

# Treasury Management within the Finance Department

Common Council Executive Committee

February 26, 2019



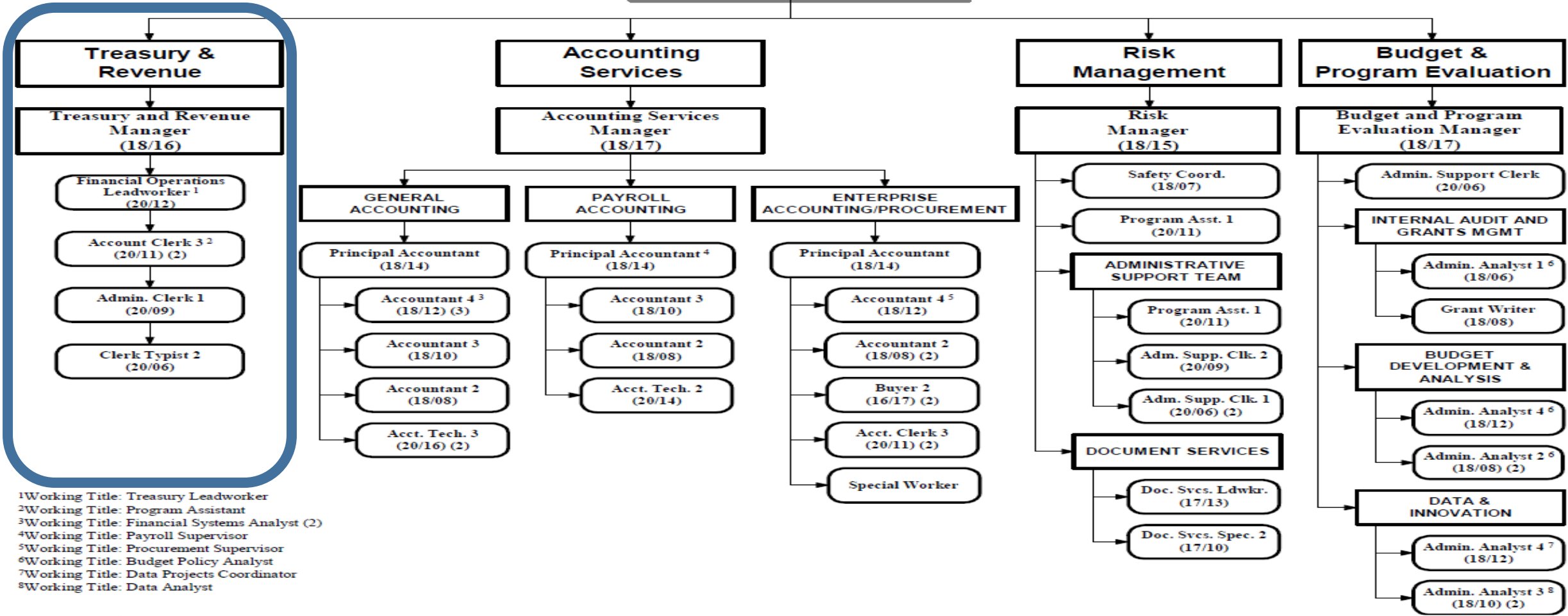
# Proposed Approach

- 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

Finance Director (21/23)



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

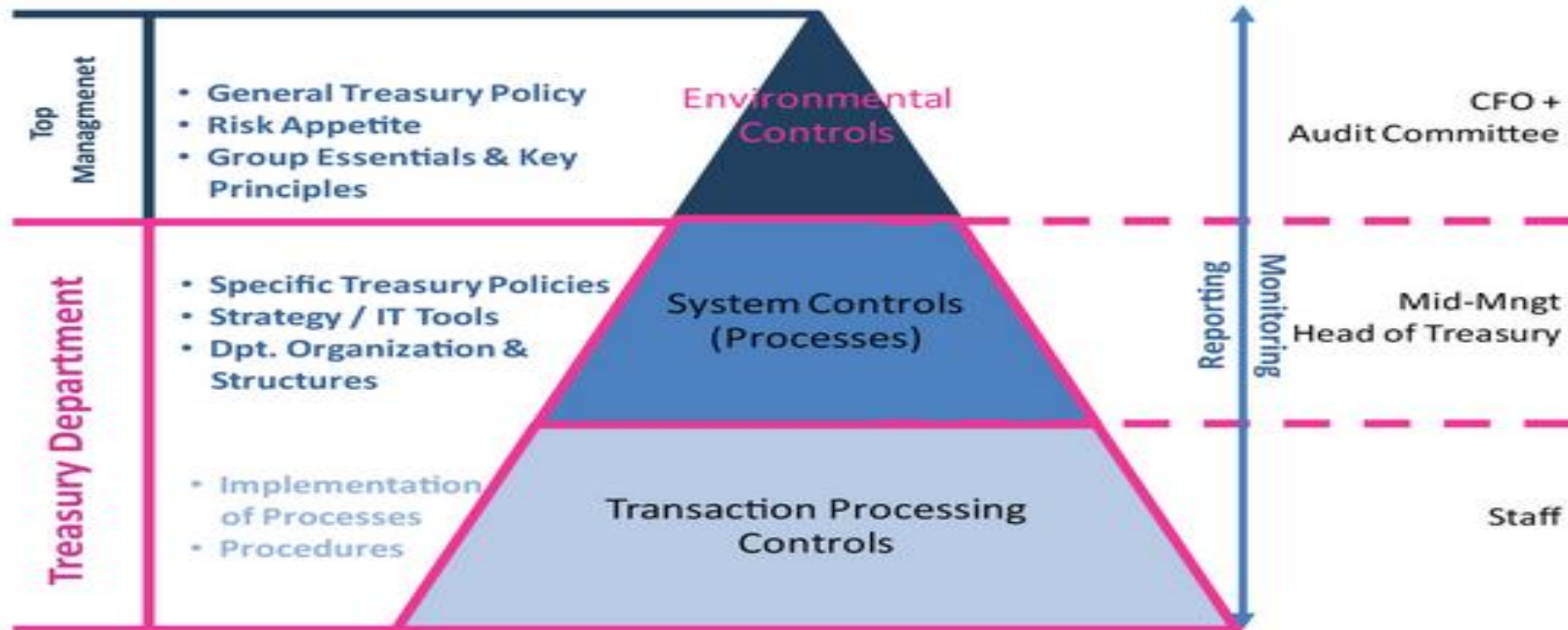
## Finance / Accounting Services

- 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

Figure 2 – Three Levels of Controls Applied to Treasury



# 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.

