

16-2697 - Action Plan

Recommendations	Action Plan	Target Completion Date
<i>1.0 General Administration</i>		
<p>1.1 The Finance Department must develop improved measures to forecast revenues and expenditures for current year finances and for multi-year projections. Budget variances need to be quickly identified so that corrective action may be taken, if need be.</p>	<p>Finance has already implemented a different process to forecast revenues and expenditures, which were used for the FY 2016-18 budget development as well as FY 2015-16 quarterly reports. On the revenue side, additional sources are taken into account in forecasting, and projections are done at a line item level and with input from departments. On the expenditure side, departments are actively involved in developing their forecasts, with Finance verifying assumptions used. Further improvements to expenditure forecasting will be explored. Expenditure tracking and researching will be enhanced upon the implementation of an upgraded report writing tool in the City's new Finance/HR/Payroll and Utility Billing System. (This is expected to occur over the next 3-4 fiscal years.)</p>	<p>Revenue Tracking – Completed Expenditure Tracking- FY 18-20</p>
<p>1.2 The Finance Department must improve its strategic support of City departments through budget monitoring, ongoing reporting, and communication of the City's financial conditions in quarterly budget meetings.</p>	<p>Finance Department worked very closely with Departments on their budget formulations for FY 2016-18 and has made available monthly budget reports for departments to use in managing their budgets. Quarterly financial updates for all major City funds, investment reports, and cash balances, are already provided to the City Council. Quarterly meetings with larger departments are planned for 2nd quarter 2016-17 and beyond.</p>	<p>Mostly implemented, with quarterly meetings with departments to commence in November 2016</p>

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<p>1.3 The Finance Department should evaluate increasing Budget staff to a total of five positions (from the current two positions) and Purchasing staff by one full-time position to achieve best in class service levels.</p> <p>Existing staff should be allocated to highest priority duties and perform the full range of duties within their job description. More detailed information regarding this recommendation follows in each relevant section.</p>	<p>On August 23, the City Council approved staff's recommendation to increase the size of the Budget and Revenue Division from two positions to five, and authorized additional 3 FTEs. Recruitment for these positions is expected to last 10 -14 weeks.</p> <p>There are no funds at this time for the recommended Buyer position, so that part of the audit recommendations may not be immediately implemented until funding becomes available in the future.</p>	<p>Budget Office: December 2016</p> <p>Purchasing: Next budget cycle in 2017-18 or 2018-19</p>
<p>1.4 The Department should coordinate performance measure development with each departmental function in order to have tangible means for understanding how effective and efficient City operations are performing. These performance measures should be included in the annual city budget to facilitate the public's understanding of government operations.</p>	<p>A Citywide Performance Measurement and Reporting Program will soon be launched, and result in the development of performance measures for each City department based on the Riverside 2.0 goals. The program will be led by the Internal Audit Division with Finance as part of the team.</p>	<p>March-June 2018</p>
<p>1.5 The Risk Management function is housed within Finance, which is less common among City governments. In the future, the City should evaluate options for combining Risk Management and Workers' Compensation administration into a single unit.</p>	<p>The City is continuing to review its Risk Management Functions (both for General Liability and Workers Compensation), in consultation with the City Attorney's Office. Any changes will be communicated to the Finance Committee and the City Council.</p>	<p>June 2017</p>
<p>1.6 Revenue budgeting duties should be allocated to the Budget Division to perform. More critical review and evaluation of revenue projections performed by outside services, and more defined in-house estimates should be developed.</p>	<p>During the development of the FY 2016-18 biennial budget and five-year plan, the Revenue Analyst was an integral part of the budget team. With the recent approval of three additional permanent positions for the Budget and Revenue Division (increasing its size from two to five), revenue budgeting and</p>	<p>June 2017</p>

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	projection duties will be incorporated into the new staff's responsibilities.	
2.0 Financial Resources		
2.1 The Division should analyze all budget requests in greater detail for reasonableness. Currently, if a department stays within their budget target dollar amount, they do not have to justify the reallocation of expenses, nor do they have to defend the continuation of prior year's budgeted expenditures. Personnel and operating expenses should be routinely vetted by the Budget Division to ensure need and appropriateness. Position control should be continuously updated.	The two-year budget process has implemented many of these recommendations, which have now been institutionalized. As in any good partnership, the departments and the Budget and Revenue Division will work together in reviewing expenses and personnel. The Budget and Revenue Division is involved in Personnel Action changes for conformance with budget measures and goals. Position Control was just transitioned from HR to Finance, and both process and technological enhancements are currently being explored.	Completed; Enhanced and Automated Position Control - March 2017
2.2 The identification of new department-specific revenues should not be tied to increasing budget target numbers. All expenditures should be reviewed for necessity and reasonableness. In addition, the Division must properly analyze all revenue projections provided by City Departments for accuracy and reasonableness. Currently, there is limited staff to do so.	This was implemented in FY 2015-16, and during the FY 2016-18 budget process.	Completed
2.3 Budget & Revenue Division should assist in the development of performance measures to support budget decisions and control of processes within the City structure. Such metrics provide quantifiable results of activities and will permit benchmarking of performance against outside organizations.	In progress - see response on Recommendation 1.4	March-June 2018

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2.4 The Division should provide and discuss quarterly reports with all department heads. Departmental variances, and the city's overall financial condition, should be discussed at quarterly budget meetings.	As mentioned in Recommendation 1.2, monthly budget reports are available for departments, and departments are actively involved in the preparation of quarterly reports for the City Council. Quarterly budget meetings with larger departmental staff will commence in November 2016.	Nov/Dec 2017
2.5 The Budget Division should fully implement position control in order to project expenditures related to personnel. Budget should review all personnel changes to verify authorization and availability of budgeted funds. By doing so, the Division will also have the ability to determine whether to fill positions at all or on a lag in an effort to save on costs.	In progress – Since a few months ago, the Budget and Revenue Division reviews all personnel changes as needed to verify authorization and availability of budgeted funds. However, as mentioned in Recommendation 2.1, an automated position control system is being researched.	Completed; Automated Position Control - March 2017
2.6 The Department should add three full-time budget staff positions for complement of five allocated positions dedicated to budget functions. The Budget division should develop and monitor performance measures, establish greater controls on personnel change requests, increase monitoring of revenues and expenditures, and have a greater input in deciding budget authorization amounts.	See Action Plan Responses 1.3, 1.4 and 2.1	Budget Office staffing (1.3): December 2016 Performance Measures (1.4): March-June 2018 Position Control (2.1): March 2017
3.0 Payroll		
3.1 The Payroll Division should track requestors of timecard corrections and retroactive payments. Repeated requestors should be alerted to Administrative Manual Policy 06.004.00. Finance Division Management and the City Manager's Office should explore possibilities for mandatory online re-training for requestors who continue to violate Policy 06.004.000.	The Finance Department will work with the City Manager's Office to develop a process and procedure to address this issue.	January 2017

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3.2 The Payroll Division should offer all visitors the option of conducting their conversation in private, in a conference room, or other isolated space.	In its current location, it is not possible to provide a convenient private or isolated place for conversations. However, the moving of the Payroll Division to a more secure and confidential location to facilitate this recommendation on 6 th floor is currently being implemented.	December 2016
3.3 In the long term, Finance Department should move the Payroll Division away from the training room to enhance confidentiality. Given its small number of staff. Consider locations that will allow for some neutral space between Payroll and other Finance Divisions.	See Recommendation 3.2	December 2016
4.0 Accounts Payable and Receivable		
4.1 The Finance Department should further revise its policy to allow fewer categories of expenses eligible for Request for Payments (RFP). The categories eligible for Request for Payment should be periodically reevaluated and reduced as appropriate.	A Purchasing Task Force has been created to address these recommendations, as well as review the entire purchasing process. This review is currently underway.	June 2017
4.2 Accounts Payable should work to (1) increase the number of vendors utilizing electronic payment and (2) develop a process for combining multiple checks to vendors. Finance should consider a policy mandate requiring electronic payment for repeat vendors.	A policy is currently being developed to address electronic payments to vendors as well as electronic direct deposit for all employees.	March 2017
5.0 Treasury		
5.1 The beginning balance of register drawers should be reduced to \$500.	Implemented	Completed
5.2 Restrict petty cash transactions to only the Revenue Specialist or Lead Revenue Representative, who have increased access to the cash necessary to complete this transaction.	Finance disagrees with this recommendation. Due to the limited staff in Treasury, it would not be efficient, effective nor customer friendly to limit cash transactions to 2 staff members.	N/A

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5.3 Codify and enforce a formal policy that cash drawers are never shared between staff to enhance internal controls.	Implemented	Completed
6.0 Purchasing		
6.1 Purchasing should require the use of a Purchase Order with exceptions to emergencies, sole source and/or utilizing a cooperative purchase agreement limiting the use of Request for Payments (RFP) to those uses outlined in the policy criteria.	A Purchasing Task Force has been created to address these recommendations, as well as review the entire purchasing process. This review is currently underway.	June 2017
6.2 Purchasing should update its procurement thresholds for the purchase of goods, services, and public works projects. A review of other cities' policies indicates that thresholds of below \$5,000, between \$5,000 and \$75,000, and above \$75,000 are appropriate for informal, written informal, and formal bid processes, respectively. This change will provide more timely service to departments with minimal increase in risk if appropriate oversight is utilized.	A Purchasing Task Force has been created to address these recommendations, as well as review the entire purchasing process. This review is currently underway.	June 2017
6.3 With the addition of a new position, Purchasing should place a greater emphasis on the review of bid specifications provided to them by departments where they can determine the appropriateness of the specs.	Staff will provide a greater emphasis on the City departments' bid specifications . There are no funds available for a new position, so full implementation of this recommendation will have to until future funding can be secured.	July 2017
6.4 Purchasing should review all contracts especially in relation to insurance requirements thus ensuring all contracts are uploaded to SPL for review and reference.	A Purchasing Task Force has been created to address these recommendations, as well as review the entire purchasing process. This review is currently underway.	June 2017

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6.5 Purchasing should routinely put services out to bid and not utilize evergreen contracts, which may limit downward changes in pricing opportunities.	A Purchasing Task Force has been created to address these recommendations, as well as review the entire purchasing process. This review is currently underway.	June 2017
6.6 The City should establish a formal vendor performance evaluation process to mitigate risks posed by known problem vendors. Vendor debarment is a core contracting process to safeguard the City from known problem vendors. Consider the use of language in RFPs that prior work will be considered.	Staff is working with the CAO's office to identify any legal issues/challenges, process issues and how to best accomplish this legislatively through the City Municipal Code.	TBD
6.7 Given the staffing ratio comparison and the recommended procurement changes, one full-time buyer position should be added to the Purchasing Division.	There is no funding available for this recommended position at this time.	TBD
7.0 Risk Management		
7.1 Risk Management should work with the outside vendor to develop more useful and timely reports regarding claims against the City. Additionally, the City should consider automation of the internal claims handling process to better track outstanding claims that the City has filed against others to enhance claims management and enable regular reporting of claim status.	Staff is moving to identify and hopefully implement an in-house risk management system. We hope to bring a recommendation to the City Manager's Office for approval by November 2016 with implementation to follow.	March 2017