

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
FINANCE DEPARTMENT**

**TO:** Mayor and City Council

**FROM:** Milo Nitschke, Director, Finance Department

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** J. Rolando Bono, Deputy City Manager; Andrew Martin, City Attorney; Thomas G. Wendorf, Director, Public Works; Kevin Dolliole, Director, Aviation; Malcolm J. Matthews, Director, Parks & Recreation; Patricia Major, City Auditor; Bernadette McKay, Deputy City Attorney; File

**SUBJECT:** Authorizing the use of two facsimile signatures on checks written in the amounts less than \$25,000.00 and restructuring of Capital Project Financial Accounts

**DATE:** September 23, 2004

**SUMMARY AND RECOMMENDATIONS**

Consideration of ordinances related to the implementation and SAP go-live on October 4, 2004.

- A. This Ordinance amends Ordinance No 93760 passed and approved April 12<sup>th</sup> 2001 by authorizing the use of two facsimile signatures on checks written in amounts less than \$25,000 on the City's Controlled Disbursement Depository Account.
- B. This Ordinance will authorize the Finance Director to consolidate and restructure the financial accounting records for Capital Project Bond Funds in order to facilitate future accounting and reporting requirements for Capital Projects in preparation for the conversion for financial information for Capital Projects to SAP.

Staff recommends approval.

**BACKGROUND INFORMATION**

On October 4<sup>th</sup>, the financial component of the ERM Project will go-live. During the past year the implementation has focused on redesigning business processes, configuring the SAP system to support the new business processes and cleansing data in order to enhance customer service and accountability. As part of the implementation two areas require Council authorization in order to fully realize the benefits as a result of the new system and processes. These are described below.

Currently the City issues checks from the Controlled Disbursement Account with two facsimile signatures for amounts less than \$3,000.00. This represents approximately 26,000 checks out of 75,000 checks printed on an annual basis. Checks issued in excess of \$3,000.00 are printed with one facsimile signature of the Director of Finance and are then forwarded to the Controller's

office for an additional manual signature of an authorized signer. The checks are reviewed and matched to supporting documentation prior to delivery.

This Ordinance will authorize the increase of the current threshold for dual facsimile signatures from \$3,000.00 to \$25,000.00. The facsimile signatures will consist of the Director of Finance and the City Controller, on checks written in an amount less than \$25,000.00 against the City's Controlled Disbursement Account and require a manual signature of an authorized signer for checks written for \$25,000.00 and greater. This improvement is one component of the redesigned accounts payable process in an effort to increase efficiencies and turnaround time on checks to vendors without sacrificing internal controls. With the introduction of the new system on October 4<sup>th</sup>, newly redesigned business processes with compensating controls will be introduced to mitigate risk of checks being released with incorrect amounts or payees. The new payment process will include automated matching of the purchase order, receiving document and invoice versus the manual paper process that exists today; introduction of a new service to vendors to receive their payment via automated clearing house directly to their bank account; increased segregation of duties; and post audit processes.

Additionally, the second ordinance will restructure and consolidate the accounting for Capital Bond Projects. The existing accounting system and processes in place for establishing the accounting records for Capital Projects have resulted in multiple accounting records established for a single Capital Project. This increases the amount of labor spent on accounting, reporting and budgeting for Capital Projects as a result of the amount of time and effort spent to reconcile and combine the current accounting records. The existing Capital Bond Project accounting process delays the response time to stakeholders that inquire about large, multi-year and multi-funded projects. Currently, City Departments have designed stand-alone databases to compensate for the inefficiencies of the current process and system. In the future, the City will define structures for its funding sources such as Bonds and Grants, as well as separate structures for its work efforts which will allow us to more efficiently track revenues and expenditures by each project. This will also enhance our ability to track the expenditure of bond proceeds, calculate arbitrage rebate, determine amounts available to fund capital projects, and simplify reporting. Consolidating and cleansing the projects in the City's current system prior to converting into SAP will facilitate the conversion to SAP and enhance the accounting and reporting of future projects.

### **POLICY ANALYSIS**

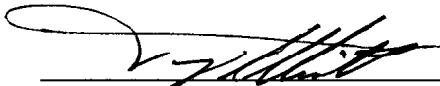
These Ordinances would be consistent with previous City Council actions in support of the implementation of an Enterprise Resource Management System, and improved efficiencies in capital project reporting.

## FISCAL IMPACT

This ordinance has no financial impact.

## COORDINATION

These items have been coordinated with the City Attorneys Office, Public Works Department, Aviation Department, Parks Department and the Finance Department.

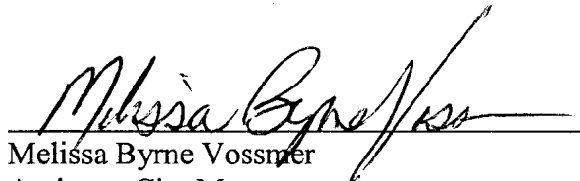


Troy Elliott  
Project Director  
ERM

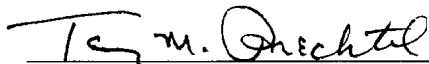


Milo Nitschke  
Director  
Finance Department

Approved:



Melissa Byrne Vossmer  
Assistant City Manager



Terry M. Brechtel  
City Manager