



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)



Budget Changes

FY 13 Proposed Budget Changes

General Fund

Impact on Positions
Deficit

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 Positions
Deficit

Financial Management		
Realign personnel budgets to reflect work performed.	\$(51,845)	(.48)



Budget Changes

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	--