

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: The Honorable City Council

FROM: Hugh R. Riley, Assistant City Manager 

DATE: July 10, 2007 (Meeting of July 18, 2006)

SUBJECT: Consider Conducting Organizational Study of the Finance Department

DISCUSSION

The City Council is being asked to approve hiring a consultant to perform an organizational study of the Finance Department. Recently created vacancies in the department provide the City with an opportunity to evaluate the existing organizational structure and consider changes to better facilitate the growing responsibilities and future demands on the Department.

The Finance Department is charged with providing financial management, budgeting, accounting, cash management, billing, revenue collection, payroll, fixed assets management, purchasing and general accounting administrative support services for all City Departments, City staff and Redevelopment Agency staff.

Services provided through the finance and accounting functions include the maintenance of reliable accounting records, payment of approved demands against the City treasury, financial statement reporting, preparation of the annual budget under the direction of the City Manager, investment of City and Agency funds, payroll and payroll reporting, and debt administration

The Finance Department establishes and maintains internal controls to ensure that City assets are protected from loss, theft or misuse and to provide adequate accounting data which allows for the preparation of financial statements in conformity with generally accepted accounting principles.

The cash management function is responsible for the prudent investment of surplus funds. Following the City's Investment Policy the Finance Department directs the investment of City and Redevelopment Agency monies to preserve

the principal, and maintain adequate liquidity necessary to meet daily cash flow requirements and maximized yield. The Finance Department annually reviews and provides recommendations to the City Manager and Council regarding the Investment Policy. The Finance Director also serves as the City Treasurer.

The administrative support function covers a wide range of activities that include office equipment maintenance, purchasing, mail processing and office supplies procurement.

The Finance Department also works closely with other city departments as follows:

- Public Works/City Engineer – Establishment of Landscape Maintenance Assessment Districts, administration of lighting districts, and Capital Improvement Program
- Community Services Department- Administration of the City's various Landscape Maintenance Assessment Districts
- Community Development Department – Developer deposit accounting, and cashier duties
- Administrative Services/City Clerk – Payroll and related employee benefits management

Staff proposes hiring a consultant to prepare an organizational study of the Finance Department. There are a number of issues to consider, including, but not limited to:

- ❖ Streamline and simplify the budget preparation process for the City Manager and Department Heads including the possibility of a two-year budget;
- ❖ Identify most appropriate accounting software for City's current and future needs;
- ❖ Initiate more effective use of available software;
- ❖ Implement higher utilization of credit/debit cards for both receipts and expenditures;
- ❖ Provide initiative to extend the use of long term projections for expenditures, revenue, development fees, and increase the City's financial stability;

- ❖ Reduce the number of periodic warrants issued;
- ❖ Establish more uniformity among purchasing, warrant issuance and related processes;
- ❖ Streamline forms or procedures such as use of purchase orders versus contracts for services;
- ❖ Determine need for use of outside consultant brokers for securing investments, payroll and other functions;
- ❖ Maintain and manage the day-to-day finance and accounting functions; and
- ❖ Plan for future decline in development activity considering City's deposit-based development fee system.

The expected review items for the study include but are not limited to:

- Assess the organizational structure and staff assignments of the Department.
- Identify organizational changes that would better support the Department's operations including the number and level of staff.
- Review the effectiveness of department and suggested changes with other department heads.
- Assess staffing levels based on existing and future programs, operations, and maintenance responsibilities. Recommend changes in staffing levels including the use of consultants and sharing of secretarial/clerical staff with the Assistant City Manager's Office;
- Evaluate the distribution of responsibilities/workload among employees within the department for maximum staff utilization. Recommend changes in the workload distribution that may better group compatible assignments and better facilitate operations.
- Review the relationship between the various levels of staff within the department and their reporting structure and authority. Identify changes that would create efficiencies.

- Suggest a departmental structure based upon the existing job classifications and duties for current workload as well as at full development of the City (estimated build out population is 45,000 to 50,000).
- Assess items mentioned in Expectations and Objectives Section of this Scope of Services.
- Review functions previously transferred to determine if and/or when it may be appropriate to return those functions to the Finance Department such as business registration and cashiering (please note that a business license tax may be considered as a revenue enhancement).
- Consider as part of analysis the impact on staffing if a business license program (if approved by the voters) is implemented in lieu of the current business registration program and if the City assumes responsibility for sanitary sewer collection, treatment, and related billings and accounting.

It is anticipated the cost of the study will not exceed \$25,000.

STAFF RECOMMENDATION

Approve the organizational study as generally outlined in the Agenda Report, subject to final approval of the City Manager, and authorize the City Manager to sign an agreement with a qualified consultant not to exceed \$25,000.