

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

June 10, 2014

TO: Ben Allatt, Council Member
Office of the City Clerk

FROM: Charlie DeBrunner, Controller
Office of the Controller

SUBJECT: Budget Control

Background: Presently the budget ordinance uses major objects of expenditure as the level of budgetary control for the City. These major objects are Personnel, Operating Expenses, and Capital Outlay, for each budget unit. The Bureau of Financial Management and the Controllers' Office are controlling purchase requisitions at the minor object level.

Discussion: The Controllers' Office is required to enforce expenditure limits as proscribed in the ordinance. We interpret this to mean the major object of expenditure since these are the legal budget limits prescribed in the ordinance. Pentamation, the financial management system in use by the city does not include major object of expenditure information. Consequently, the financial management system does not tie to the Budget Ordinance. Rather the system is based on minor object appropriations and the Bureau of Financial Management and the Controller's Office are controlling the budget at the minor object level

This is problematic for several reasons:

- We don't believe that Controllers' Office has the legal authority to control at this level.
- Controlling at this level is a time consuming and laborious process. Budget transfers are required each time a purchase requisition is found to exceed the budget. This results in hundreds of transfers each year.
- Reports based on minor objects are not informative. (The new monthly expenditure and expense report produced by this office has been well received by Council and the Mayor. This is based on major object. Since Pentamation does not tie to major objects this report must be produced manually.
- The Administration can easily transfer budget amounts in excess of \$20,000 without Council approval.

Recommendations for 2015: The Controllers' Office is recommending that the Operating Expenses major object used in the budget ordinance be expanded to include Services and Supplies. And that the Pentamation system be modified so that both the Bureau of Financial Management and the Controllers' Office can control the budget at the major object level. Both DCED and the consultants working for them are in agreement with this recommendation.

Thank you.

cc: File