



# FY 13 Proposed Budget Financial Management

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- 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

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- 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



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



- 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



- 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



- **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

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- **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

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- 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)



- 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




- 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



*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




General Fund	Proposed FY 13	Reduction Amount
Expenditures	\$11,211,144	\$(10,731)
FTEs	107.21	(1.50)

Other Funds	Proposed FY 13	Reduction Amount
Expenditures	\$11,642,572	\$(267,963)
FTEs	21.38	(0.48)

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### FY 13 Proposed Budget Changes

General Fund	Impact on Positions Deficit	
<b>Financial Management</b>		
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 Positions Deficit	
<b>Financial Management</b>		
Realign personnel budgets to reflect work performed.	\$(51,845)	(.48)

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## FY 13 Proposed Budget Changes

### General Fund-Enhancement

Impact on  
Deficit      Positions

Financial Management		
Create Financial Control Bureau to improve financial controls	\$512,000	3.0

### General Fund-One-Time

Impact on  
Deficit      Positions

Financial Management		
Parking citations, billing systems, and accounts payable project costs	\$1,428,445	--