

**SIERRA COUNTY BOARD OF SUPERVISORS'
AGENDA TRANSMITTAL & RECORD OF PROCEEDINGS**

MEETING DATE: DEPARTMENT: PHONE NUMBER: REQUESTED BY:	TYPE OF AGENDA ITEM: REGULAR CONSENT TIMED SUPPORTIVE DOCUMENT ATTACHED: RESOLUTION MEMO AGREEMENT OTHER _____
AGENDA ITEM:	
BACKGROUND INFORMATION:	
FUNDING SOURCE: GENERAL FUND IMPACT:	OTHER FUND: AMOUNT: \$
ARE ADDITIONAL PERSONNEL REQUIRED? YES NO TYPE OF EMPLOYEE	IS THIS ITEM ALLOCATED IN THE BUDGET? YES NO IS A BUDGET TRANSFER REQUIRED? YES NO
SPACE BELOW FOR CLERK'S USE	
BOARD ACTION: APPROVED APPROVED AS AMENDED ADOPTED ADOPTED AS AMENDED DENIED OTHER NO ACTION TAKEN	SET PUBLIC HEARING FOR: _____ DIRECTION TO: _____ REFERRED TO: _____ CONTINUED TO: _____ AUTHORIZATION GIVEN TO: _____
BOARD VOTE: BY CONSENSUS AYES: ABSTAIN: NOES: ABSENT:	RESOLUTION 2026- _____ AGREEMENT 2026- _____ ORDINANCE _____
COMMENTS:	

CLERK OF THE BOARD

DATE

MEMO:

Subject: Discussion/direction regarding a controlled, short-term financial systems reset to address structural weakness in the County's chart of accounts, treasury accounting, inter fund practices, and financial reporting processes to outline a path forward for selection and implementation of a modern enterprise resource planning (ERP) system.

Department: Audit, Tony Miller, Auditor

Background: To provide the Board with an overview of observed structural challenges in the County's accounting and financial reporting environment, to discuss a proposed short-term, controlled remediation approach, and to receive Board direction on proceeding with both (1) a 90–120 day financial systems reset supported by external expertise, and (2) development of a structured path toward selection and implementation of a modern Enterprise Resource Planning (ERP) system.

Executive Summary

Over time, the County's financial operations have grown in complexity through additional programs, funding sources, regulatory requirements, and reporting expectations, without a corresponding evolution in financial systems, structure, and financial control cadence. As a result, accounting practices have increasingly relied on workarounds, manual processes, and year-end adjustments to maintain operations and meet required reporting obligations.

While the County remains operational and solvent, management has identified opportunities to strengthen the reliability, transparency, and sustainability of financial reporting by addressing these structural issues in a deliberate and controlled manner. These challenges are systemic and cross-cutting in nature and are not attributable to any single department, function, or individual.

Staff is proposing a two-part strategy: (1) a short-term financial systems reset (90–120 days) focused on clarifying structure and normalizing accounting practices; and (2) a longer-term ERP modernization effort undertaken only after foundational issues are addressed.

Observed Common Themes

- Structural drift over time resulting in increased complexity
- Reliance on year-end correction rather than ongoing validation
- Use of manual workarounds and suspense-type mechanisms
- Limited alignment between current systems and operational needs
- Increasing governance, audit, and reporting expectations

Why Action Is Being Proposed Now

Financial and operational complexity has reached a point where incremental adjustments are no longer sufficient. Addressing these issues proactively reduces long-term risk,

improves governance and transparency, and ensures that any future ERP implementation does not embed existing structural challenges into a new system.

Proposed Strategy and Implementation Timeline

A. Short-Term Financial Systems Reset (90–120 days)

Management proposes a defined, time-limited financial systems reset focused on stabilizing and clarifying the County's accounting foundation. This effort would emphasize structural improvements rather than transactional rework and would be supported by temporary external accounting expertise to accelerate progress while minimizing disruption to day-to-day operations.

Key focus areas would include:

- Clarifying and standardizing accounting structure and chart of accounts usage
- Reducing reliance on manual workarounds and suspense-type mechanisms
- Establishing a phased, government-appropriate monthly financial control cadence
- Documenting core accounting, interfund, and financial reporting policies

This reset would be undertaken in advance of major system changes to ensure that foundational practices are stabilized before modernization efforts proceed.

B. Chart of Accounts Stabilization and Budget Alignment

As part of the reset effort, management anticipates implementing a streamlined and standardized chart of accounts in time for use during preparation of the FY 2026–27 budget. Aligning the revised structure with the budget development cycle will allow departments to plan and budget using the new framework, improving consistency and transparency across the organization.

The revised chart of accounts would be fully established in the County's existing accounting system (MIP) effective July 1, 2026, providing a stable operating baseline for the fiscal year.

C. ERP Modernization

Following stabilization of accounting practices and structure, management would proceed with ERP modernization activities. This phase would include defining detailed business and accounting requirements, engaging departments and stakeholders, and developing a structured ERP selection and implementation roadmap aligned with County operations and governance expectations.

Subject to Board direction and vendor selection, the County would target ERP implementation activities in late 2026, with an anticipated system go-live in early 2027.

D. Sequencing and Governance

This phased approach is intended to ensure that modernization builds on a clean, well-governed foundation rather than embedding legacy workarounds into a new system. Sequencing the reset, chart of accounts stabilization, and ERP implementation in this

manner reduces implementation risk, improves long-term sustainability, and provides the Board with clear decision points and oversight throughout the process.

Governance and Oversight

The Board retains policy and oversight authority throughout this process. Management will execute within defined scope, provide progress updates at key milestones, and return to the Board for additional direction or approval as appropriate. No changes to legal fund restrictions or spending authority will occur without Board approval.

What This Item Does Not Do

This item does not allege misconduct, require restatement of previously audited financial statements, approve a specific vendor, or commit the County to an ERP purchase at this time.

Requested Board Action

Staff requests Board discussion and direction regarding proceeding with the short-term financial systems reset, utilizing temporary external accounting expertise, sequencing ERP modernization appropriately, and returning to the Board with a detailed implementation plan and defined checkpoints.

Conclusion

This proactive and structured approach is intended to strengthen the County's financial foundation, improve reliability and transparency in financial reporting, and position the organization for sustainable long-term governance and modernization.