



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 180705

Introduced June 21, 2018

Councilmembers Oh and Bass

**Referred to the
Committee on Law and Government**

AN ORDINANCE

Adding a Section 19-101 to The Philadelphia Code, entitled "Adequate and Modern Accounting System," by providing a requirement for an adequate and modern accounting system for the City government and a requirement that material weaknesses and significant deficiencies reported by the City Controller be addressed; all under certain terms and conditions.

WHEREAS, Philadelphia's Home Rule Charter places responsibility for the City of Philadelphia's accounting and reporting functions with the Office of the Director of Finance; and

WHEREAS, City Controller Rebecca Rhynhart in her, "Report On Internal Control And On Compliance And Other Matters City Of Philadelphia Fiscal Year 2017," concluded that, "Inadequate financial reporting oversight and ongoing staffing shortages led to errors totaling \$923.7 million not detected by the Finance Office. Also, there were weak cash controls in the Treasurer's Office, including not reconciling the city's consolidated cash account, as well as other accounts. Non-reconciliation of the consolidated cash account, which was noted in the current and previous two internal control reports, led to a \$33.3 million variance between the city's book and bank balances. These findings are significantly and deeply concerning, and they require action and urgency from the administration;" and

WHEREAS, The City Controller further, more specifically found that, "Accountants in the Finance Office lacked a comprehensive financial reporting system to prepare the CAFR [Comprehensive Annual Financial Report]. Instead, accountants produce the CAFR using numerous Excel, Lotus 1-2-3 (a program that has been discontinued and unsupported since 2014), and Word files with various links between the files. Using

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multiple linked files creates a cumbersome process which can adversely affect the accuracy and completeness of the CAFR;” and

WHEREAS, The City Controller has recommended that, “Finance Office management either hire more accountants, or invest in a new comprehensive financial reporting system that will reduce the current labor-intensive procedures needed to prepare the city’s CAFR.”

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 19 of The Philadelphia Code is hereby amended to read as follows:

TITLE 19. FINANCE, TAXES AND COLLECTIONS

* * *

CHAPTER 19-100. General Provisions [(Reserved)]

§ 19-101. Adequate And Modern Accounting System.

The Director of Finance shall establish, maintain, and supervise an adequate and modern general accounting system for the City government. He shall:

(a) Keep separate accounts of each item of appropriation made to any officer, department, board or commission of the City, to any other governmental officer or agency and to any other person, association or corporation. Each such account shall show the amount of the appropriation, the amounts paid therefrom, the unpaid obligations against it, and the unencumbered balance;

(b) Have complete supervision over the keeping of detailed accounting records by officers, departments, boards, commissions, agencies or others receiving appropriations from the City. After consultation with the City Controller, he shall devise, and from time to time improve, a uniform system of accounting for all officers, departments, boards and commissions of the City and other governmental agencies receiving appropriations, and shall require such system to be installed and maintained by all such officers, departments, boards, commissions and agencies. Such system shall

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avoid duplication of records and of bookkeeping to the greatest extent possible consistent with the provisions of this charter and the safeguarding of the City's finances;

(c) Supervise the accounting for all moneys received and receivable by the City from any source whatever. He shall require the accounting in the Department of Collections to be done by modern and economical methods, including the use of mechanical equipment, and with adequate safeguards to prevent irregularity or laxity in the recording both of moneys received and of moneys due;

(d) Reflect in the accounts in his office the amounts collected by the Department of Collections, as shown by the daily reports of the Department of Collections;

(e) Issue within one hundred and twenty days after the close of each fiscal year a statement as of the end of that year showing the balances in all funds of the City, the amounts of the City's known liabilities, and such other information as is necessary to furnish a true picture of the City's financial condition.

If the City Controller finds any material weaknesses and/or significant deficiencies in the City accounting and/or accounting system, the Director of Finance shall provide a corrective action plan to resolve each material weakness and/or significant deficiency in the Administration's formal response to the City Controller's report to be included in the City Controller's formal report and to be addressed within one (1) year of the issuance of the City Controller's formal report of such material weaknesses and/or significant deficiencies.

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SECTION 2. This Ordinance shall be effective immediately.

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.

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