



FY 13 Proposed Budget Financial Management



Core Services

- Accounting
- Financial reporting
- Payroll and payroll reporting
- Accounts payable (paying the bills)
- Purchasing
- Collecting key revenues
- Collect and manage all cash
- Investment management
- Debt issuance and management
- Business licensing
- Budget development and the budget process
- Complex budget and other high level, independent analysis
- Policy advice on financial matters
- Developing and implementing new revenue options
- Financial controls



Where FM Is Heading

- Simplify financial processes
- More skilled, more proactive staff, stronger service orientation
- Operating departments manage more of their financial operations, with central guidance
- More emphasis on financial management and controls, particularly in the higher risk areas



Approach To Budget Reductions

- Savings by revamping processes or eliminating them altogether
- Where possible, redirect savings toward improving financial management and controls



Purchasing Efficiency

- 1 FTE out of 5 buyers – 20% reduction
- Raise department authorized spending from \$10,000 to \$25,000
 - More departmental training, standard format, 3 quotes
- Increase maximum contract period from one year to two years
- Increase contract amount not required to go to Council from \$100,000 to \$250,000
 - But ONLY if 3 bids turned in AND no meritorious protest
 - Quarterly report to City Council identifying contracts for prior quarter issued between \$100,000 and \$250,000



Accounts Payable Efficiency

- 1 FTE out of 4 - 25% reduction
- Eliminate Financial Management from seeing invoices twice
- Much simpler process with fewer steps
- Reduced processing costs (time)
- Speed up bill payment
- For future:
 - Help minimize use of paper processing
 - Help speed reduction of paper storage costs
 - Set stage for new financial system



Business Relations

- Begin work on new business licensing system
 - Very inadequate system, impacting about 80 different revenues
- Review processes that collect business license revenue
 - More revenue through more aggressive collection (plus 1 FTE out of 3 increase – 33% increase)
 - Our processes are old and will be reviewed
 - Current system is a detriment to improved collections
 - Need to have the appropriate balance between being business friendly and collections



Parking Citations Revenue

- Immediate Processing Improvements
 - Making changes now to stress revenue collection
- New Computer System
 - RFP with intent to have new system in by October 1, 2013
- Long-Term Processing Improvements
 - Will be looking at options in the RFP, including contracting out services



Realignment

- Over next few years, may realign some operations to improve skills, perform more functions, stress efficiency, provide backup, and improve controls
- May be done in conjunction with changes to systems and processes
- Budget Office has been realigned for FY13 with an improved basic structure (no salaries currently impacted)



Financial Controls Risk

- Previous Citywide budget reductions have moved City's focus more to production and services, with not enough emphasis on controls and management
- Many formal control processes are outdated
- Have complex financial processes needing higher staffing level and skills than are currently available
- Result - risks are higher than is desirable
- While there are no known major issues, it is reasonable to expect future adverse audit findings and a greater potential of more serious issues



A General Approach For Controls

- Help reduce potential for losses, errors, and bad decisions by preserving and enhancing the City's financial management systems and controls
- Focus on cost-effective approaches to reducing problems by identifying and addressing shortfalls in financial management and control
- The proposed Financial Controls Bureau is one such step



Financial Controls Bureau

Create, monitor, and improve financial controls; improve the culture of internal control and financial management; and identify and address control weaknesses

- Small group – not distracted by production pressures
- Designed to kick-start and guide improved controls
- Serve as a “force multiplier” to encourage and require other operations to develop and implement financial controls
- Will collaborate with City Auditor



Budget Reductions

General Fund	Proposed FY 13	Reduction Amount
Expenditures	\$11,211,144	\$(510,731)
FTEs	107.21	(1.50)
Other Funds	Proposed FY 13	Reduction Amount
Expenditures	\$11,642,572	\$(267,963)
FTEs	21.38	(0.48)

FY 13 Proposed Budget Changes

General Fund	Impact on Deficit	Positions
Financial Management		
Streamline Purchasing and Accounts Payable processes, realign Budget Office expenditures, and reclassify staff.	\$(248,197)	(2.5)
Increase business license revenue and miscellaneous revenue. Add business license inspector	\$(262,534)	1.0

Other Funds	Impact on Deficit	Positions
Financial Management		
Realign personnel budgets to reflect work performed.	\$(51,845)	(.48)

FY 13 Proposed Budget Changes

<u>General Fund-Enhancement</u>	Impact on Deficit	Positions
Financial Management		
Create Financial Control Bureau to improve financial controls	\$512,000	3.0

<u>General Fund-One-Time</u>	Impact on Deficit	Positions
Financial Management		
Parking citations, billing systems, and accounts payable project costs	\$1,428,445	--