

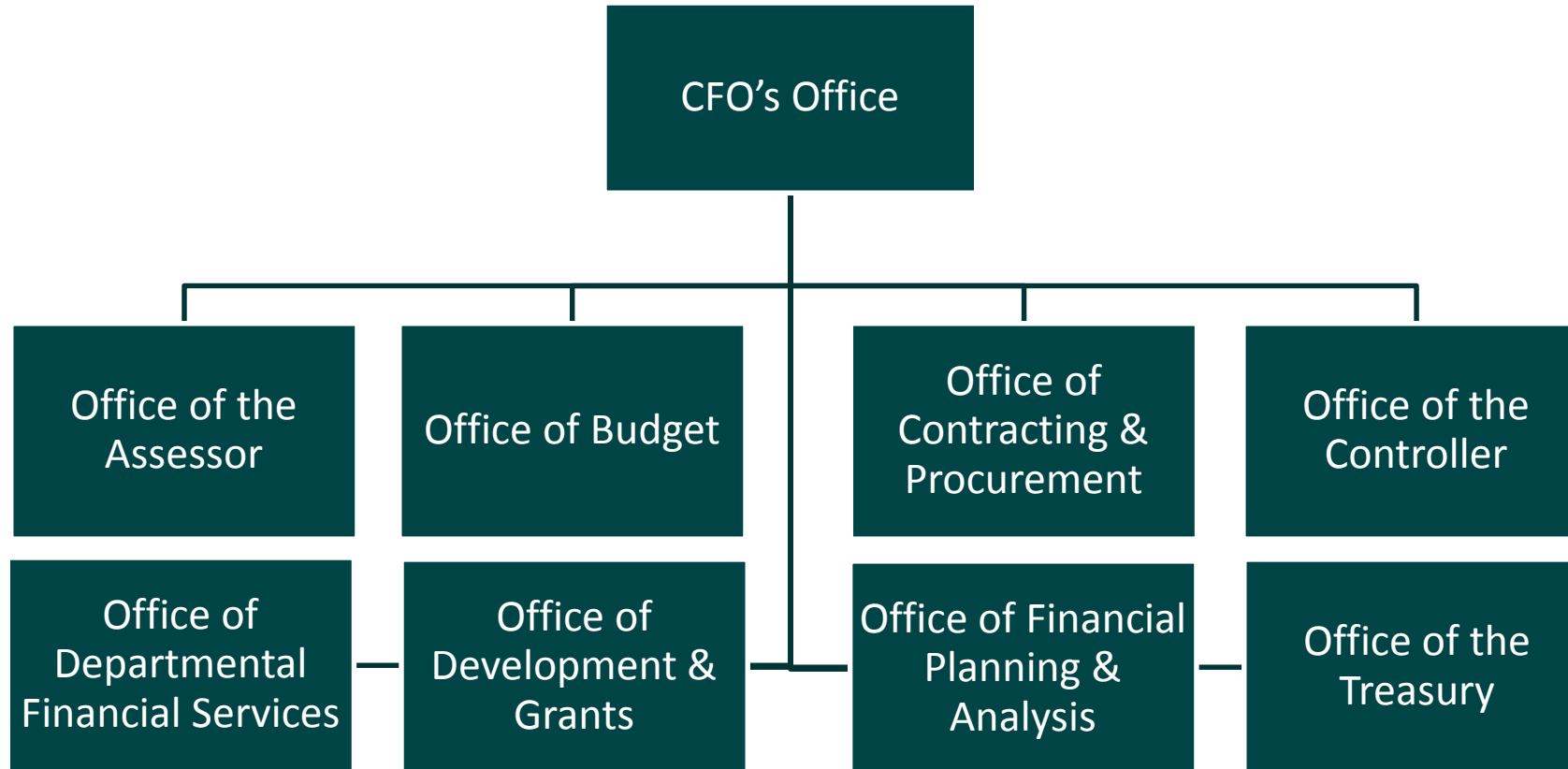


# Office of the Chief Financial Officer Structure and Governance

February 6, 2019



# OCFO Org Chart





## OCFO Divisions and Missions

| Division                                 | Mission (Abbreviated)   |
|--|---|
| <b>CFO's Office</b>                      | Coordinates the operations of the eight OCFO divisions  |
| <b>Assessor</b>                          | To locate, identify, and value at current market conditions all real and tangible personal property in the City of Detroit for the purposes of levying the tax lawfully imposed and to warrant said levy to the Treasurer of the City of Detroit for collection.  |
| <b>Budget</b>                            | to support the City's highest priorities by identifying, projecting, allocating and managing the central resources available for operating and capital expenditures.  |
| <b>Departmental Financial Services</b>   | to serve as a strategic financial partner to City agencies, assure the effective management and financial integrity of agency operations. Agency Chief Financial Officers ("Agency CFOs") will develop, track, and provide actionable data to assess the performance of City operations.                                |
| <b>Contracting &amp; Procurement</b>     | to support the strategic contracting and procurement of materials, equipment and services that are essential to providing governmental services for the citizens of Detroit.  |
| <b>Development &amp; Grants</b>          | is to strategically oversee, coordinate, source, and administer grants for the City of Detroit.   |
| <b>Controller</b>                        | establishes, maintains and enforces the City's accounting policies, practices, and procedures. The Office of the Controller is responsible for ensuring the City of Detroit meets all financial reporting requirements and is accountable for the integrity of the financial system and controls.                       |
| <b>Financial Planning &amp; Analysis</b> | is to perform strategic planning, financial and operational analysis, budget preparation and analysis, and other critical analysis to support the City of Detroit.  |
| <b>Treasury</b>                          | is to effectively, timely and accurately collect and record all taxes, special assessments, fees and other monies received by the City of Detroit; act as the custodian of all funds and other assets belonging to the City; and disburse all funds as authorized by the City Chief Financial Officer/Finance Director. |



# OCFO Administrative Issuance System

## Objective

- To provide for the efficient, effective, and transparent management through the standardized administration of CFO ***authority, functions, policies, procedures, statements, opinions***, and other governance.

## Policy

- All **authorities, functions, policies, procedures, statements, opinions**, and other governance of the OCFO shall be established and disseminated through a Document.



# OCFO Administrative Issuance System

## History of the AIS

- Inventoried major work processes developed from OCFO Function Statements
- Identified authority governing major work processes
- Reviewed Existing Directives (*approximately 200, dating back to 1970's*)
- Benchmarked leading practices of other local governments. Examples include: Washington DC, Chicago, NYC, Philadelphia, Denver
- Researched guidelines published by national professional associations including Government Finance Officers Association (GFOA), International City/ County Management Association (ICMA), National League of Cities (NLC)
- Held sessions around full lifecycle of major work streams
- Comprehensive review from all staffing levels (front-line, managers, executives)

**Result is approximately 30 comprehensive Directives and Orders governing all of the work across OCFO**



# OCFO Administrative Issuance System – CFO Documents

| #  | Number       | Type of CFO Document     | CFO Document Title                                   | #  | Number       | Type of CFO Document     | CFO Document Title   |
|----|--------------|--------------------------|--|----|--------------|--------------------------|--|
| 1  | 2018-101-001 | CFO Administrative Order | OCFO Administrative Issuance System                  | 17 | 2018-101-021 | CFO Directive            | Revenues and Revenue Management                                  |
| 2  | 2018-101-002 | CFO Directive            | Comprehensive Financial Planning                     | 18 | 2018-101-022 | CFO Directive            | User Fees and Charges  |
| 3  | 2018-101-004 | CFO Directive            | General Fund Budget Reserve                          | 19 | 2018-101-027 | CFO Administrative Order | Rescinding of Existing Finance Directives                        |
| 4  | 2018-101-005 | CFO Directive            | Use of Non-Recurring Resources                       | 20 | 2018-101-029 | CFO Directive            | Fiscal Impact Statements   |
| 5  | 2018-101-007 | CFO Directive            | Debt Issuance and Management                         | 21 | 2018-101-030 | CFO Memorandum           | Proposed City Ordinances and Resolutions with a Budgetary Impact |
| 6  | 2018-101-008 | CFO Directive            | Investments and Investment Management                | 22 | 2018-105-001 | CFO Directive            | Manual Journal Entries   |
| 7  | 2018-101-009 | CFO Administrative Order | Retiree Protection Fund Investment Advisory Group    | 23 | 2018-105-002 | CFO Directive            | Cost Allocation  |
| 8  | 2018-101-012 | CFO Administrative Order | Fiscal Sustainability Working Group                  | 24 | 2018-105-003 | CFO Directive            | Period Close   |
| 9  | 2018-101-013 | CFO Directive            | Financial Reporting                                  | 25 | 2018-105-004 | CFO Directive            | Chart of Accounts  |
| 10 | 2018-101-014 | CFO Administrative Order | Performance Management in the OCFO                   | 26 | 2018-105-005 | CFO Directive            | Accounting   |
| 11 | 2018-101-015 | CFO Directive            | Responsibilities related to City Pension Obligations | 27 | 2018-105-006 | CFO Directive            | Internal Controls  |
| 12 | 2018-101-016 | CFO Directive            | Budget Development, Execution and Monitoring         | 28 | 2018-109-001 | CFO Directive            | Cash Handling  |
| 13 | 2018-101-017 | CFO Directive            | Cash Management                                      | 29 | 2018-109-002 | CFO Directive            | Tax and Revenue Clearances                                       |
| 14 | 2018-101-018 | CFO Directive            | Accounts Payable                                     | 30 | TBD          | CFO Directive            | Capital Planning and Capital Assets                              |
| 15 | 2018-101-019 | CFO Directive            | Enterprise Resource Planning Governance              | 31 | TBD          | CFO Directive            | Development and Grants Management                                |
| 16 | 2018-101-020 | CFO Directive            | Contracting and Procurement                          | 32 | TBD          | CFO Directive            | Risk Management  |



## OCFO Administrative Issuance System – CFO Documents

### CFO Directive No. 2018-101-001A: Establishment of the Administrative Issuance System of the Office of the CFO

- All major work performed with OCFO must be guided by a CFO Administrative Order or CFO Directive.
- All major work performed within OCFO should be captured within a Lifecycle Flowchart, which guides development of corresponding SOPs and work instructions, as well as employee training.



# Major OCFO Lifecycles





## OCFO Major Lifecycles Descriptions

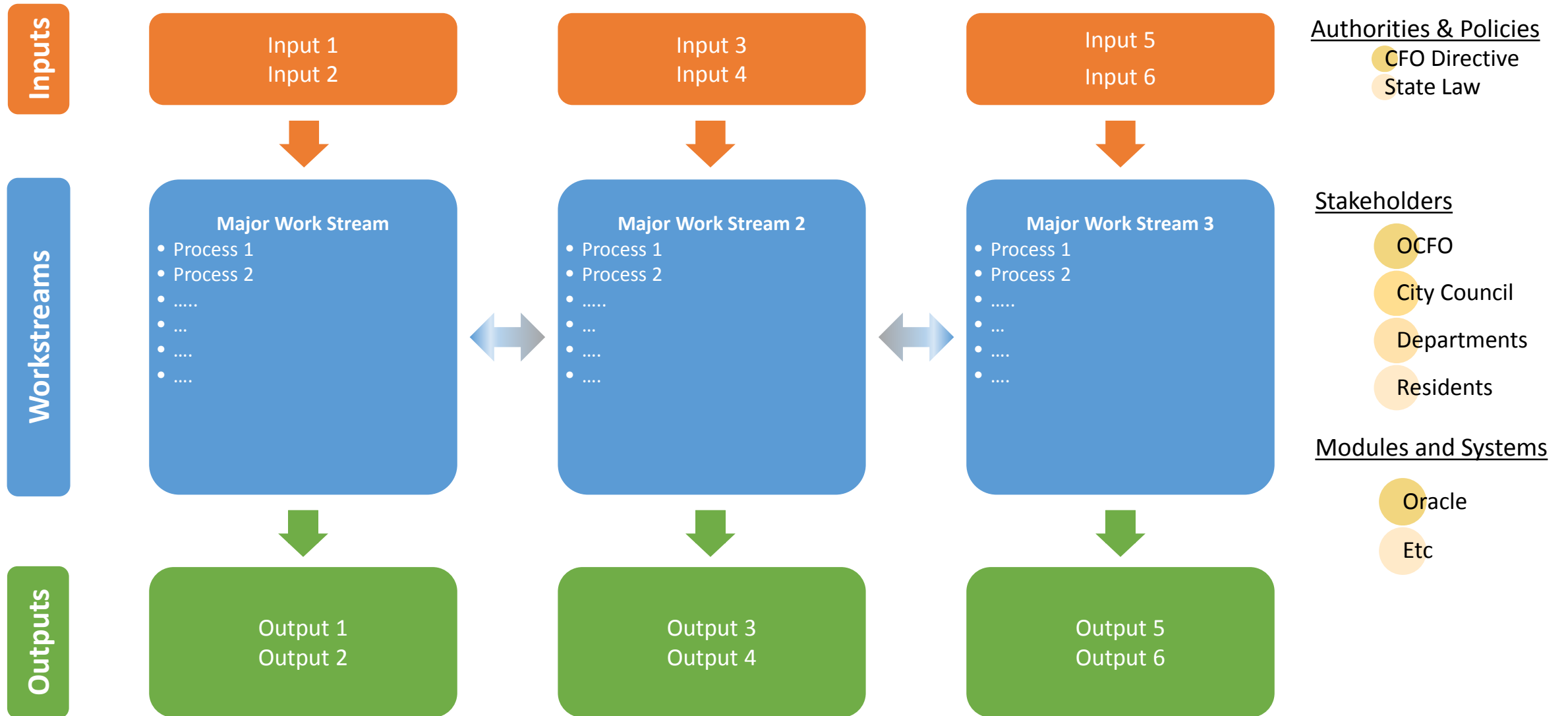
| Lifecycle                                   | Description  |
|---|--|
| <b>Assess to Collect</b>                    | Property assessment and tax process, including property assessment, property tax billing, remittance and delinquent collections  |
| <b>Budget Cycle</b>                         | Resource planning (including procurement, grant, IT, and staff planning) to budget and four-year financial plan development, execution, and monitoring   |
| <b>Cash Management</b>                      | Providing banking services, managing cash, reconciling transactions, forecasting future cash position, and investing funds   |
| <b>Debt Issuance</b>                        | Planning, issuing, managing and compliance of debt, including relationship with credit rating agencies and investors   |
| <b>Development &amp; Grants</b>             | Fund development, grant identification, application, management, and close out, including grant reporting  |
| <b>Income Tax</b>                           | Managing MOU with the State of Michigan, receiving and recording income tax revenue, and income tax compliance and audit activities  |
| <b>Revenue (not Property or Income Tax)</b> | Collection process for wagering tax, utility users tax, state revenue sharing, and departmental revenues including inter-agency revenues, fees and fines (e.g., recreation, parking, bus passes, etc.) |
| <b>Procure to Pay</b>                       | Procuring goods and services including procurement planning, purchasing, invoicing, payment and contract monitoring  |
| <b>Record to Report</b>                     | Accounting for and recording revenue/expenses, monthly/annual close, and financial reporting including Single Audit and CAFR preparation   |
| <b>Release to Upgrade</b>                   | Preparing for new ERP releases, implementing new ERP releases, and maintaining the current ERP release including issue resolution  |



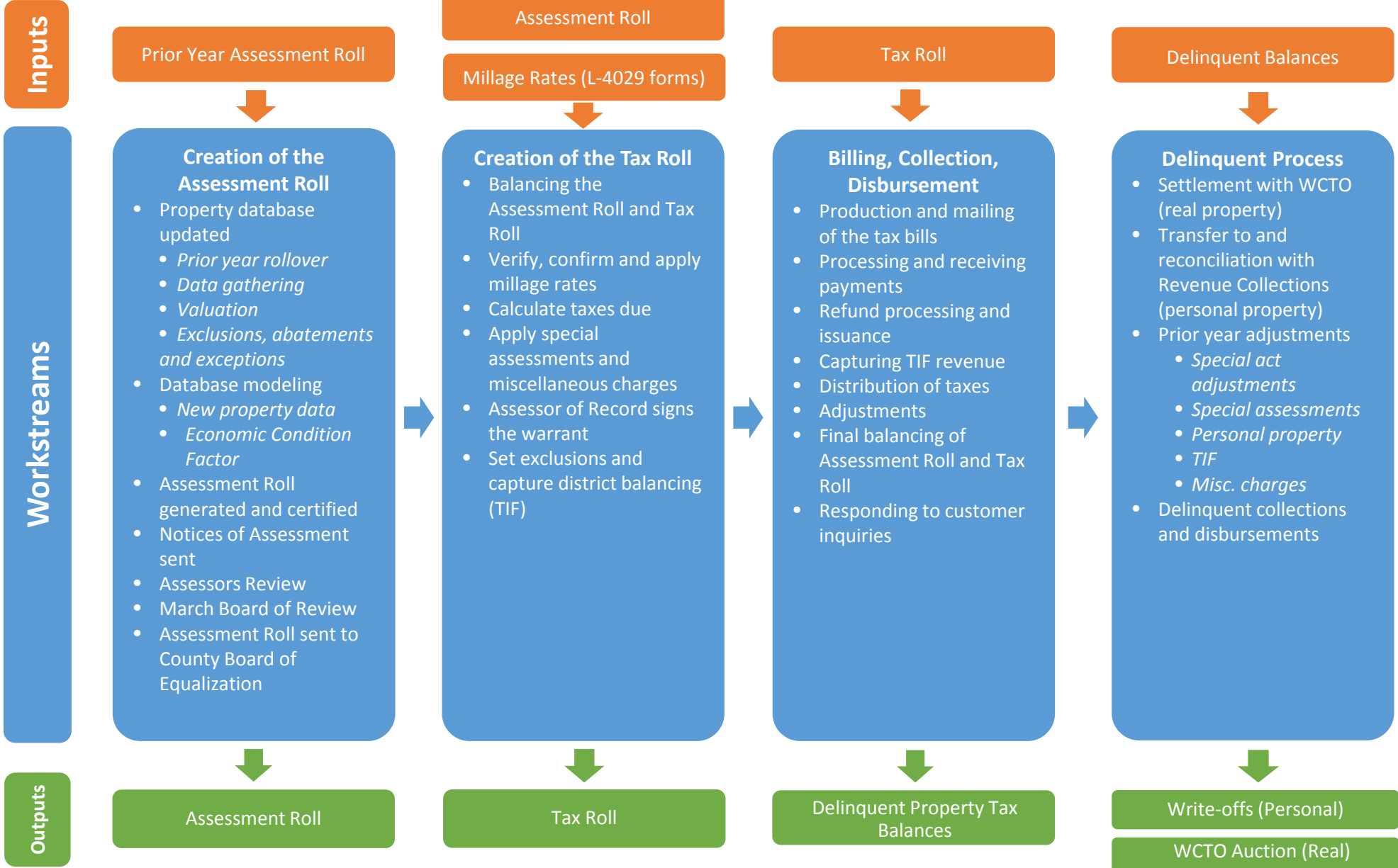
# OCFO Major Lifecycles by Division

| OCFO Division                   | Assess to Collect | Budget | Cash | Debt | Grants | Income Tax | Revenue | Procure to Pay | Release to Upgrade | Record to Report |
|---------------------------------|-------------------|--------|------|------|--------|------------|---------|----------------|--------------------|------------------|
| Assessor                        | X                 | X      |      |      |        |            | X       |                | X                  | X                |
| Budget                          | X                 | X      | X    | X    | X      | X          | X       | X              | X                  | X                |
| Contracting & Procurement       |                   | X      | X    |      | X      |            |         | X              | X                  | X                |
| Controller                      | X                 | X      | X    | X    | X      | X          | X       | X              | X                  | X                |
| Departmental Financial Services |                   | X      | X    |      | X      |            | X       | X              | X                  | X                |
| Development & Grants            |                   | X      | X    |      | X      |            | X       | X              | X                  | X                |
| Financial Planning & Analysis   |                   | X      |      |      |        |            |         |                | X                  | X                |
| Treasury                        | X                 | X      | X    | X    |        | X          | X       | X              | X                  | X                |

# Lifecycle Template



# Example: Assess to Collect Lifecycle



## Stakeholders

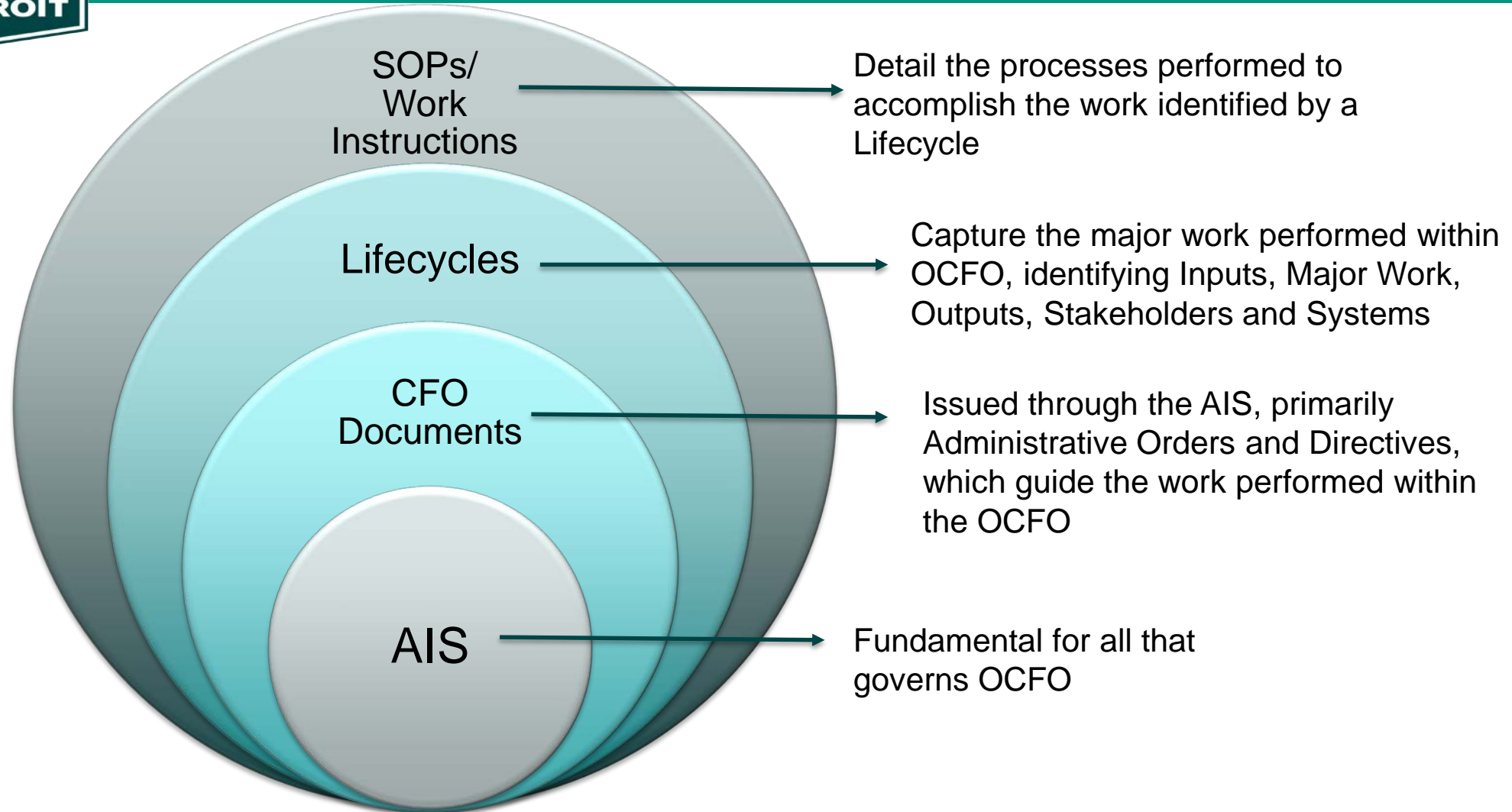
- OCFO
- Detroit property owners
- Special Act Districts
- Wayne County Treasurer Office /Assessment & Equalization

## Authority and Policies

- General Property Tax Act (PA 206 of 1893)
- Headlee Amendment
- Proposal A of 1994
- DTRF (PA 123 of 1999)
- City Charter
- State Tax Commission Bulletins
- Various Public Acts related to Special Districts (TIFA, LDFA, etc.)



## OCFO Structure and Governance Summary





## OCFO Major Lifecycles

1. Assess to Collect
2. Budget
3. Cash Management
4. Debt Issuance
5. Development & Grants
6. Income Tax
7. Other Revenue
8. Procure to Pay
9. Record to Report
10. Release to Upgrade

# Assess to Collect Lifecycle



# Budget Lifecycle

Inputs

Current services, departmental priorities, Mayor's priorities, current capital agenda and Economic/Financial Overview

All preliminary plans, capital agenda, Mayor's priorities and public input

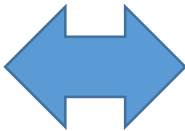
Workstreams

**Pre-Planning**

- Provide Economic/Financial Overview to the Departments
- Perform departmental planning
- Perform procurement planning
- Perform grants planning
- Perform recruitment and staffing planning
- Perform technology planning
- Perform capital planning
- Develop budget instructions
- Complete PBCS refresher training
- Preparation of the public budget meeting

**Financial Planning**

- Update economic forecast
- Complete revenue estimation
- Update long-term financial plan
- Refine procurement plan
- Refine grants plan
- Refine recruitment and staffing plan
- Refine technology plan
- Complete debt affordability analysis
- Complete tax statements



Outputs

Public Budget Meeting  
Budget instructions  
Departments' Budget Requests

Approved revenues; 10-year plan;  
Revenue Estimation Report; Debt affordability analysis

Stakeholders

- Mayor
- City Council
- OCFO
- Human Resources
- Dept. of Innovation & Technology
- City departments
- MI Treas. Dept.
- Financial Review Commission (if applicable)
- Public

Systems

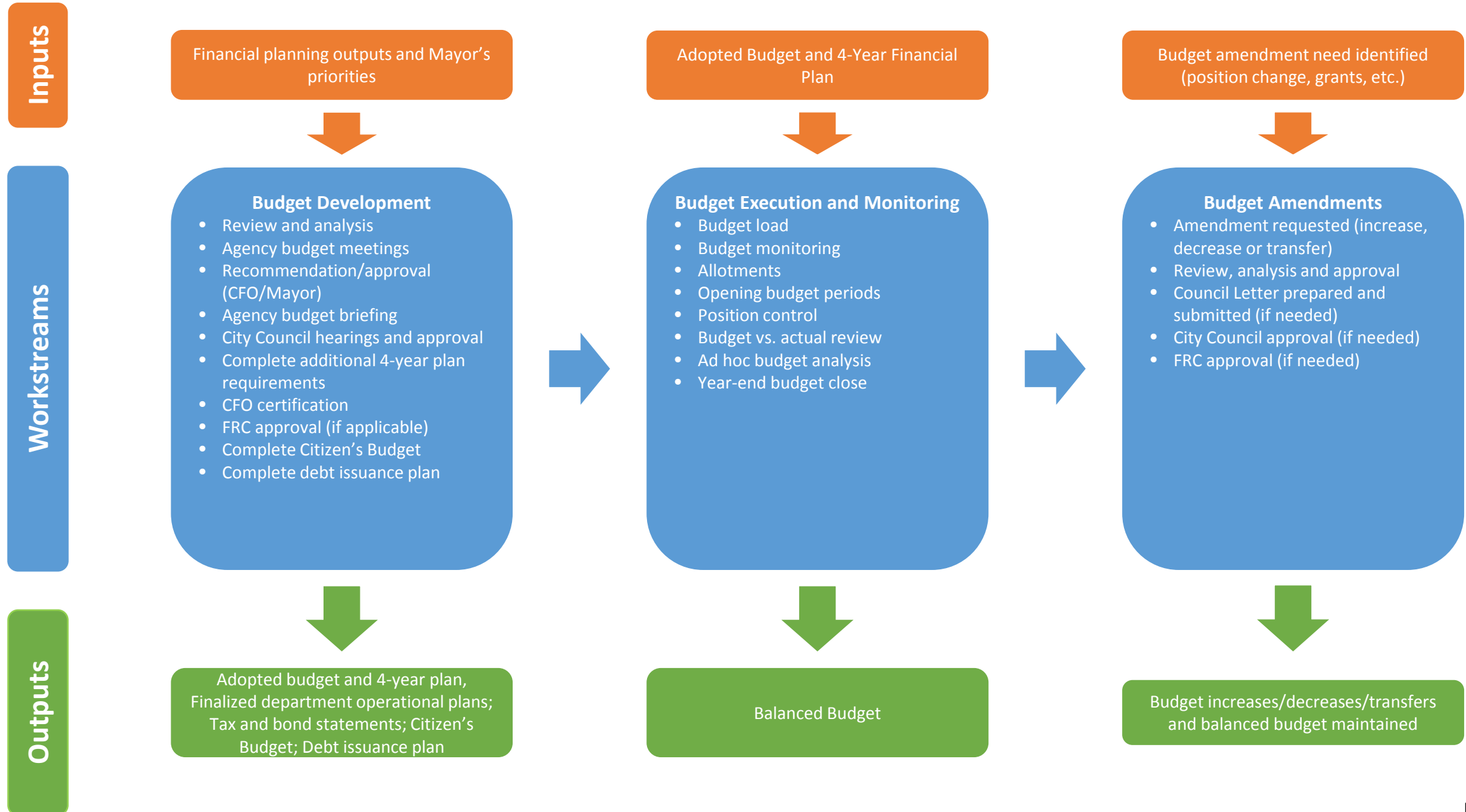
- Oracle Cloud ERP
- PBCS
- Tax and Revenue Subsystems
- Long-Term Planning Model
- eCivis
- UltiPro
- NeoGov

Authority & Policies

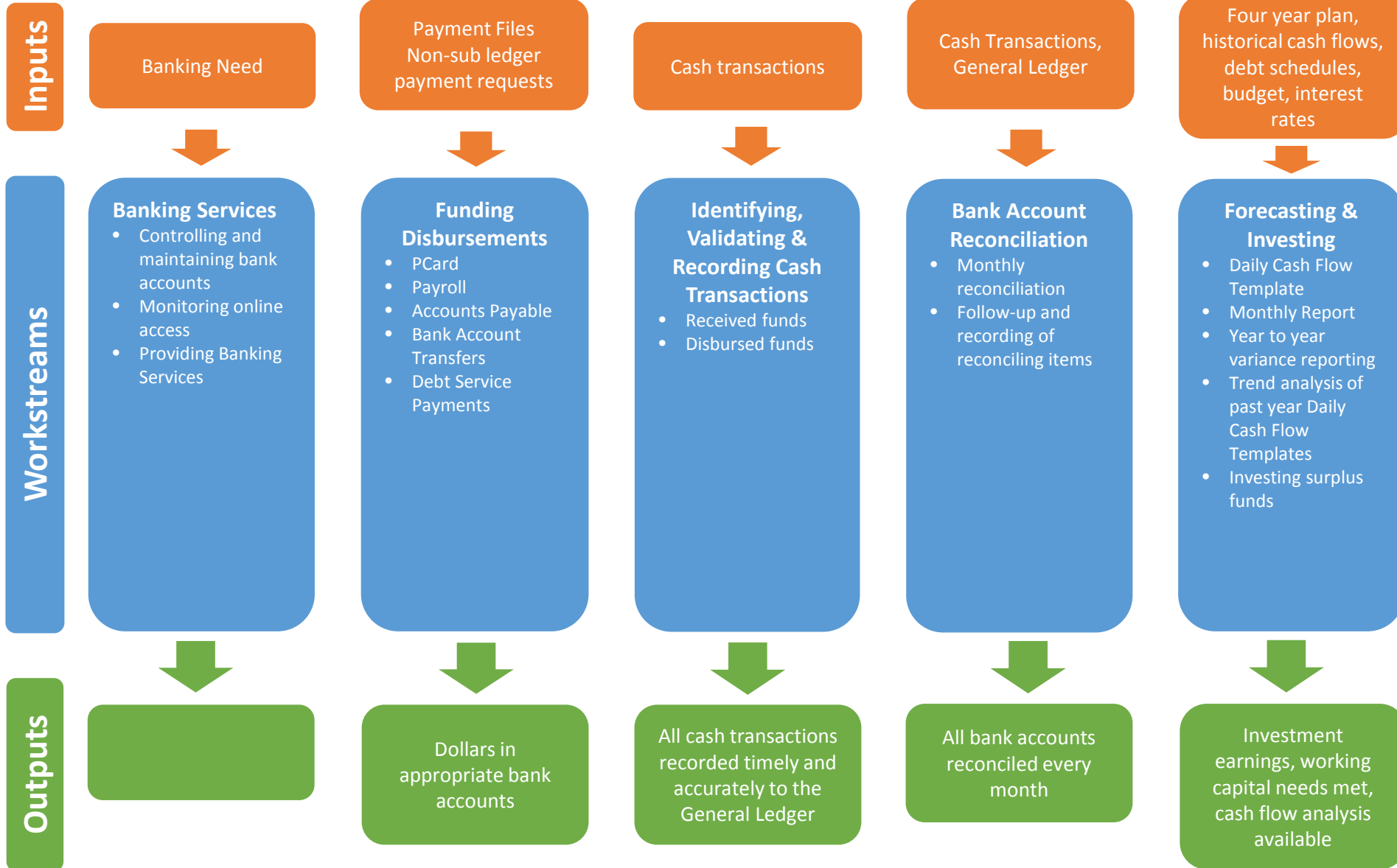
- Home Rule City Act, as amended by PA 182
- Uniform Budgeting and Accounting Act
- City Charter
- Detroit City Code
- CFO Directive – Comprehensive Financial Planning
- CFO Directive – Budget Development, Execution & Monitoring
- CFO Directive – GF Budget Reserve
- CFO Directive – Use of Non-Recurring Resources
- CFO Directive – Responsibilities re Pension Obligations
- CFO Directive – Revenue & Revenue Management



# Budget Lifecycle (page 2)



# Cash Management Lifecycle



## Authority & Policies

- Home Rule City Act, as amended by PA 182
- Michigan Public Act 20
- CFO Directive - Investment Management
- CFO Directive - Cash Management
- CFO Directive - Cash Handling

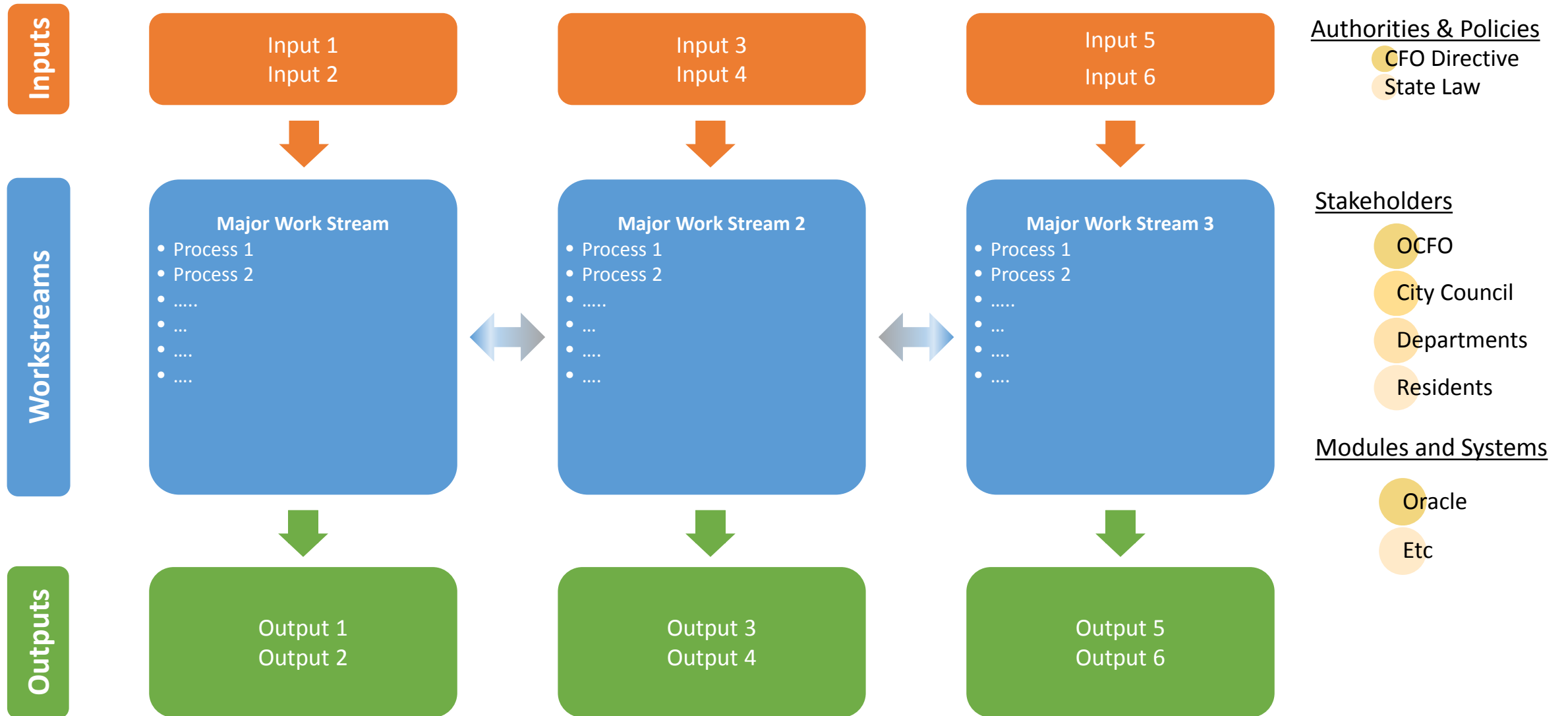
## Stakeholders

- OCFO
- City departments
- Public
- Vendors
- Banking Institutions

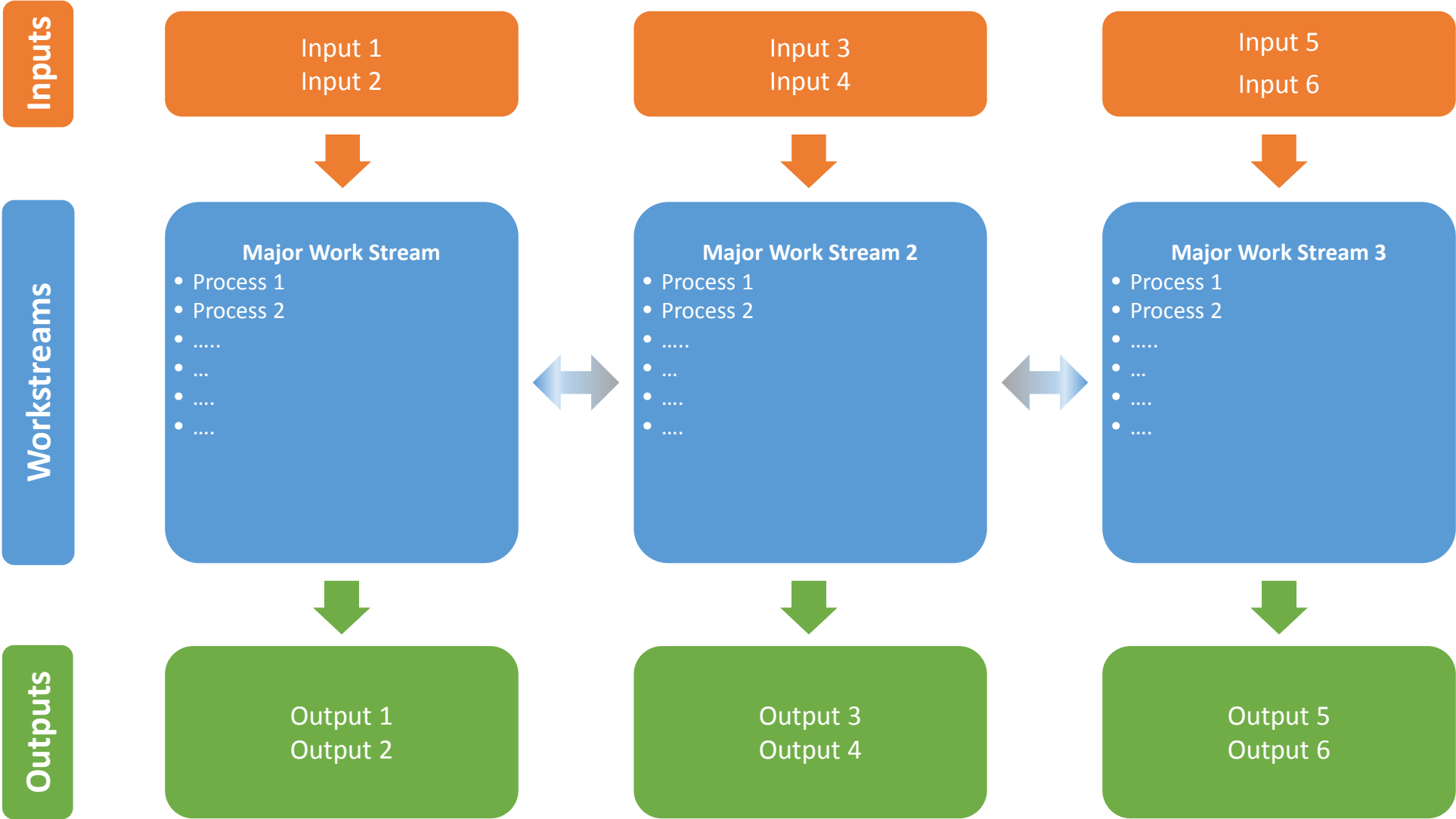
## Systems

- Oracle Cloud ERP
- Net Vantage
- Tax & Revenue Subsystems
- UltiPro
- Treasury Management System
- DivDat kiosk

# Debt - forthcoming



# Development & Grants - forthcoming



Authorities & Policies

- CFO Directive
- State Law

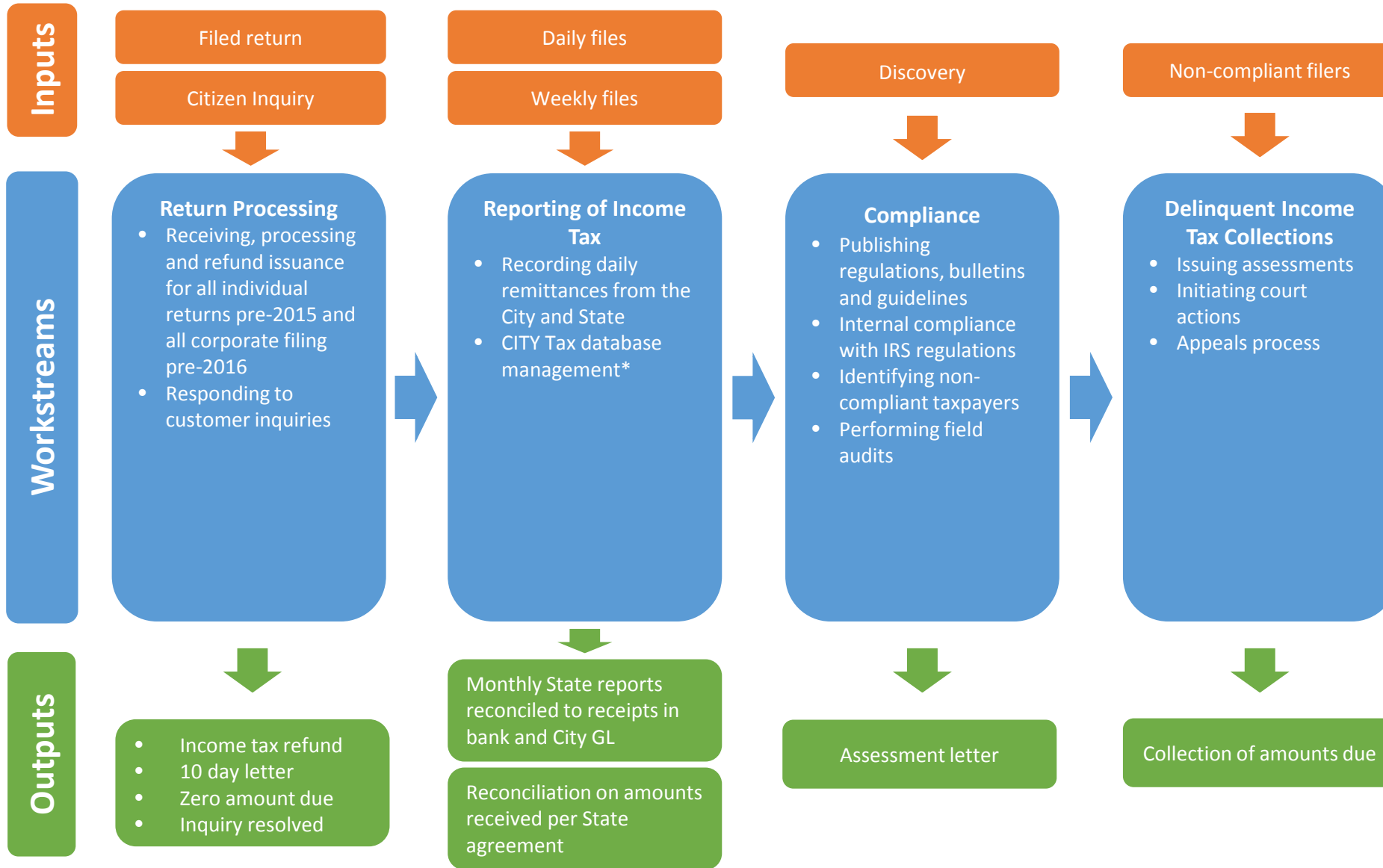
Stakeholders

- OCFO
- City Council
- Departments
- Residents

Modules and Systems

- Oracle
- Etc

# Income Tax Lifecycle



## Authority & Policies

- City Income Tax Act (PA 284 of 1964)
- Agreements and MOUs with State of MI
- Audit and Compliance Guides
- IRS Pub 1075

## Stakeholders

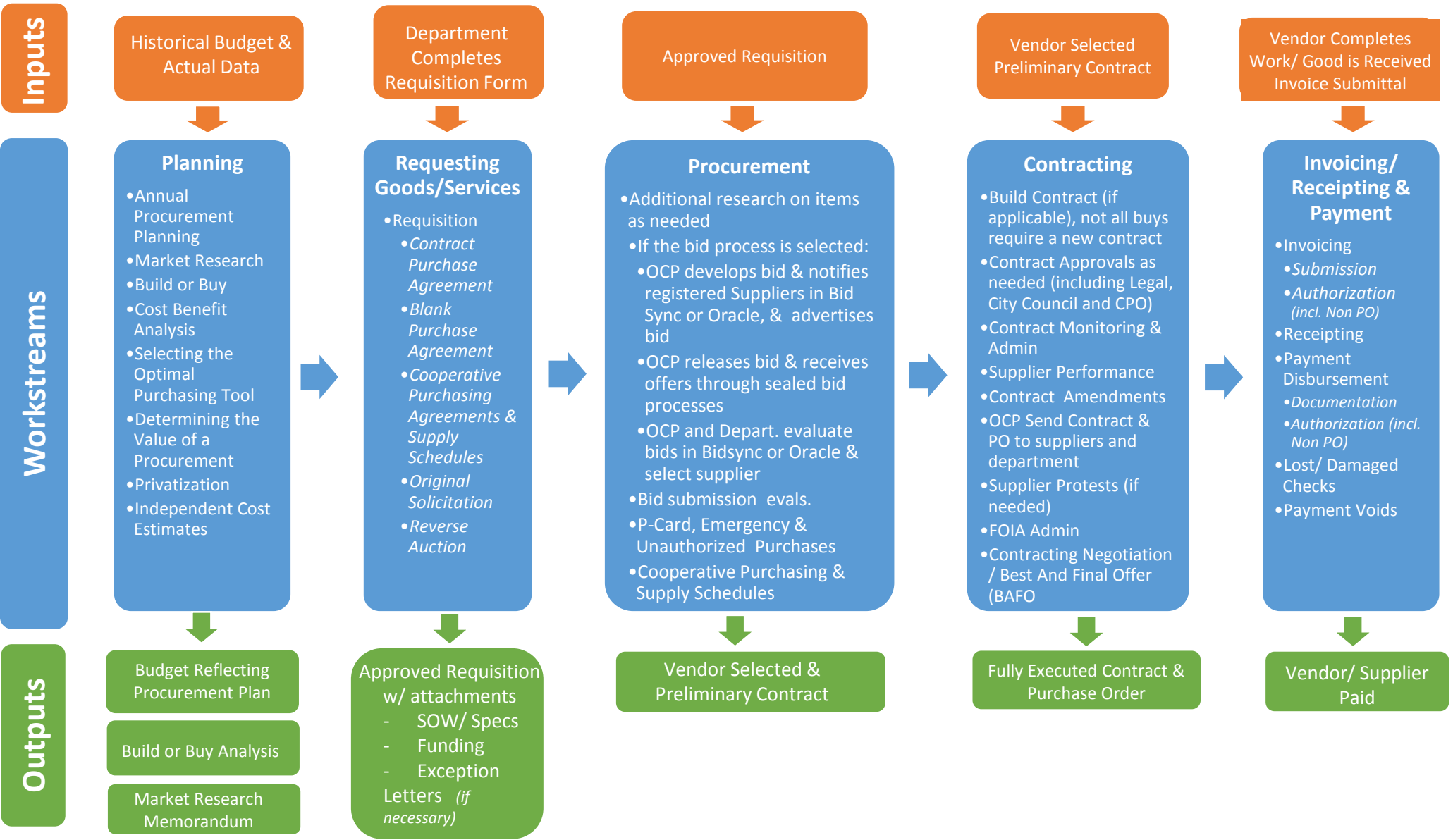
- OCFO – Treasury
- State of Michigan – Dept. of Treasury
- Resident Income Earners
- Non-resident Detroit wage earners
- IRS

## Systems and Modules

- Tax.NET

\*Note: The State of Michigan performs the return processing and collections for those individuals filing returns post-2015, and corporates filing post-2016.

# Procure to Pay Lifecycle



## Authority & Policies

- CFO Directive - Contracting & Procurement
- CFO Directive - AP
- CFO Directive - Clearances
- Detroit City Charter
- Purchasing Ordinance

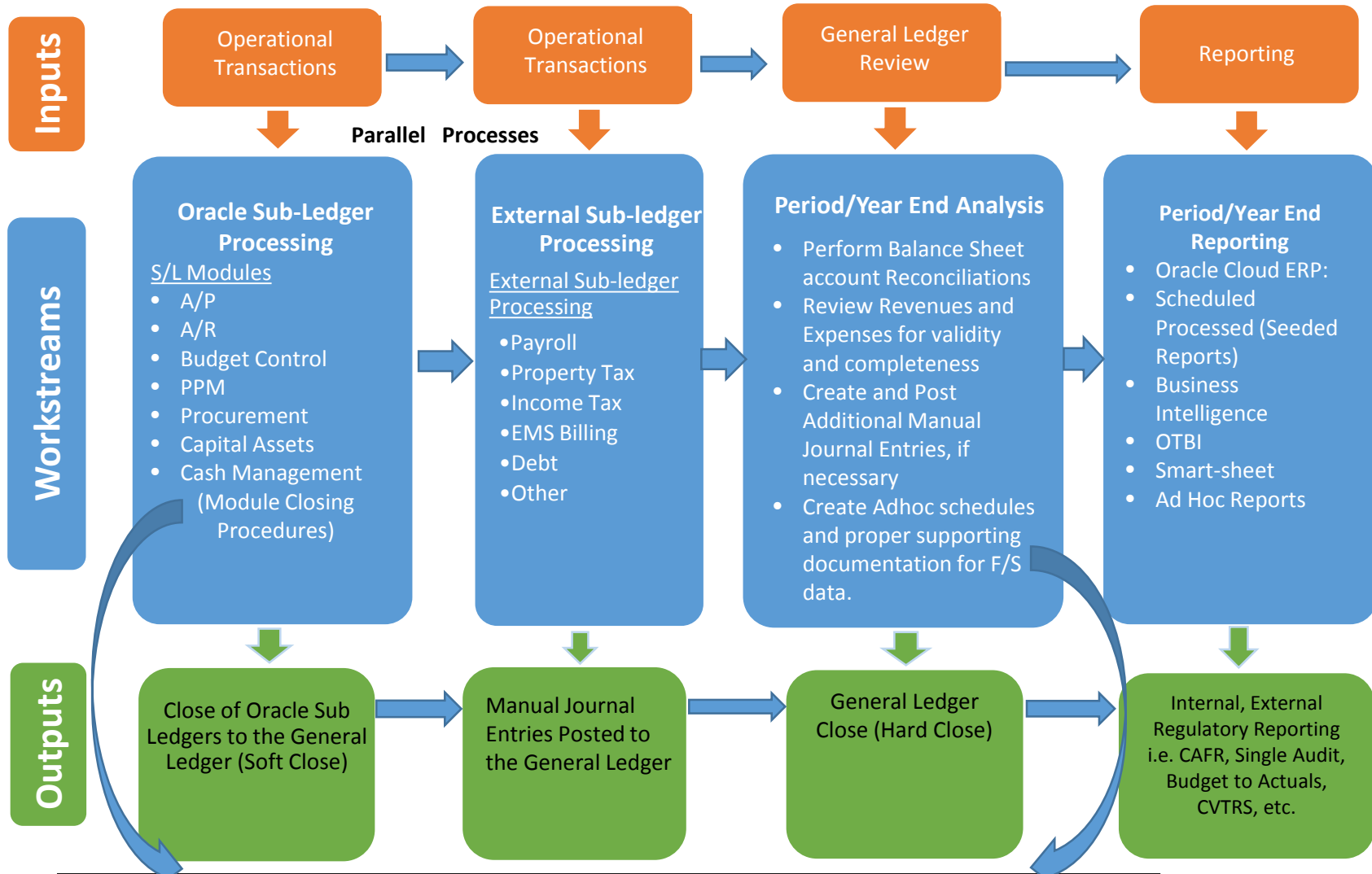
## Stakeholders

- City Council
- Law Dept.
- AP
- OCP
- ODFS
- FRC
- Departments
- Controller
- Budget
- Vendors

## Systems

- Oracle Cloud
- Novatus
- Bidsync

# Record to Report Lifecycle



## Authority & Policies

- City of Detroit Charter
- CFO Directives – Significant Accounting Policies, Period End Close, Chart of Accounts, Manual Journal Entries
- General Accepted Accounting Principles
- Government Accounting Standards Board FASB's, SFAS, Other Accounting Guidance State of Michigan, Federal Government

## Stakeholders

- Citizens of Detroit
- Mayor and City Council
- OCFO
- City Departments
- State of Michigan
- Federal Government
- Financial Institutions
- Creditors

## Systems and Modules

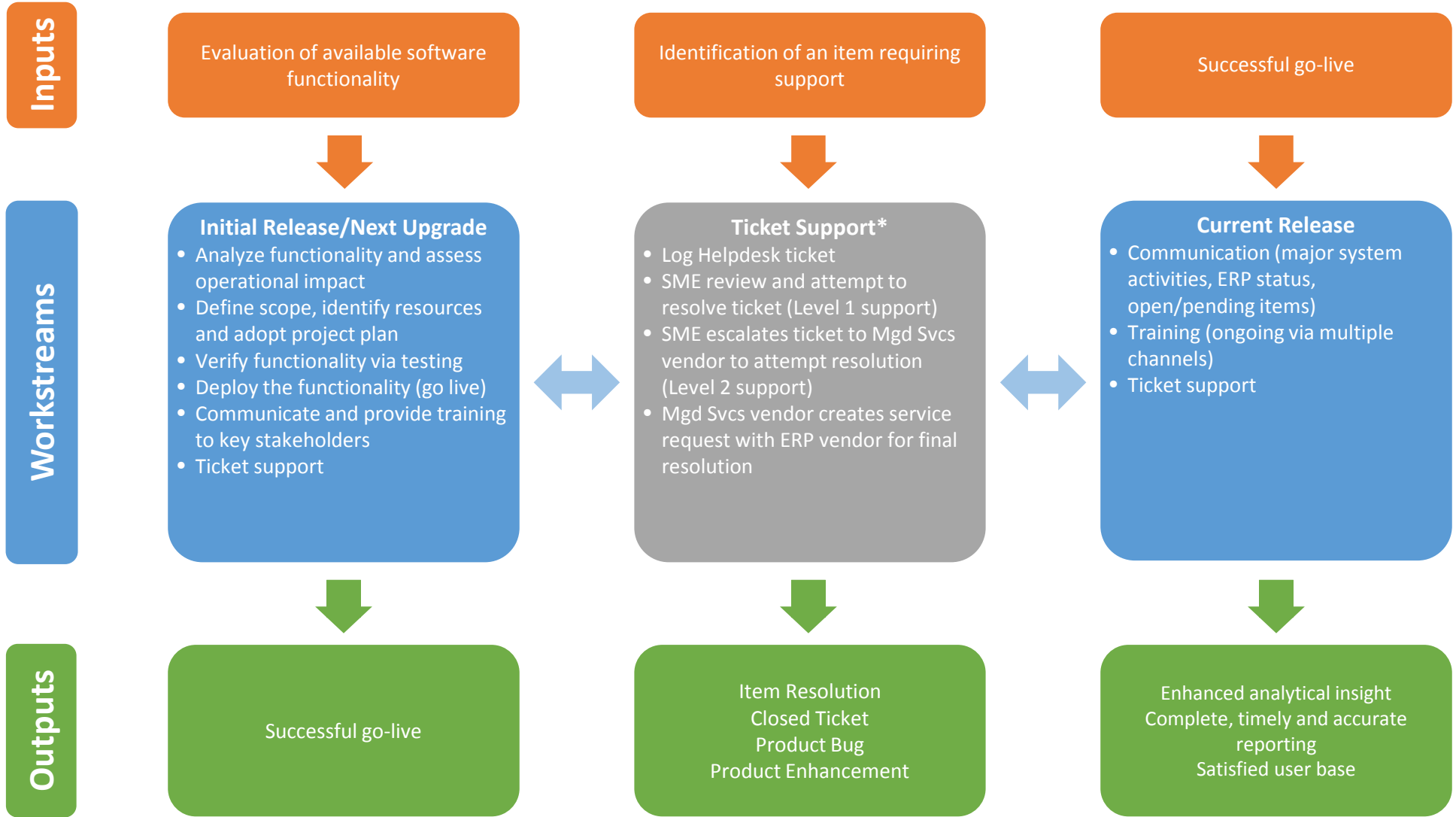
- Oracle Cloud ERP and Internal Sub-ledger Modules
- External Sub-ledger Systems

All Transactions recorded in Sub-Ledgers or via Manual Journal Entries embedded in all OCFO Lifecycles are governed by the Office of Controller CFO Directives.

### Record to Report - Sub-Ledger to Lifecycle Interrelation

- |   |   |   |
|---|---|---|
| A/P – Procure to Pay Lifecycle            | Cash Management – Cash Management Lifecycle | Debt - Debt Issuance to Monitoring Compliance Lifecycle |
| A/R – Revenue Lifecycle                   | Income Tax - City Income Tax Lifecycle      | PPM – Grant Management Lifecycle                        |
| Capital Assets – Capital Assets Lifecycle | Property Tax – Assess to Collect Lifecycle  |   |

# Release to Upgrade Lifecycle



### Authorities & Policies

- CFO Directive – ERP Governance Policy

### Stakeholders

- OCFO
- Department of Innovation & Technology
- ERP End Users
- Users of City Data

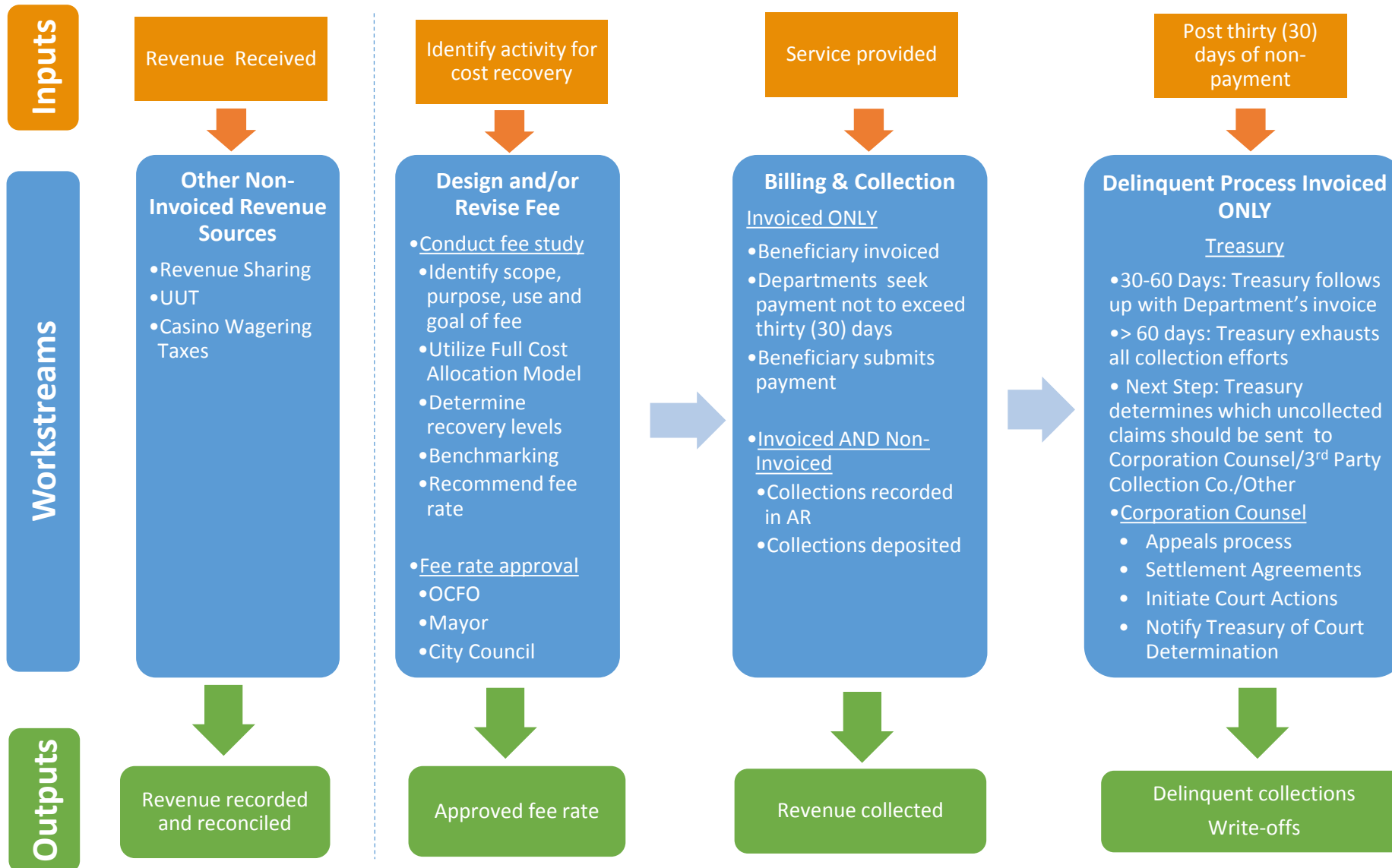
### Modules and Systems

- Primary City FMS
- All City Software with financial functionality

\*Part of both major processes.



# Revenue Lifecycle



## Policies and Authority

- CFO Directive – Revenues & Revenue Management
- CFO Directive – User Fees
- Code of ordinance Article VI Uniform
- Procedures of accounts receivable
- Approved fee schedule
- Bolt vs. City of Lansing Decision
- Dept. specific legal authorization to charge fee

## Stakeholders

- Detroit Residents
- City Service Recipients
- Departments
- City Council
- Corporation Counsel

## Systems and Modules

- Oracle AR
- Agency sub-systems



# To learn more

[http://cityweb/  
Departments/OCFO](http://cityweb/Departments/OCFO)

<https://detroitmi.gov/departments/office-chief-financial-officer/administrative-issuance-system>

**Questions/ feedback:**

[OCFO@detroitmi.gov](mailto:OCFO@detroitmi.gov)