



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Park E. Pearson
Interim City Auditor
San Antonio, Texas

RE: Management’s Corrective Action Plan for the Audit of Cash Handling Phase II

The Information Technology Services (ITSD) and Finance Departments have reviewed the audit report and have developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person’s Name/Title	Completion Date
A-1 & A-3	<p>Opportunities exist to improve the revenue collections and recording processes</p> <p>The ITSD and Finance Departments should communicate and fully develop business requirements of individual departments prior to acquiring or developing new systems. This will ensure that the new POS system satisfies functional needs for citywide departments, specifically those with unique requirements.</p>	5	Accept	Troy Elliott, Assistant Finance Director/ Yolanda Maldonado, Assistant Information Services Director	September 30, 2011
A-2	<p>The Finance Department should analyze Municipal Accounts Receivable Receipt (MARR) transactions and ensure with departments utilizing MARR that all outstanding accounts receivable are correctly recorded in the City’s current (enterprise) accounting system.</p>	5	Accept	Troy Elliott, Assistant Finance Director	Completed

Recommendation

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Action plan:

A1 & A3 The ITSD and Finance Departments should communicate and fully develop business requirements of individual departments prior to acquiring or developing new systems. This will ensure that the new POS system satisfies functional needs for citywide departments, specifically those with unique requirements.

Management's Response:

The Finance Department in coordination with the Information Technology Services Department has developed an enterprise wide strategy to improve inefficiencies in the revenue collection and reporting processes. In October 2004 the City took a significant step towards improving the financial accounting and reporting with the implementation of SAP. However, numerous legacy systems continue to exist for the collection of revenues that are not integrated or the systems are partially integrated through the MARR application and account translation tables. Recognizing the need for continued improvement, the fiscal year 2009 adopted budget included \$140,426 to conduct a thorough analysis and document business requirements for each City department's revenue collection processes.

Currently, professional services have been procured through the State of Texas Department of Information Resources (DIR) for two business analysts to document the business requirements for the collection, recording of sales and customer receivables. The project to conduct the analysis and document the business requirements started on April 6, 2009 and it is anticipated the final deliverable will be completed by September 15, 2009. The business requirements will be used to develop a Request for Competitive Sealed Proposal (RFCSP) to procure an enterprise software solution. Additional funding will be requested through the annual budget process and the IT Strategic Planning Council for the implementation of an enterprise wide point of sale system (POS Project).

The primary goals of the POS Project are to establish direct integration to the SAP financial system through a standard software application or develop direct interfaces from third party applications in order to eliminate manual process and maintain all sales transactions and customer accounts in one system of record (SAP). The estimated completion date for the POS Project is September 30, 2011 based on the information known at this time. The scope and timeline are also contingent upon the available funding. As more information becomes available the timeline may be adjusted. Currently the City is also in the process of replacing legacy systems for Municipal Courts, Tyler InCode and the Health Department, Digital Health Department. Integration with SAP will be a mandatory requirement as these and any other new software that contains a point of sale component are implemented throughout the City.

Recommendation

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Additionally, the Finance Department has drafted Administrative Directive 8.4 establishing citywide guidelines and related internal controls for management of accounts receivables and collection of city revenue. This Administrative Directive will require all City Departments to coordinate with the Finance and Information Technology Services Department prior to procuring new Point of Sale systems. The Administrative Directive will also require that third party systems used in the revenue collection process interface directly with SAP and all transactions and customer data be recorded in SAP as the system of record. The estimated effective date of this Directive is June 1, 2009.

With respect to the purchase and maintenance of Hansen modules not implemented ITSD will continue to work with Planning and Development Services and Finance departments to build a direct interface to SAP and remove the current integration with MARR as a middleware solution to process the transactions into SAP. Discussions have been held between ITSD and Planning and Development Services to begin a review of their processes to gather requirements and build an RFCSP to procure a replacement of the Hansen software. It is anticipated that replacement software will be procured in FY11.

Action plan:

A2 The Finance Department should analyze Municipal Accounts Receivable Receipt (MARR) transactions and ensure with departments utilizing MARR that all outstanding accounts receivable are correctly recorded in the City's current (enterprise) accounting system.

Management's Response:


The Finance Department conducted a comprehensive review of all outstanding receivable balances during fiscal year 2008. The review consisted of identifying all non integrated systems, inventorying customer receivables, analyzing receivables for collectability, and establishing allowance for accounts estimated to be uncollectable based on the age of the account. As a result of this review, the fiscal year 2008 Comprehensive Annual Financial Report included all receivables of the City adjusted for uncollectable accounts. An annual process has been established to ensure that all outstanding accounts receivable are correctly recorded in the City's financial accounting system. Additionally, these manual processes and functions will be reduced and eliminated as the integration of these systems are strengthened, migrated to SAP or with the the implementation of an enterprise wide point of sale system.

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



Hugh Miller
Chief Technology Officer/Director
Information Technology Services Department



Ben Gorzell Jr., CPA
Director
Finance Department



Richard Varn
Chief Information Officer
City Manager's Office



Pat DiGiovanni
Deputy City Manager
City Manager's Office