



Proprietary & Confidential

PRELIMINARY IMPLEMENTATION PLAN

City of Stockton

GRANT MANAGEMENT RISK ASSESSMENT AND IMPLEMENTATION ROADMAP

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I. INTRODUCTION AND BACKGROUND

The City of Stockton (the City) engaged Moss Adams LLP (Moss Adams) to conduct a Grant Management Risk Assessment and Implementation Roadmap. The purpose of this engagement is to follow up on the 2023 Grants Management Efficiency Study (Efficiency Study), identify remaining gaps in City grant management processes, rate risk levels, and develop a prioritized implementation plan to address gaps. This engagement is part of the fiscal year 2025 Internal Audit Program.

The City has experienced many challenges and changes related to the grant management function over the last decade and has unresolved grant-related findings and recommendations across several reports including the Efficiency Study, single audit reports, and previous Moss Adams internal audit engagements. These findings span from 2012 to 2024. Part II of this report contains a review of progress made on the recommendations of the Grants Management Efficiency Study. Part III of this report presents a suggested implementation plan that can serve as a roadmap to address grant-related findings from the Efficiency Study as well as other reports.

Over the past several years, the City has attempted to move to a hybrid model of grant management with a mix of centralized oversight and departmental autonomy. However, the City has experienced high turnover within the centralized Grants Manager position, and this position is currently vacant. Vacancies and turnover in the Grants Manager position, along with staffing constraints within the Administrative Services Department (ASD) and throughout the City, have inhibited centralized grant-related initiatives and caused delays in the resolution of grant-related findings.

The City engaged Moss Adams to assess the current state of grant management through a risk assessment and to propose a prioritized implementation plan to address gaps. This document includes a 2023 Grants Management Efficiency Study status report and a proposed implementation plan. The status report and implementation plan were developed based on interviews with City leadership and staff involved in grant management across the City, a review of prior audit and assessment reports, and a review of draft grant management policies and procedures. The purpose of this document is to facilitate conversation regarding next steps for moving recommendations forward.



II. EFFICIENCY STUDY STATUS

Moss Adams reviewed progress made on the recommendations of the 2023 Grants Management Efficiency Study. The Efficiency Study Status table details the status of each recommendation from the study. This status was determined through interviews with City leadership and staff involved in grant management across the City, a review of prior audit and assessment reports, and a review of draft grant management policies and procedures.

Each item includes a result of “Addressed,” “Partially Addressed,” or “Not Addressed,” as defined in the Efficiency Study Status Definitions table below.

Efficiency Study Status Definitions

Recommendation Status	Definition
Addressed	Critical tasks are both urgent and important and demand action by management.
Partially Addressed	High-priority tasks are important but are not immediately urgent. These priorities often contribute significantly to long-term goals.
Not Addressed	Medium-priority tasks are urgent but less important. These tasks require attention but don't contribute as much to overall objectives.

Efficiency Study Status Summary

Recommendation Status	Total
Addressed	0
Partially addressed	12
Not addressed	2
Total Recommendations	14



Efficiency Study Status

REPORT CATEGORY	OBS. #	EFFICIENCY STUDY OBSERVATIONS	REPORT RECOMMENDATIONS	STATUS	CURRENT STATUS DESCRIPTION
People Solutions	1A	The City is shifting its grant management approach from primarily decentralized to a hybrid model. This transition will require strong leadership support to be successful.	Ensure that the Grants Manager position has strong and active support from the City Manager's Office (CMO) and other senior leadership within the City to make necessary changes and ensure staff accountability.	Partially addressed	Although the Grant Manager position has leadership support, it has been difficult for the City to retain a Grant Manager. Because the Grant Manager sits within ASD, there is reportedly confusion around their role and level of authority.
People Solutions	1B		Develop a plan to proactively manage the shift from COVID funding to a more sustainable funding model.	Partially addressed	Although individual departments systematically and strategically seek out grant funding, there is reportedly a continued lack of Citywide grant strategy.
People Solutions	1C		Explore options to develop an internal method or approach to evaluate grant opportunities, including appropriate estimation of required staff capacity to support each grant. The CMO should be actively involved in this process, as it is frequently the nexus for incoming opportunities and/or requests from City Council.	Partially addressed	Although individual departments systematically and strategically seek out grant funding, there is reportedly a continued lack of Citywide grant strategy or centralized grant opportunity evaluation methodology.
People Solutions	2A	The City has taken the positive step of hiring Grants Manager and Grants Analyst positions to provide centralized support for grant-related activities. However, staffing limitations remain and there is confusion around the intended responsibilities of the new positions.	Consider reviewing staffing levels within departments or divisions that are heavily involved in the grant management process (including Public Works, Economic Development, and Procurement) to ensure sufficient capacity to effectively accomplish related work.	Partially addressed	Interviewees reported that staff capacity continues to be a challenge. In some cases, contractors have been used to support grant management and compliance.
People Solutions	2B		Clearly document and communicate the roles of the Grants Manager and Grants Analyst to all departments.	Partially addressed	The draft policies and procedures provide some guidance around grant-related roles and responsibilities. However, these documents have not yet been finalized. Interviewees reported confusion around the role of the Grants Manager.
Process Solutions	3A	The City is making progress in developing comprehensive grant policies and procedures, but some gaps remain.	Continue efforts to update, adopt, and roll-out grant-related policies and procedures.	Partially addressed	The City has made progress in updating grant-related policies and procedures. The policies and procedures need to be finalized, approved, and rolled out. For all new or revised grant-related policies the City needs to conduct training with impacted departments.
Process Solutions	3B		Develop more informal reference guides or other resources to explain grant-related processes, roles, and responsibilities to City staff in a user-friendly format.	Partially addressed	End user guides exist for the Tyler Munis project module, and the City has made progress in updating grant-related policies and procedures, which include some reference appendices. However, the policies and procedures need to be finalized, approved, and rolled out. Additionally, interviewees expressed a desire for more reference material, including guides related to introductory grant information (e.g. "What is a grant?").
Process Solutions	4	Historically, grant processes have varied widely by department, which has created inefficiencies and increased the City's risk.	Continue current efforts to improve the consistency and efficiency of grant-related processes. Taken as a whole, these efforts should help to expand staff knowledge, increase process consistency, and reduce risks.	Partially addressed	Some progress has been made in the consistency and efficiency of grant-related processes, such as in the more consistent use of the Tyler Munis project module for grant tracking. However, turnover in the Grants Manager position has delayed progress in improving Citywide grant management consistency and alignment.
Process Solutions	5	Over the past decade, the City has struggled to provide adequate grant management training to staff.	Develop a standardized grant management training for all staff who are involved with grants management.	Not addressed	End user guides exist for the Tyler Munis project module. However, interviewees reported that most grant-related training happens informally. Interviewees expressed a desire for more centralized and standardized training related to grants. Additionally, there is no centralized repository for grant-related policies, or policies and procedures in general, which leads to siloed information and non-standardized practices across departments.



REPORT CATEGORY	OBS. #	EFFICIENCY STUDY OBSERVATIONS	REPORT RECOMMENDATIONS	STATUS	CURRENT STATUS DESCRIPTION
Process Solutions	6A	While the City is in the process of implementing more robust centralized oversight of grant compliance, there are ongoing challenges related to data accuracy and consistent system use.	Develop and implement clear guidelines about which elements of compliance and reporting will be performed by the centralized Grants team and which will be the responsibility of department personnel.	Partially addressed	The draft policies and procedures provide some guidance around grant-related roles and responsibilities. However, these documents have not yet been finalized. Due to turnover at the Grants Manager position, departments have continued to carry out most grant-related responsibilities.
Process Solutions	6B		Establish centralized grant oversight reporting tools.	Not addressed	Due to turnover at the Grant Manager position, centralized oversight reporting tools have not been developed.
Process Solutions	6C		Fully implement and utilize Tyler Munis as the grant system of record.	Partially addressed	Interviewees noted that grant information is being entered into the Tyler Munis project module. However, Tyler Munis is not consistently being used for grant reporting, due to a lack of trust in project module data completeness and known delays in payroll posting. Additionally, there is reportedly project string clean-up work needed on historical data and issues in reconciling the General Ledger (GL) to the project module. Most departments report using manual methods to track grants for reporting purposes. Interviewees indicated that a comprehensive and centralized inventory of grants has yet to be established.
Process Solutions	7	Institutional knowledge of interdepartmental collaboration has been eroded by staff turnover and procedural confusion. As the City shifts its grants management approach to a hybrid model, the Grants Manager can play an important role in rebuilding City-wide confidence in this area.	Document roles and responsibilities, including clarification on the role of the Grants Manager.	Partially addressed	The draft grant-related policies and procedures provide some guidance around grant-related roles and responsibilities. However, these documents have not yet been finalized. Interviewees reported confusion around the role of the Grants Manager.
System Solutions	8	The City is actively implementing Tyler Munis to serve as its ERP and system of record for grant management. Currently, each department is using slightly different approaches toward grant data, largely due to the difficulty of the transition to Tyler Munis. As a result, Tyler Munis is not yet generating accurate and reliable information.	Continue current efforts to fully transition into the Tyler Munis system for all grant-related data and actively work with departments to ensure the system is serving its intended purpose.	Partially addressed	Interviewees noted that grant information is being entered into the Tyler Munis project module. However, Tyler Munis is not consistently being used for grant reporting, due to a lack of trust in project module data completeness and known delays in payroll posting. Additionally, there is reportedly project string clean-up work needed on historical data and issues in reconciling the GL to the project module. Most departments report using manual methods to track grants for reporting purposes. Interviewees indicated that a comprehensive and centralized inventory of grants has yet to be established.



III. IMPLEMENTATION PLAN

The Implementation Plan table details a proposed grant management implementation plan developed through a review of prior unresolved findings and recommendations, interviews, and document review. The table includes a column with descriptions of how a third party may support the City in implementing recommendations. As the City starts the implementation work, the City should assign a primary responsible party for each recommendation and a proposed timeline for each item. For larger implementations, it may be beneficial for the City to present the proposed timelines in a more detailed format, aligning them with specific action items that support the remediation strategy.

The implementation plan is organized by order of priority. Each item includes a result of “Critical,” “High,” “Medium,” or “Low” as defined in the Implementation Plan Summary Definitions table below.

The “Related Findings” column of the table references finding numbers as logged and tracked within the Moss Adams Audit Findings Validation & Reporting engagement.

Implementation Plan Summary Definitions

Risk Status	Definition
Critical	Critical tasks are both urgent and important and demand action by management.
High	High-priority tasks are important but are not immediately urgent. These priorities often contribute significantly to long-term goals.
Medium	Medium-priority tasks are urgent but less important. These tasks require attention but don’t contribute as much to overall objectives.
Low	Low-priority tasks have minimal impact and can be delayed or eliminated if necessary.

Implementation Plan Summary

Risk Status	Total
Critical	6
High	2
Medium	4
Low	2
Total Risks	14



Implementation Plan

RISK #	RISK CATEGORY	RISK DESCRIPTION	RECOMMENDATION/CONSIDERATIONS	PRIORITY	RELATED FINDINGS	EFFORT LEVEL	POTENTIAL THIRD-PARTY SUPPORT
1	Staffing	Many departments lack capacity to identify, apply for, and manage grants. There is a risk that the City is missing out on funding opportunities due to a lack of staff time to identify opportunities. When staff do not have capacity to manage grants, the risk of noncompliance with grant requirements increases.	A. Recruit for and fill positions for a centralized grant management team, including Grants Manager and Grants Analyst positions. B. Improve staff capacity through improvements in system reporting capabilities, decreased instances of manual reporting, payroll process improvements, centralized training programs, an individual with appropriate subject matter expertise in the Grants Manager position, and comprehensive policies.	Critical	None	High	Evaluate level of grant funding, staffing levels, and number of state and federal grants at the City in comparison to peer cities. Estimate the opportunity cost related to current staffing levels.
2	Policies and procedures	Grants management policies and procedures have been revised but not finalized. A lack of comprehensive policies and procedures leads to inconsistent grant management practices across the City and confusion regarding process, responsibilities, and requirements.	Revise and finalize the Citywide grants management policies and procedures. Ensure updates are incorporated to clear related findings.	Critical	385, 386, 373, 466, 468, 486, 488, 489	High	Provide suggested revisions to Citywide grant-related draft policies and procedures (sections 01-08 and appendices) for consideration and review by the CMO. Suggest revisions based on policy and procedure gaps identified. Once new Citywide grant-related policies are adopted, conduct trainings necessary for Citywide or department-specific personnel. Implement a private, internal, generative AI solution that will allow policy reference and guidance to be adopted via a conversational interface and allow for better knowledge sharing.
3	Reporting	Staff reported delays in payroll data posting to the GL as well as inaccuracies in payroll data. A lack of available, accurate, and timely payroll data impacts the accuracy and timeliness of financial and programmatic reporting.	Continue to review and improve the efficiency and accuracy of the payroll process so payroll data is reliable and available on a timely basis.	Critical	382, 488	High	Conduct a Payroll Internal Controls Review and testwork over a sample of payroll transactions.
4	Reporting	The City lacks centralized, comprehensive grant reporting and an inventory of all current grants with dates of performance and budget-to-actual information. Without a comprehensive view of all Citywide grants, it is difficult to make centralized and strategic decisions related to grants. It is also difficult to monitor grants centrally and to produce required reporting such as the annual SEFA.	Determine issues that prevent comprehensive grant information to be pulled out of the Tyler Munis project module, such as incorrect project strings, inaccurate historical information, delays in payroll reporting, a backlog of project module-to-GL reconciliations, and/or system capabilities. Then make a plan to address these issues.	Critical	None	Medium	Partner with the Accounting Manager to determine gaps in accounting processes and/or reconciliation backlogs that are contributing to a lack of reliable system data. Propose a monthly reconciliation process and test the process once implemented. Additional training around the monthly reconciliation process could also be beneficial.
5	System	Staff reported delays in the reconciliation of the project module to the GL, which has been exacerbated by vacancies in the Grants Manager position, turnover in ASD, and a lack of consistent use of project strings by departments. This leads to the lack of reliable Citywide grant reporting,	A. Reconcile the project module to the GL on a monthly basis. Reach out to departments to obtain missing information regularly. B. Develop step-by-step guidance documentation on how to add project strings to transactions and educate staff on the importance of this process.	Critical	None	Medium	(See #4)



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		delays in SEFA preparation, and a lack of visibility into potential overspending.					
6	Reporting	Departmental staff reported that they could not rely on the Tyler Munis project module for timely, accurate grant reporting, and instead relied on grantor portals and manual spreadsheets for accurate grant reporting. An increase in manual and inconsistent methods of reporting leads to a risk of data errors. It also prevents a comprehensive, centralized view of grants across the City.	A. Determine issues that prevent comprehensive grant information from being pulled out of the Tyler Munis project module and develop a plan to address these issues. B. Provide reports from the project module to departments for feedback. Work to understand and resolve the gaps between system and manual reporting.	Critical	None	High	(See #4)
7	Training	Staff reported the City lacks formal, centralized grant management training. Without adequate training about grant requirements, the City faces an increased risk of noncompliance that can jeopardize grant funding. A lack of formal training also increases risk of inconsistent practices across the City.	Create standardized grant management training in areas that include but are not limited to: grant management and grant making lifecycles, roles and responsibilities, policies/procedures/processes, how to use Tyler Munis to support grant activities, updates to federal requirements, and how compliance and oversight reports are generated and used.	High	158, 320, 372, 467, 487	High	Assist in identifying key grant management training topics. As an example, provide a tailored training program to departments and/or employees involved in the grant administration functions to highlight any new processes, or controls that are not currently being followed, highlight the roles and responsibilities and benefits of a compliance. Provide other training outlines or examples. (See also #2)
8	System	Staff reported confusion around how to use Tyler Munis to track grant-related budgets, since grants often cross multiple fiscal years. When staff are uncertain about how to track grant information within the system, the risk of manual tracking outside of the system increases.	Determine, document, and communicate how grant-related budgets will be entered and updated within Tyler Munis.	High	None	Medium	(See #2)
9	Collaboration	Staff reported that grant activities remain largely decentralized, and that individual departments lack visibility into the grant activities of other departments. Additionally, there are reportedly gaps in understanding between departments and accounting/budget staff related to grants. A lack of effective communication and transparency can lead to inefficiencies and inconsistencies in grant processes, particularly in cases when grant responsibilities span multiple departments.	A. Set up and encourage the use of regular communication touch points (i.e., email communication, reports, meetings, Teams channels) to collaborate and share information about grants across the City. B. Include the facilitation of cross-departmental conversations within the job duties of the Grants Manager. Ensure that conversations and understanding between departments and budget/accounting staff are also prioritized.	Medium	89, 319, 467, 487	High	Provide an example roles and responsibilities quick reference guide. Provide sample meeting agendas for cross-departmental groups. Review the Grants Manager job description for alignment with roles and responsibilities as documented in the draft grant-related policies and procedures.
10	Roles and responsibilities	Staff reported confusion on grants management roles and responsibilities, including confusion around the role of the Grants Manager. When roles and responsibilities are not well defined, process inefficiencies increase. When responsibility for grant management and monitoring is not well defined, the risk of noncompliance increases, which can jeopardize future funding.	A. Document roles and responsibilities, including clarification of the role of the Grants Manager, within the grant administration manual/policies and procedures. B. Revise and finalize the policies and procedures. C. Consider creating a one-pager or quick reference guide related to grant management roles and responsibilities.	Medium	None	Medium	Provide suggested revisions to draft policies and procedures (see #2). Provide an example roles and responsibilities quick reference guide. Review the Grants Manager job description for alignment with roles and responsibilities as documented in the draft grant-related policies and procedures.



RISK #	RISK CATEGORY	RISK DESCRIPTION	RECOMMENDATION/CONSIDERATIONS	PRIORITY	RELATED FINDINGS	EFFORT LEVEL	POTENTIAL THIRD-PARTY SUPPORT
11	System	Staff reported that Tyler Munis restricts the use of project strings to a single department. This creates issues in entering project information when grant activities are split between multiple departments.	Assess whether the project string restriction can be modified when grant activities span multiple departments and/or develop and document a process for recording expenses when grant activities span multiple departments.	Medium	None	Medium	N/A
12	Strategy	The City lacks an overall strategy related to grants. Without a Citywide strategy on which funding opportunities to pursue and why, there is a risk of inefficient allocation of resources including staff time.	A. Assess whether existing Citywide strategic plan documents contain goals or objectives that would inform Citywide grant strategy. B. Consider assigning the Grants Manager with leading an initiative to develop and articulate Citywide grants strategy. C. Consider incorporating a grant opportunity evaluation rubric into the policies and procedures, which aligns this evaluation with City strategy.	Medium	None	High	Provide example grant opportunity evaluation rubric.
13	Policies and procedures	Tyler Munis end user guides are available, but staff reported that they are not tailored to the City. This has led to some confusion on how and why to enter information into the system.	Ensure that process documents include clear guidance on how to use the Tyler Munis project module, tailored to the City.	Low	None	Medium	(See #2)
14	Training	Staff reported confusion on whether certain funding was considered a grant or not and reported receiving mixed advice. Without adequate training about the basics of grant management, the City faces an increased risk of noncompliance that can jeopardize grant funding. This can also lead to omissions from the annual SEFA.	Consider adding guidance to the draft policies and procedures regarding basic grants concepts such as "what constitutes a grant."	Low	158, 320, 372, 467, 487	Low	Propose guidance on what funding is considered a grant or pass-through funding. (See also #2)