

For Leelanau County Commission meeting October 10, 2023 presentation. For the PUBLIC REDORD

## What A Long Strange Trip It's Been: A Timeline Of Leelanau County's Finance Department Woes

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the **TICKER** By Craig Manning | Oct. 9, 2023 \*\*\*NOTE: Emphases of bold, background color --by spm

<https://www.leelanauticker.com/news/what-a-long-strange-trip-its-been-a-timeline-of-leelanau-countys-finance-department-woes/>

**Last week**, the **Leelanau County Board of Commissioners** voted to create the brand-new position of chief financial officer (CFO) within the county government – and to offer that job to Sean Cowan, who has served as the county's finance director since June.

The change was a last-minute maneuver to entice Cowan to stay with the county, days after the finance director submitted his letter of resignation. For now, Cowan has agreed to stick around. Had he left, he would have been the fifth person to vacate the finance director role in the 20 months since the job was first brought online.

**How did we get here, what does the CFO change mean for Leelanau County, and what comes next? Read on for a timeline of the epic finance director saga.**

**May 2021:** Rick Robbins, then a Leelanau County commissioner, presents a reorganization proposal to the board, urging the creation of two new departments: finance and human resources. Those functions have previously been handled by the county clerk's office. The board of commissioners vote 4-3, along Republican-Democrat party lines, in favor of the proposal.

**October 2021:** The board officially adds the new departments to Leelanau's government structure by passing a resolution "authorizing the creation and hiring of human resources director and finance director positions reporting to the county administrator."

**January 2022:** The county names Jennifer Zywicki as its first finance director, officially activating the new role. Zywicki comes to the role from the clerk's office, having previously served as chief deputy clerk.

**April 2022:** Zywicki steps down as finance director, citing an excessive workload and an inadequate salary; Zywicki was being paid \$62,736 annually for the job. She returns to her role as chief deputy clerk, while Darcy Weaver, the county's newly-hired HR director – and former chief deputy treasurer – takes over the finance director job in an interim capacity.

**July 2022:** Chet Janik, then Leelanau's county administrator, hires new account clerks for the finance department, spurred by the abrupt resignations of the two veteran account clerks originally appointed to assist the finance director. The new clerks come from a background of private business accounting, but are inexperienced with government accounting.

**August 2022:** Jared Prince officially takes over as finance director, becoming the third person to hold the job. His salary is \$77,065.

**September 2022:** Janik proposes corrective measures to help the struggling finance department get up to speed, including temporarily putting oversight of the department back in the hands of the county clerk's office.

That shift, Janik argues, would provide an opportunity for Crocker, Zywicki, and Deputy Clerk Cathy Hartesvelt to train the new finance department and share much of their institutional knowledge to Prince and his team.

**October 2022:** At a special meeting of the board of commissioners, Prince complains that he and his two account clerks have not been given the training or support necessary to succeed. "We have been thrown into this situation...with roadblocks set up all along the way," he says. "Things like deadlines, reporting, various funds — we can't ask about things we don't know exist." **The board of commissioners ultimately decides to train Prince and the two account clerks without any involvement from the clerk's office**

**November 2022:** The board of commissioners prepares to review a resolution "to transfer human resources, accounting, and payroll duties to the county administrator utilizing the county's finance and human resources directors." This resolution would effectively cut off the county clerk's office from any future financial or HR oversight, transferring all access, admin functions, and permissions around certain files, software, or drives away from the clerk's office and to the new departments. The goal is "to complete the transition of such functions by the end of this calendar year."

The board ultimately tables its discussion of the resolution - originally scheduled for a December 6 special meeting - following Prince's November 30th resignation from the finance director role. In his resignation letter, Prince shares that he is "moving on to pursue an auditing opportunity that was very difficult to pass up."

**December 2022:** Deborah Allen takes over as county administrator, following Janik's retirement. **In an interview after her first week**, she tells the Leelanau Ticker that "continuing to address the finance director situation" is "the top priority right now."

**Just before Christmas**, the county **announces Deputy Clerk Cathy Hartesvelt as interim finance director**, touting her "extensive experience...having worked in payroll processing as a member of the clerk's office."

**In one of their last decisions of 2022, the board of commissioners votes to return oversight of county finances to the county clerk's department.** That decision gives Crocker and Zywicki the responsibility of training Hartesvelt - as well as the finance department's two account clerks - in preparation for the county's annual springtime financial audit.

**June 2023:** The county hires Sean Cowan as its fifth finance director, at a salary of \$79,570.

**Days later**, the board of commissioners hears the results of **its annual financial audit, performed by the advisory firm Rehmann. The report identifies numerous "material weaknesses" in financial statements that expose the county to "serious risks that misappropriations will not be detected in a timely manner."**

Steve Peacock, a principal at Rehmann, tells the board that these material weaknesses are “not the end of the world” - none rose to the level of actual reporting inaccuracies in the county’s bookkeeping - but notes that the county’s policies around financial reviews and approvals leave it vulnerable.

Specifically, the report highlights “a lack of oversight and review” and “turnover within the county finance department” as key problems.

**September 2023:** The county receives **another report from Rehmann**, which it has also contracted to assist with “the transition of accounting functions to be under the purview of the Finance Director.” The report includes recommendations for more complete transfer of financial responsibility and oversight from the clerk’s office to the finance department (**similar to the tabled resolution from November**) and for the county to “review its accounting software system and evaluate other options” in order to improve efficiencies and reduce errors.

**Late in the month**, Cowan submits his resignation after less than four months on the job.

“I do not believe that I have the resources, authority, staff, or executive support necessary in order to be successful in the finance director role as we originally defined,” Cowan writes, expressing the belief that the current setup of the department will never enable it “to do anything differently than exactly what has been done in the past.” Barring such transformative change, Cowan recommends “reverting ownership [of the county’s financial functions] back to the clerk and staff.” But Cowan also writes that he would willingly “be a part of leading change necessary to drive modernization of the department,” should the county decide to shake things up. In particular, Cowan recommends changes to “extremely antiquated” accounting systems and software, which he writes are leading to extra staff time and issues with human error.

**October 2023:** The board of commissioners schedules a special meeting for the morning of Monday, October 2, in hopes of getting Cowan to withdraw his resignation. In an email, Board Chairman Ty Wessell proposes that the county create the position of CFO and offer it to Cowan. The board votes unanimously in favor of the proposal.

**Going forward, the CFO will report directly to the board of commissioners.**

Previously, the finance director reported to the county administrator, who then relayed those reports to the board. In addition, the CFO will receive direction on financial matters from a newly-formed finance committee within the board of commissioners, made up of Wessell and commissioners Douglas Rexroat and Melinda Lautner. Priorities for the CFO will include working through recommendations from the Rehmann report and leading modernization efforts for the finance department.

**At Tuesday’s meeting**, Cowan confirms that he will accept the CFO role, stating: “We have a great opportunity in front of us. I think that the development of this role and placing it at the right level to support what you need as commissioners is the most important mission that I’ve seen since the start, and I think this is a great step towards that.”