

Text Comparison

Documents Compared

City Controller I.pdf

City Controller II.pdf

Summary

235 word(s) added

260 word(s) deleted

1639 word(s) matched

16 block(s) matched

To see where the changes are, scroll down.

Office of the City Controller

Overview

The Office of the City Controller's mission is to ensure the fiscal health of the City of Harrisburg by advising the general public, City Council and Mayor of the City's financial condition.

The City Controller is elected at-large and is an independent office established to provide financial oversight to the City. By Commonwealth law, the City Controller reviews and approves all expenditures of the City. Additionally, the Office of the Controller is responsible for reviewing purchase orders, warrants and all other City expenditures to ensure budget authority and compliance with Commonwealth law and City Code.

The City Controller may examine, audit and settle accounts and shall annually (or more frequently) audit the collection and disbursement of public money and report findings to the City Council. An annual report to the City Council is required at its first meeting in March of each year. Monthly financial statements are issued to the Mayor, City Council and Treasurer that include analysis of revenues and expenditures. Additional ad hoc reports are prepared and presented as needed. The Controller may exercise financial control functions, which include requiring written warrants prior to fund disbursement.

The Office consists of the City Controller, Chief Deputy Controller and an Auditor. A summary of the Office of City Controller's staffing history is provided in the following table. As indicated in the table, staffing was reduced by one from 2010 to 2011.

Office of the City Controller - Staffing

	2006	2007	2008	2009	2010	2011
Budgeted	4	4	4	4	4	3
Filled	4	4	4	4	3	3

Source: Budgeted: City Report *Summary of Positions 2006-2011 Budget*
 Filled: Adopted 2010 City Budget

Finances

The expenditures of the Office of the Controller are almost exclusively salary and benefit related. A summary of the Office of City Controller's expenditure history is provided in the following tables. The increases in the 2010 actual expenses in the Legal/Contract Services area were due to legal expenses.

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Office of the City Controller Historical Expenditures by Major Category

Category	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	% Growth
Salaries & Wages	\$175,512	\$177,390	\$177,864	\$170,147	\$132,183	(24.7%)
Temporary	\$0	\$0	\$0	\$0	\$0	0.0%
Overtime	\$0	\$0	\$0	\$0	\$0	0.0%
Social Security	\$13,427	\$13,570	\$13,607	\$13,055	\$10,112	(24.7%)
Benefits	\$38,366	\$42,108	\$39,976	\$0	\$0	0.0%
Legal/Contract Services	\$0	\$0	\$0	\$0	\$15,797	100.0%
Other Miscellaneous	\$5,569	\$4,273	\$3,709	\$2,613	\$3,250	(41.6%)
Total	\$232,874	\$237,341	\$235,156	\$185,815	\$161,342	(30.7%)

Source: Historical data from City as provided

Office of the City Controller Historical Expenditures – Personnel and Non Personnel

Category	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	% Growth
Personnel Expenditures	\$227,305	\$233,068	\$231,447	\$183,202	\$142,295	(37.4%)
Non Personnel Expenditures	\$5,569	\$4,273	\$3,709	\$2,613	\$19,047	242.0%
Total	\$232,874	\$237,341	\$235,156	\$185,815	\$161,342	(30.7%)

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Assessment

The City Controller, newly elected in 2010, provides a number of reports to the Mayor, City Council and Treasurer on the City's financial condition, including monthly reports. The monthly financial reports are also accessible to the public on the City Controller's website, which is helpful in ensuring transparency of the City's financial condition.

Commonwealth and City Code explicitly outline the roles and responsibilities of the City's ~~department~~ and offices. After many years with the same office holders in both the Mayor and Controller's offices, there are now two new individuals in those positions. The current Controller has implemented changes in the Office's practices which, while in compliance with City Code and Commonwealth law, are changes from past procedures. ~~As an example, the Controller has placed greater scrutiny on the list of employees receiving checks through the payroll system prior to approving payments. This change resulted in the City eliminating the use of direct deposit and returning to paper checks in order to accommodate this level of review.~~ While the Code requires that both the Treasurer and Controller authorize all checks and vouchers prior to payment, ending direct deposit is not an effective long-term solution. Negotiations with a new payroll vendor that can accommodate this revised practice while still providing direct deposit ~~are underway.~~

Additionally, the City Code was amended by the City Council in 2010 requiring that, prior to authorization of any individual budgetary transfer from one department to another greater than \$20,000 within the most restrictive category set forth in the budget ordinance, or any transfer from

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Commonwealth and City Code explicitly outline the roles and responsibilities of the City's departments and offices. After many years with the same office holders in both the Mayor and Controller's offices, there are now two new individuals in those positions. With the election of new office holders, there have been changes to past practices and in a few cases this has led to inefficiencies that need to be addressed. The current Controller has implemented changes in the Office's practices regarding review of payroll checks to ensure budget approval which, while in compliance with City Code and Commonwealth law, are changes from past procedures. One unintended consequence of the Controller's review prior to payment to employees has been that direct deposit through the City's payroll provider was stopped. While the Code requires that both the Treasurer and Controller authorize all checks and vouchers prior to payment, ending direct deposit is not an effective long-term solution. Negotiations with a new payroll vendor that can accommodate this revised practice while still providing direct deposit were underway and should be implemented immediately as noted in the initiative section.

Additionally, the City Code was amended by the City Council in 2010 requiring that, prior to authorization of any individual budgetary transfer from one department to another greater than

any Personnel Services allocation, the Chief of Staff/Business Administrator must obtain City Council approval.²⁹

These practices are a marked change from the City's past practices, and staff are still in an adjustment period that has included some confusion and inefficiency as internal processes and procedures are updated.

At present, the only area in which current practice is not supported by City Code language is the mandatory competitive bidding of professional services. This practice is currently enforced by the Office of the City Controller. While it is advisable to seek competitive proposals for professional services, a formal bidding process is not required by City Code. Therefore, it is beyond the purview of the Office of the City Controller to mandate.

The City is required by the Commonwealth and its own Code to conduct annual audits at the close of each fiscal year. The last audit was completed for FY2008. The 2009 and 2010 audits have not been completed because the preparation work has not been fulfilled by the City Finance Bureau staff. The City Council has recently authorized funding (through a grant from DCED) to hire an outside accounting firm to prepare the documents for the outside auditor. While the responsibility for getting documents prepared for the outside auditor lies with the Finance Bureau, the Controller's Office has staff capable of assisting in this effort. Although the Coordinator attempted to bring about a cooperative approach between the offices to move the audit process forward, the effort was not successful. Staff resources should be shared to expedite this process to the greatest extent possible. Sharing staff capacity during a time of extreme financial hardship would better serve the City and improve the strength of the City's financial condition.

The projected expenditures for the Office of the City Controller will continue to be driven primarily by personnel related costs. The table below details the projected expenditures for the Office using the assumptions detailed in the Introduction chapter.

Office of the City Controller Projected Expenditures by Major Category

Category	2011 Budget	2011 Estimated	2012 Projected	2013 Projected	2014 Projected	2015 Projected	% Growth
Salaries & Wages	\$137,159	\$137,159	\$138,469	\$139,818	\$141,207	\$142,162	3.6%
Temporary	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Overtime	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Social Security	\$10,494	\$10,493	\$10,593	\$10,696	\$10,802	\$10,875	3.6%
Benefits	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Legal/Contract Services	\$7,100	\$7,100	\$7,264	\$7,449	\$7,690	\$7,975	12.3%
Other Miscellaneous	\$1,667	\$1,667	\$1,689	\$1,716	\$1,747	\$1,784	7.0%
Total	\$156,420	\$156,419	\$158,015	\$159,678	\$161,447	\$162,795	4.1%

Source: 2011 City Adopted Budget, 2011 – 2015 PEL Estimated/Projected

²⁹ ~~Harrisburg City Code, Chapter 2-607.4(b).~~

\$20,000 within the most restrictive category set forth in the budget ordinance, or any transfer from any Personnel Services allocation, the Chief of Staff/Business Administrator must obtain City Council approval.²⁵

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²⁵ [Harrisburg City Code, Chapter 2-307.4\(b\)](#)

Office of the City Controller Projected Expenditures – Personnel and Non Personnel

Category	2011 Budget	2011 Estimated	2012 Projected	2013 Projected	2014 Projected	2015 Projected	Growth %
Personnel Expenditures	\$147,653	\$147,652	\$149,062	\$150,514	\$152,010	\$153,037	3.6%
Non Personnel Expenditures	\$8,767	\$8,767	\$8,953	\$9,164	\$9,437	\$9,758	11.3%
Total	\$156,420	\$156,419	\$158,015	\$159,678	\$161,447	\$162,795	4.1%

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Initiatives

The Office of the City Controller is a critical link in the financial operations of the City. It is imperative that this Office work in close collaboration with the City Treasurer and Finance Bureau to efficiently safeguard the City's finances and execute this Recovery Plan in a timely manner.

CON01.	Support Recovery Plan implementation as related to financial process improvements	
	Target outcome:	Improved efficiency and improved accountability
	Five year financial impact:	Not available
	Responsible party:	City Controller

There are a number of initiatives outlined in this Recovery Plan which will require support of the City Controller's Office to implement. The City's financial recovery depends on full and timely implementation of this plan. The City Controller shall work collaboratively with the Act 47 Coordinator to ensure implementation of initiatives related to financial process improvements.

CON02.	Communicate and collaborate with Mayor, City Council, City Treasurer and Department of Administration	
	Target outcome:	Improved efficiency and improved accountability
	Five year financial impact:	Not available
	Responsible party:	City Controller

To implement the Recovery Plan and monitor the financial situation of the City, increased communication between the City Controller, Mayor, City Council, City Treasurer and Business Administrator must be implemented. The Finance and Budget Committee Chairperson, Mayor, City Controller and Business Administrator shall meet at least monthly to review cash flow, revenues and expenditures (budgeted to actual) and any related operational issues. The City Treasurer shall attend these meetings as necessary.

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CON03.	Use code and statutory authority to ensure sound financial practices	
	Target outcome:	Improved accountability
	Five year financial impact:	Not available
	Responsible party:	City Controller

Authority granted to each unit of City government is explicitly outlined by Commonwealth law and City Code. ~~However, the Office of the City Controller is currently exercising authority beyond what has been sanctioned. The Office of the City Controller shall cease enforcement of procedures which are outside of its legal authority. As an example, the Office is currently enforcing a requirement to bid all professional services, which is not required under City Code. As a matter of practice, it is recommended that competitive proposals be sought for professional services to ensure the City is receiving a fair price for services it purchases. In addition to statutory requirements, it is a best practice to have threshold levels for procurement that place reasonable accountability within departments and provide checks and balances for more significant expenditures while at the same time providing a degree of flexibility to address time sensitive issues. The Controller shall work with the Business Administrator to review the current procurement policy and amend it in accordance with current financial practices in local government procurement.~~

~~In addition, the Office of the Controller shall cooperate fully to ensure that direct deposit is restored for City employees. It is a best practice and a less expensive way to pay employees that needs to be reinstated immediately.~~

CON03.	Use code and statutory authority to ensure sound financial practices	
	Target outcome:	Improved accountability
	Five year financial impact:	Not available
	Responsible party:	City Controller

Authority granted to each unit of City government is explicitly outlined by Commonwealth law and City Code. The Office of the City Controller is exercising authority that is greater than was exercised by previous Offices of the Controller. With a change in office holders, the changes in practices caused some confusion among staff.

The Office of the Controller, Treasurer and Administration shall cooperate fully to ensure that direct deposit is restored for City employees. Currently, employees are able to receive payment through an ACH process set up with the Controller and Treasurer's Office but only approximately 30 employees are utilizing it. However, a contract with a new payroll provider will go into effect in July and should eliminate the need for this additional step. Paying employees through direct deposit eliminates the need for paper checks, which are still being issued. It is a best practice and a less expensive way to pay employees that needs to be reinstated immediately.