

*City of Alexandria, Virginia*

MEMORANDUM

DATE: APRIL 23, 2010  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER   
SUBJECT: BUDGET MEMO # 83 : RECONCILIATION POSITION FOR FINANCE

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This is in response to Vice Mayor Donley's request for information describing the rationale for adding a reconciliation position to Finance.

One of the ways the City monitors its financial condition is to perform reconciliations of various financial processes, from bank accounts to health premium payments. As part of the FY 2010 budget process (see page 13-26 of the FY 2010 approved budget document) two accountant positions were eliminated, including one with responsibility for reconciling accounts. To minimize the impact of the reductions, staff resources were reallocated, resulting in a decline in the Reconciliation Activity from 4.5 FTEs to 3.8 FTEs. In FY 2011, staff was shifted to focus more attention and resources on core functions, including production of the Comprehensive Annual Financial Report (CAFR), as a result the Reconciliations Activity was reduced from 3.8 FTEs to 2.0 FTEs.

The reductions and reallocation of the remaining resources reduced the amount of time that staff could spend reconciling accounts, which can increase the risk of errors or misappropriation of funds. The addition of an accountant position back in the budget would address the staff shortage for some of these internal control procedures and would increase the number of FTE's in the Reconciliations activity from two to three. The position would add \$71,000 to Finance's budget.