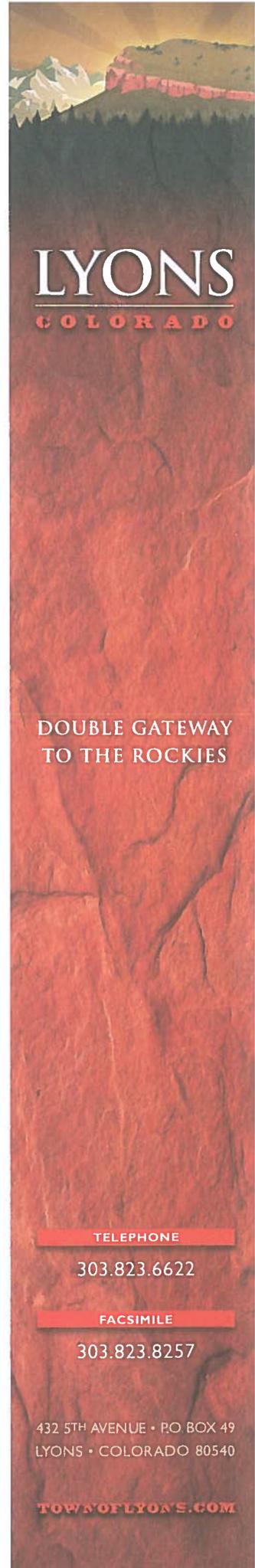
#### Material Weakness

##### 2015-A Material Audit Adjustments

**Condition:** Based on the audit procedures performed we found proposed adjustments totaling approximately \$1.9 million to the Town's general ledger. Town personnel also prepared significant audit adjustments after field work was commenced.

**Recommendation:** We recommend the Town consider hiring an outside consultant to assist with the annual closing of the accounting records to assist the staff already in place. If the Town hires additional accounting staff that individual should be assigned solely to year-end close functions.

**Action Taken:** We concur with the recommendation, and implementation started July 2016. During the FY2015 audit process, the Finance Director changed the priorities of the deputy finance director to focus strictly on monthly accounting oversight, review, reconciliation and year-end audit preparation. Since that task change, the Town's financial situation has improved dramatically. The Finance group also added a finance clerk in August 2016 to assist the Town's



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financial staff. This newly hired clerk has many years of governmental finance experience, which includes A/R, A/P, audit preparation, grant documentation preparation and filing, and overall financial support. Additionally, the new clerk has two years of experience with our Caselle financial software. These changes have allowed the financial team more time to focus on year end closeout, audit preparation, and monthly reconciliations. Town financial staff is also updating the Chart of Accounts in the General Ledger to account for items and projects that add to the complexity of our post disaster accounting function. The Town is also considering hiring an outside consultant to assist with the annual closing of accounting records, SEFA preparation, and other audit preparation as needed. This may go out for bid in late 2016 when our audit services are also up for bid, based on the end of a five year contract. We believe the cause of the findings (Audit Journal Entries and the SEFA overstatement of costs) will be rectified with these changes.

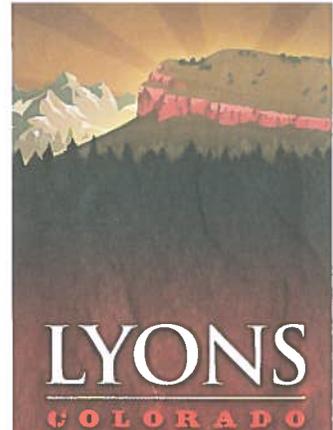
### Significant Deficiency

#### 2015-B Schedule of Expenditures of Federal Awards

**Condition:** The amounts originally reported on the SEFA were approximately \$768,000 higher than the final amounts reported for the year ended December 31, 2015.

**Recommendation:** We recommend the Town consider hiring an outside consultant to assist with the annual closing of the accounting records and preparation of the SEFA. If the Town hires additional accounting staff that individual should be assigned solely to year-end close functions, including the preparation of final year-end balance documentation.

**Action Taken:** We concur with the recommendation, and implementation started July 2016. During the FY2015 audit process, the Finance Director changed the priorities of the deputy finance director to focus strictly on monthly accounting oversight, review, reconciliation and year end audit preparation. Since that task change, the Town's financial situation has improved dramatically. The Finance group also added a finance clerk in August 2016 to assist the Town's financial staff. This newly hired clerk has many years of governmental finance experience, which includes A/R, A/P, audit preparation, grant documentation preparation and filing, and overall financial support. Additionally, the new clerk has two years of experience with our Caselle financial software. These changes have allowed the financial team more time to



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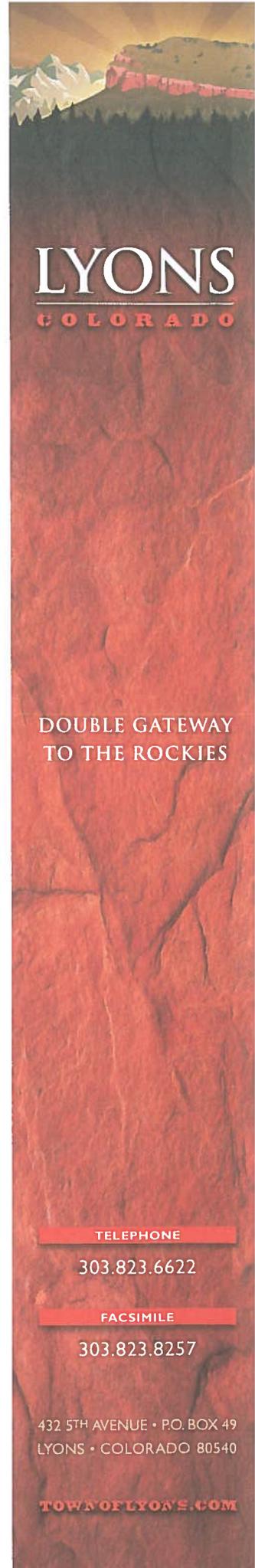
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If the Colorado Department of Public Safety, Division of Homeland Security and Emergency Management has questions regarding this plan, please call Tony Cavalier at 303-823-6622 extension 17.

Sincerely Yours,



Tony Cavalier, Finance Director



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