# Treasury Management within the Finance Department

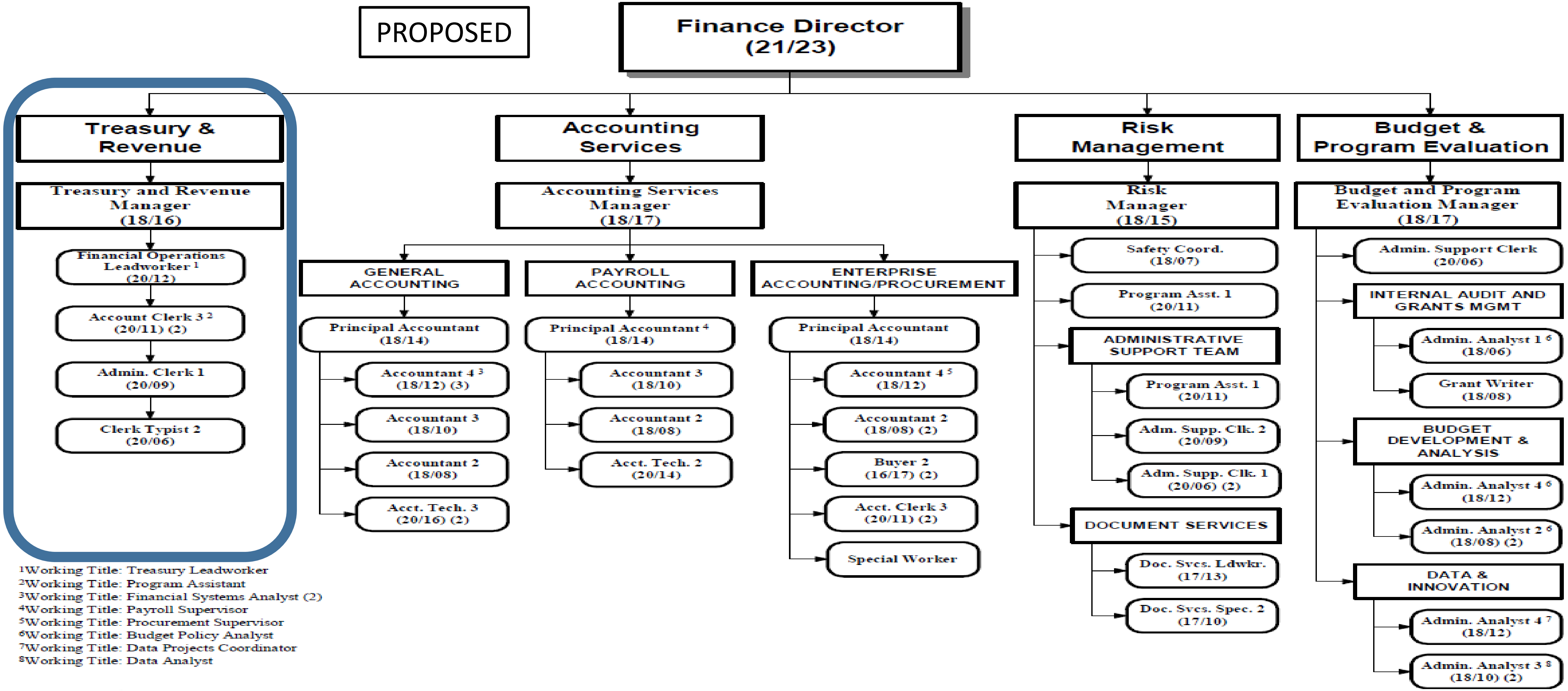
Common Council Executive Committee

February 26, 2019

# Proposed Approach

- Reclassify the City Treasurer position (CG 21) to a Treasury and Revenue Manager (CG 18-16).
- Have the position report to the Finance Director rather than the Mayor.
- All current positions within the City Treasurer's Office would continue to report to the reclassified position.
- The Finance Director would serve as the "Treasurer" under city ordinance and state law.  Day-to-day responsibilities would be delegated to the Treasury and Revenue Manager.

PROPOSED




[1]Working Title: Treasury Leadworker
[2]Working Title: Program Assistant
[3]Working Title: Financial Systems Analyst (2)
[4]Working Title: Payroll Supervisor
[5]Working Title: Procurement Supervisor
[6]Working Title: Budget Policy Analyst
[7]Working Title: Data Projects Coordinator
[8]Working Title: Data Analyst

# Legal Requirements

- MGO 4.01 ("Finance Director").
  - Finance Director performs duties of "Comptroller" as provided in s. 62.09(10), Wisconsin Statutes.
- MGO 3.055 ("City Treasurer")
  - Treasurer performs the duties of "Treasurer" as provided in s. 62.09(9), Wisconsin Statutes.

# Related Duties

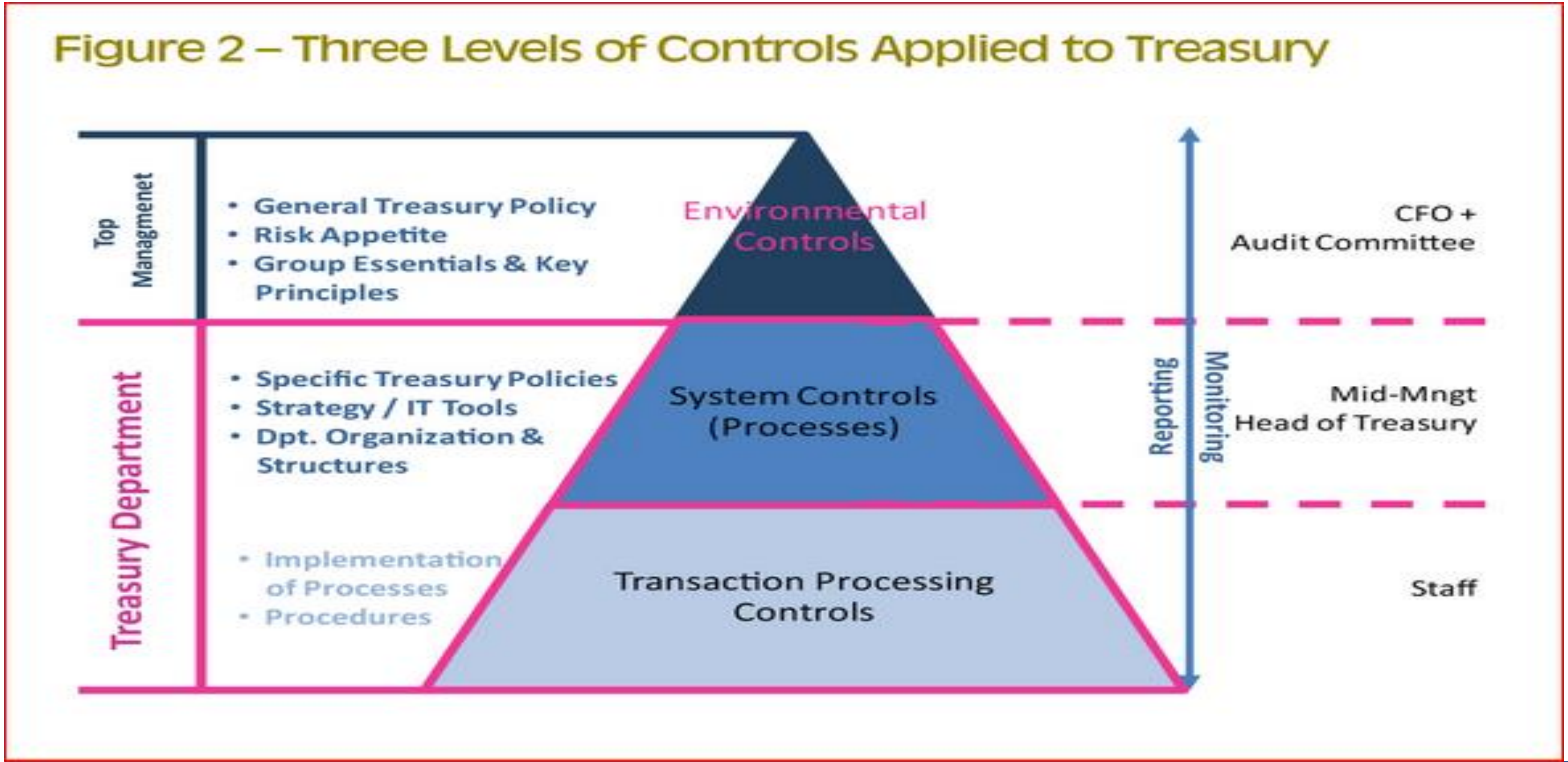
## Treasury

- Revenue collection and bank deposits.
- Property tax process.
- Municipal services fee collection (water, sewer, stormwater fees).
- Cash flow monitoring and investment management.
- Direct customer interactions for payments (taxes, fees, bus passes, etc.)
- Physical processing of parking utility coin.
- Banking contract (accounts; credit card processing).
- Animal licenses
- Room tax collection and audit.
- Manage wire transfers (debt; real estate transactions).

## Finance / Accounting Services

- Accounts receivable.
- Bank reconciliation (do the payments received match the amounts deposited in the bank).
- Posting and reconciliation of revenues/receipts to general ledger.
- Unpaid revenues – processing and collection.
- MUNIS Administration
- Tyler Cashiering Administration
- Lead training efforts for both systems

# Three Levels of Financial Controls



# Internal Control System – Common Features

- Management sets expectations – procedural manuals, training, expected behaviors.
- Hire and maintain competent personnel – avoid entry errors and minimize fraud.
- Segregation of duties – reduce errors and risk of fraud and collusion.
- Records maintenance – system back-ups to deter employee or managers from creating phantom transactions.
- Physical and intangible safeguard of assets – keep unauthorized personnel from accessing passwords, workflows, check stock, signature stamps, securities custody.

# Segregation of Duties

- Back office staff – electronic funds transfers payments, debt, accounts payable, bank reconciliations, investments, tax settlements
- Front office staff – customer service
- Non-treasury staff -- provide EFT authorizations.
- Reporting and reconciliations in general ledger.
- Effective treasury management IT system
- Audit, credit and other risk monitoring

# Limitations of Internal Controls

- Collusion
- Human error
- Management override
- Lack of segregation of duties.

# Peer Group Comparisons
## 2014 City Human Resources Survey and Internet Review

**State**

- 6 of 10 largest cities (excluding Milwaukee) do not have separate city treasurer.
  - Kenosha
  - Racine
  - Appleton
  - Waukesha
  - Oshkosh
  - Eau Claire

**Region**

- Lincoln, NE – City Treasurer part of Finance Department.
- Wichita, KS – City Treasurer part of Finance Department
- St. Louis, MO – Separate office
- St. Paul, MN – City Treasurer part of Finance Department
- Des Moines, IA – Treasury function part of Finance Department
- Overland Park, KS – Treasury function part of Finance Department
- Dayton, OH – Treasury function part of Finance Department
- Sioux Falls, SD – Treasury function part of Finance Department

# Opportunities from Treasury Merger

- Improve internal controls for cash handling, debt and revenue cycles.
- Improve staff utilization through cross-training – segregation of duties would still occur – the same employee would not perform segregated duties at the same time.
- Improve accuracy and timeliness of accounting and bank reconciliations.
- Reduce paper flow in treasury functions.
- Streamline administrative, communications, external audit testing and financial reporting.