



Legislation Text

File #: 20-162, **Version:** 1

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Douglas Allen, CPA

DATE: April 9, 2020

DEPARTMENT: Finance

AGENDA TITLE:

Adoption of Ordinance 2020-04 Authorizing Warrants and Electronic Payments

RECOMMENDATION:

Adopt Ordinance 2020-04 Authorizing Warrants and Electronic Payments; declare that it is necessary for the preservation of public peace, health and safety that the ordinance shall be in full force and effective from and after its passage by the Council; and waive Section VIII(b)(2) of the Town Council Rules of Procedure.

SUMMARY STATEMENT:

PURPOSE:

The purpose of this recommended Town code amendment is to maintain continuity of operations for paying Town obligations timely and accurately while continuing to adhere to the Town's strong set of internal controls.

EFFECTIVE DATE:

If approved, it is recommended to waive the waiting period for Town Ordinances and be effective immediately.

BACKGROUND:

Town management has identified various opportunities for enhancing processes and workflows. A common theme is moving from manual processes to secured automated processes. These processes are expected to be more efficient and effective, with stronger quality and internal controls.

One January 23, 2020 Town Council approved amending section 3-8-3 of the Town code by modifying what positions are authorized to sign checks. This change was to maintain continuity of operations with additional process improvements to be considered later in the fiscal year.

Since then, the Town has faced new challenges with the coronavirus and a remote workforce. Consequently, this recommended amendment is needed immediately to ensure continuity of

operations.

INTERNAL CONTROLS

Internal controls over issuing payments are addressed in the Town code Section 3-8-3 and the Town's procurement procedures.

In addition to the attached redlined code change, staff is proposing a change in the check approvals, requiring one staff and one elected official (Mayor or Vice-Mayor) for all checks approved over \$25,000. Currently, as written, a check could theoretically be approved by a Mayor and a Vice-Mayor without staff (Manager or Chief Financial Officer) approval.

QUALITY REVIEW

The Town has requested review of this code amendment and other Financial Management Policy and finance related processes and workflows.

In January and February of 2020, The Town's recent independent auditing firm had reviewed, provided comments, and did not have concerns as long as the Town's internal controls remain in place. A second auditor opinion will be inquired and available by April 9th.

OTHER MUNICIPALITIES

Management's recommendation aligns with other municipalities. Though not addressed in great detail, the table below was included in previous Council packets in January 2020 with plans to be revisited later in the fiscal year.

The Town's Finance department conducted a survey of local municipalities. The common theme of respondents was:

- Limited check signers;
 - Same signers for all thresholds;
 - Use of electronic signatures; and
 - Emphasis on their strong internal controls.
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Table 4: Survey respondents

Municipality	Authorized Check Signers							Threshold Method
	#1		#2		#3		#5	
Phoenix	City Manager	and	City Clerk	-	-	-	-	All Checks Electronic
Scottsdale	Mayor	or	Treasurer / Chief Financial Officer	-	-	-	-	All Checks Electronic
Tempe	Deputy City Manager	and	Chief Financial Officer	-	-	-	-	All Checks Electronic
Buckeye	Mayor	and	City Manager	or	Chief Financial Officer	-	-	All Checks Electronic
Yuma (County)	Board Chair	and	Clerk of the Board	or	Chief Financial Officer	-	-	Electronic
Paradise Valley	Town Manager	or	Mayor	or	Vice Mayor	or	Deputy Town Manager or Town Clerk	\$25,000 Requires two Electronic
Paradise Valley	Mayor	and / or	Vice Mayor	if "or" then one of	Town Manager	or	Deputy Town Manager	Greater than \$25,000 Manual Signature
Most municipalities emphasis their strong internal controls								

ATTACHMENT(S):

01 Presentation

02 Proposed Code Change