

**Financial Services
Department**

Contracts & Procurement

Financial Services Department—Budget Overview

Description

The Financial Services Department provides financial reporting and essential support services for all City departments. The Department consists of two divisions: Financial Services and Contracts & Procurement. The Director of Budget and Finance provides management oversight for the Department.

Budget Summary by Program

	Actual 2003	Actual 2004	Adopted 2005	Estimated 2005	Adopted 2006
<i>Expenditures</i>					
Financial Services	1,310,624	1,276,465	1,227,550	1,220,087	1,380,746
Contracts & Procurement	494,854	457,736	472,143	463,309	485,736
Total Expenditures	1,805,478	1,734,201	1,699,693	1,683,396	1,866,482
Percent Change		-3.9%	-2.0%	-2.9%	9.8%
<i>Financing</i>					
General Fund	1,805,478	1,734,201	1,699,693	1,683,396	1,866,482
Total Financing	1,805,478	1,734,201	1,699,693	1,683,396	1,866,482

Significant Features

- In September 2004 the position of Director of Finance was eliminated by the Mayor in conjunction with a recommendation included in the Optimization Study by Management Partners. The duties of that position were combined with those of the Budget Director, resulting in the position of Director of Budget and Finance in Financial Services. The Budget Director position was shifted from the Executive Department, and these organizational changes are reflected in the 2006 budget cycle.
- An ERP Manager position is added for 2006. Financial Services and several other Departments began investigating the possibility of replacing the existing financial system with an Enterprise Resource Planning (ERP) System. The position is financed with \$76,755 from the Information Technology budget and may be filled if the City pursues a new system.
- \$100,000 is added in 2006 to contract for the auditing of the cable television and telephone franchise agreements. No audits have been performed in recent history and there have been significant changes in the telecommunications industry. The expenditure is financed with a presumed increase of \$100,000 in franchise fee collections as a result of the audits. If there are monies left over, work will begin on preparing to audit the remaining franchisees.
- The remaining increase in 2006 is attributable to the 2.1 percent COLA, step movement, increase in health insurance contributions and IT fees.
- In 2005 the administration of the new Franchise Fee Refund program was absorbed by the Department. This program provides refunds of electric and natural gas franchise fees paid by city residents who are at least 65 years old and receive the Homestead Property Tax Refund.
- The Department continues to work with the City Manager's Office and other Departments to achieve proper application, receipt and reporting of federal grants dollars.

Personnel Summary by Program (in Full-Time Equivalents)

	Actual 2003	Actual 2004	Adopted 2005	Estimated 2005	Adopted 2006
Financial Services	15.75	16.00	16.00	16.00	17.00
Contracts & Procurement	8.00	8.00	8.00	8.00	8.00
Total FTEs	23.75	24.00	24.00	24.00	25.00

Finance Program Details

Budget Summary by Expenditure Category

	Actual 2003	Actual 2004	Adopted 2005	Estimated 2005	Adopted 2006
Personnel Services	940,762	1,011,830	958,418	954,299	1,009,130
Contractual Services	361,288	245,256	257,907	252,998	362,166
Commodities	8,574	19,379	11,225	12,790	9,450
Capital Outlay	-	-	-	-	-
Total Program	1,310,624	1,276,465	1,227,550	1,220,087	1,380,746

Discussion

The Division includes the City Controller and Cash Management sections, with Administrative oversight provided by the Director of Finance and Budget. The Division maintains proper internal control procedures; assuring fiscal compliance with Federal, State, and local laws and City policies. The Division, in cooperation with other City Departments and with the oversight of the City Manager, provides the central budgeting function for the City, including the development of the operating and capital improvement budgets. It also administers the Franchise Fee Refund Program.

The City Controller Section maintains the accounting records for all funds, projects and programs including grants; provides internal and external financial reporting, including the Comprehensive Annual Financial Report (CAFR); provides accounts payable, payroll, and other financial services support to all City departments; monitors and assists in reporting grant expenditures; processes all City financial transactions; manages personnel accounting of payroll and benefits, with counseling for retirees and other separating employees regarding KPERS/KP&F retirement plans and COBRA health insurance; and manages the City's bonded indebtedness, including structuring debt issues and assuring continuing compliance with bond covenants.

The Cash Management Section is responsible to record, deposit, invest and report all City funds. The section monitors and assists other City Departments in established cash procedures; invests City monies using professional standards of safety and liquidity to achieve maximum investment yields; compiles and publishes the Quarterly Treasurer's Report; assists with the CAFR; reconciles all bank accounts to the City's accounting records; monitor daily bank balances and collateralization; serves as the primary contact with the banking community and investment providers; assists in managing the City's bonded indebtedness; and calculates arbitrage on general obligation and utility revenue bonds.

Personnel Schedule (in Full-Time Equivalents)

Position Title	Actual 2003	Actual 2004	Adopted 2005	Estimated 2005	Adopted 2006
Accounting Manager	1.00	1.00	1.00	1.00	1.00
Accountant I	1.00	2.00	2.00	2.00	1.00
Accountant II	2.00	2.00	2.00	2.00	3.00
Accounting Specialist I	1.00	1.00	1.00	1.00	1.00
Accounting Specialist II	4.00	5.00	5.00	5.00	5.00
Supervisor III	1.00	0.00	0.00	0.00	0.00
City Controller	1.00	1.00	1.00	1.00	1.00
Director of Budget & Finance	0.00	0.00	0.00	0.00	1.00
ERP Manager	0.00	0.00	0.00	0.00	1.00
Office Assistant III	1.00	1.00	1.00	1.00	1.00
Office Assistant II	1.75	1.00	1.00	1.00	1.00
City Treasurer	1.00	1.00	1.00	1.00	1.00
Director of Finance	1.00	1.00	1.00	1.00	0.00
Total Program FTEs	15.75	16.00	16.00	16.00	17.00

Notes on Budget and Personnel

- An Accountant I is reclassified to Accountant II in 2006.

Finance Division Performance Measures

actual	actual	estimate	estimate
2003	2004	2005	2006

Objectives and Performance Measures

Objective: To develop and implement operating and capital improvement budgets that are accurate and based on best practices.

<i>Measure:</i> Receive GFOA Distinguished Budget Presentation Award for the Operating Budget	Yes	Yes	Yes	Yes
<i>Measure:</i> Variance of actual versus adopted expenditures for the City General Fund operating budget	1.8%	1.7%	1.8%	1.5%
<i>Measure:</i> Variance of actual versus adopted revenues for the City General Fund	6.1%	6.7%	2.0%	2.0%

Note: 2003 revenue reflects unbudgeted loss of \$2.1 million in state revenue sharing.

Objective: Provide assistance to city departments in budget development and execution.

<i>Measure:</i> Number of budget training sessions	2	3	3	4
<i>Measure:</i> Percent of exit interview comments for training sessions that give a "satisfactory" or "very satisfactory"	96%	100%	95%	95%

Objective: Protect funds with investments and management that provide for safety, liquidity and yield.

<i>Measure:</i> Ensure that all deposits are collateralized.	100%	100%	100%	100%
<i>Measure:</i> Ensure that all accounts payable, payroll and debt service needs are met.	100%	100%	100%	100%
<i>Measure:</i> Invest idle funds to exceed the return available on 91-day T-Bills.	75%	85%	75%	75%

Objective: Provide timely and accurate financial reports to internal and external customers.

<i>Measure:</i> Achieve an unqualified audit opinion.	100.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Achieve the GFOA's Certificate of Excellence in Financial Reporting for the CAFR.	100.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Issue interim financial reports by 15th of following month 100% of the time.	92.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Complete the Comprehensive Annual Financial Report and distribute within 5 months.	August 29th	April 15th	July 1st	May 1st

Objective: Provide internal customers and staff with tools and resources to access and understand their own department and division financial information.

<i>Measure:</i> Number of training sessions conducted by Financial Services.	n/a	n/a	3	6
--	-----	-----	---	---

Activity Indicators

Number of account payable transactions	84,944	84,900	85,000	85,000
Volume of transactions (in millions)	177	172	175	175
Number of vendor checks	20,932	20,723	21,000	21,000
Number of payroll checks	17,481	17,041	15,000	15,000
Number of payroll via direct deposit	20,977	26,962	23,000	23,000
Number of retirements	33	38	30	30
Returned checks processed	13	1,333	1,350	1,350
Bank reconciliation items processed	98,869	99,128	100,000	100,000

Contracts & Procurement Program Details

Budget Summary by Expenditure Category

	Actual 2003	Actual 2004	Adopted 2005	Estimated 2005	Adopted 2006
Personnel Services	399,965	409,574	408,358	400,770	415,658
Contractual Services	54,529	48,365	55,640	54,594	65,103
Commodities	3,211	3,770	8,145	7,945	4,975
Capital Outlay	-	-	-	-	-
Non-Cash Expenditures	37,149	(3,973)	-	-	-
Total Program	494,854	457,736	472,143	463,309	485,736

Discussion

The Contracts and Procurement Division is a centralized purchasing office that provides an efficient, economical and effective method of acquiring goods and services to meet the needs of City departments, while insuring a fair and competitive bidding process with equal opportunity for all interested vendors. This is accomplished with 8.0 full-time employees under the supervision of the Division Director.

Key strategies for 2006:

- Implement procurement module for Enterprise Resource Planning software including all interfaces with existing software, to include training for staff that use procurement module system wide.
- Maintain the City of Topeka Purchasing Manual.
- Continue maintenance of cross-training for all division staff to insure continuity of services in all situations.
- Continuation of process review and improvement to maximize efficiency.
- Continue to improve the processes used to dispose of salvage.
- Continue training protocol for key personnel in the various departments and require departments to have a central point of contact when working with Contracts and Procurement.

Personnel Schedule (in Full-Time Equivalents)

Position Title	Actual 2003	Actual 2004	Adopted 2005	Estimated 2005	Adopted 2006
Purchasing Director	1.00	1.00	1.00	1.00	1.00
Supervisor III	1.00	0.00	0.00	0.00	0.00
Office Assistant II	2.00	2.00	2.00	2.00	2.00
Office Assistant III	1.00	1.00	1.00	1.00	1.00
Procurement Officer I	1.00	1.00	1.00	2.00	2.00
Procurement Officer II	2.00	3.00	3.00	2.00	2.00
Total Program FTEs	8.00	8.00	8.00	8.00	8.00

Notes on Budget and Personnel

- There are no significant changes in 2006.
- A Contracts and Procurement Users Group has been established in 2005 with members from City Departments in accordance with recommendations from the Optimization Study by Management Partners.

Contracts & Procurement Division Performance Measures

actual	actual	estimate	estimate
2003	2004	2005	2006

Objectives and Performance Measures

Objective:

Provide an equal opportunity to any responsible bidder that is desirous of bidding on goods and services.

<i>Measure:</i> Publish on the Internet all solicitations for goods and services with the exception of emergency water, sewer and road repair	published	published	published	published
<i>Measure:</i> Provide assistance to any bidder desirous of learning what is necessary to bid on goods and services.	achieved	achieved	achieved	achieved
<i>Measure:</i> Work with the Chamber of Commerce, governmental entities and private businesses to foster growth in DBE usage by all within Shawnee County.	n/a	Bi-Monthly	Bi-Monthly	Bi-Monthly
<i>Measure:</i> Verify wage rates as required on certain projects as stipulated with Davis-Bacon requirements.	n/a	100%	100%	100%

Objective:

Simplify the process of purchasing for internal and external customers.

<i>Measure:</i> Percentage of vendor solicitation notifications posted/advertised on the Internet	100%	100%	100%	100%
<i>Measure:</i> Implement P-Card purchasing system streamlining the reconciliation process to increase city productivity.	Sustain	Sustain	Sustain	Sustain
<i>Measure:</i> Provide vendor solicitations with complete document packages available for downloading from the City's home page. (excludes engineering specifications, at this time)	80%	80%	80%	80%
<i>Measure:</i> Publish award documents and information on internet and intranet.	n/a	n/a	75%	100%

Objective:

Favorably compare to procurement performance benchmarks for municipal governments

<i>Measure:</i> Division budget dollars as a percentage of total city procurement dollars to fall within the benchmark range (0.16% to 1.75%)	Achieved	Achieved	Achieved	Achieved
<i>Measure:</i> Average number of purchase orders issued per year falls within the benchmark range (350 to 17,000)	Achieved (6,286)	Achieved	Achieved	Achieved
<i>Measure:</i> Average cycle time for informal/fax/phone bids fall within the benchmark range (4 work days to 30 work days)	Achieved	Achieved	Achieved	Achieved
<i>Measure:</i> Average cycle time for formal bids fall within the benchmark range (10 work days to 90 work days.)	Achieved	Achieved	Achieved	Achieved

Activity Indicators

Requests for Proposals/Qualifications	43	36	75	60
Competitive bids - formal	115	57	110	100
Competitive bids - informal	343	327	375	400
Purchase Orders	6,286	6,341	6,500	6,600
Change Orders	5,086	5,100	5,100	5,100
Contracts	NA	423	490	475