Executive Order 3-90

WHEREAS, the Mayor has an affirmative obligation to ensure that projected operating deficits are reduced or eliminated;

WHEREAS, in the past sixteen months the Administration with the cooperation of the City Council has moved to reduce the projected FY 1990 deficit from $399.5 million (projected in October of 1988) to an estimated $61.8 million as of midyear;

WHEREAS, the City's FY 1990 revenues continue to decline as the overall local and regional economy weakens;

WHEREAS, a Fiscal Advisory Committee has been appointed to review the City's long-term financial options and recommend state and local actions that should be taken to correct the underlying financial imbalance;

WHEREAS, the reviews undertaken in response to Mayor's Executive Order 5-89 have revealed certain areas of management improvement necessary to effective and efficient contracting, in particular with respect to professional services rendered prior to final execution of official contracts, and City-wide policy on travel, training and educational reimbursement;

WHEREAS, certain legitimate circumstances exist when professional goods and services must be procured in advance of completed contracts but those circumstances must be carefully monitored and reviewed; and

WHEREAS, uncertainty remains with respect to the ability to implement a permanent fiscal correction or and interim borrowing solution in sufficient time to offset or eliminate the current year projected deficit;

NOW THEREFORE BE IT RESOLVED THAT:

1. Approval for the filling of all currently authorized but unfilled positions shall be suspended with the exception of uniformed police, fire, and correctional personnel and such other positions as have been approved by the Director of Finance after a finding by the Director of Finance that the position is essential for public safety, revenue generation, or in order to meet a legally binding mandate or obligation.

2. All remaining class 200, 300, and 400 unobligated balances shall be frozen with additional encumbrances and expenditures subject to the prior authorization of the Director of Finance after a finding by the Director of Finance that the obligation and/or expenditure is essential to the public safety, revenue generation, or the satisfaction of a legally binding mandate or obligation.

3. In circumstances where public health and safety, legal mandates, or revenue generation necessitate the procurement of professional goods and services in advance of completed contracts, such procurement must henceforth be approved in writing by the relevant Commissioner or Agency Head, the supervising Cabinet Officer, and the Director of Finance prior to that good or service being procured or accepted.

This order shall not apply where emergency services are necessary for the health and safety of any person under the jurisdiction of or employed by the City. In such cases persons authorizing such services shall notify their supervisor, Commissioner or Agency Head, Cabinet Officer and the Director of Finance within 48 hours of granting such approval.

4. Employees failing to comply with the prior notice provisions of this Executive Order shall be subject to disciplinary action up to and including termination.

5. This order shall take effect immediately.

2/7/90
Date

W. WILSON GOODE
Mayor

Executive Order 3-90(a)

WHEREAS, the Mayor has an affirmative obligation to ensure that projected operating deficits are reduced or eliminated;

WHEREAS, in the past sixteen months the Administration with the cooperation of the City Council has moved to reduce the projected FY 1990 deficit from $399.5 million (projected in October of 1988) to an estimated $61.8 million as of midyear;

WHEREAS, the City's FY 1990 revenues continue to decline as the overall local and regional economy weakens;

WHEREAS, a Fiscal Advisory Committee has been appointed to review the City's long-term financial options and recommend state and local actions that should be taken to correct the underlying financial imbalance;

WHEREAS, the reviews undertaken in response to Mayor's Executive Order 5-89 have revealed certain areas of management improvement necessary to effective and efficient contracting, in particular with respect to professional services rendered prior to final execution of official contracts, and City-wide policy on travel, training and educational reimbursement;

WHEREAS, certain legitimate circumstances exist when professional goods and services must be procured in advance of completed contracts but those circumstances must be carefully monitored and reviewed; and

WHEREAS, uncertainty remains with respect to the ability to implement a permanent fiscal correction and/or an interim borrowing solution in sufficient time to offset or eliminate the current year projected deficit.

NOW THEREFORE BE IT RESOLVED THAT:

1. Approval for the filing of all currently authorized but unfilled positions shall be suspended with the exception of uniformed police, fire, and correctional personnel and such other positions as have been approved by the appropriate authority after a finding that the position is essential for public safety, revenue generation, or in order to meet a legally binding mandate or obligation. For all MDO departments, offices, boards and commissions, the appropriate authority is the Managing Director. For all other departments, offices, boards and commissions, the appropriate authority is the Director of Finance.

2. All remaining class 200, 300, and 400 unobligated balances shall be frozen with additional encumbrances and expenditures subject to the prior authorization of the appropriate authority after a finding that the obligation and/or expenditure is essential to the public safety, revenue generation, or the satisfaction of a legally binding mandate or obligation. For all MDO departments, offices, boards and commissions, the appropriate authority is the Managing Director. For all other departments, offices, boards and commissions, the appropriate authority is the Director of Finance.

3. In circumstances where public health and safety, legal mandates, or revenue generation necessitate the procurement of professional goods and services in advance of completed contracts, such procurement must henceforth be approved in writing by the relevant Commissioner or Agency Head, the supervising Cabinet Officer, and the Director of Finance or the Managing Director prior to that good or service being procured or accepted.

This order shall not apply where emergency services are necessary for the health and safety of any person under the jurisdiction of or employed by the City. In such cases, persons authorizing such

services shall notify their supervisor, Commissioner or Agency Head, Cabinet Officer, the Director of Finance or the Managing Director within 48 hours of granting such approval.

4. Employees failing to comply with the prior notice provisions of this Executive Order shall be subject to disciplinary action up to and including termination.

5. This order shall take effect immediately.

4/25/90
Date

W. WILSON GOODE
Mayor

MEMORANDUM

CITY OF PHILADELPHI

TO : All Cabinet, Commissioners, Agency Heads, Boards and Commissions DATE February 13, 199(

FROM : Betsy Reseal, Director of Finance

SUBJECT: Guidelines for Fiscal 1990 Expenditure and Encumbrance Processing per Executive Order 3-90 and Letter Dated February 7, 1990

Listed below are the guidelines for processing Expenditures and Encumbrances for Fiscal 1990 as outlined in Executive Order 3-90 and explained in my letter dated February 7, 1990.

These guidelines apply to all Operating Funds, i.e., Funds 0190 to 1090, and Capital Funds 2100 to 2900. The only funds that are excluded from the Executive Order are Trust and Agency Funds, i.e., Funds 3500 to 9800.

In accordance with the guidelines outlined in the February 7, 1990 letter, the following documents must be submitted for approval of the Director of Finance:

I <u>Petty Cash Vouchers</u>:

Petty Cash Vouchers for which the goods or services were purchased prior to February 8, 1990 will be processed after submission and approval of an Exception Request Form.

Petty Cash Vouchers for which the goods or services were purchased February 8 or later will be processed after the submission and approval of an Exception Request Form and a Miscellaneous Encumbrance Document indicating estimated amounts to be incurred by major class through June 30, 1990.

II <u>Reimbursable Expense Vouchers</u>:

All Reimbursable Expense Vouchers, whether incurred prior to or after February 8, must be on Exception Request Forms and submitted to the Director of Finance for approval.

All approved Reimbursable Expense Vouchers will be forwarded to the Accounting Bureau for processing with a copy of the signed Exception Request attached.

Each department is also required to submit under separate cover an estimated dollar limitation for reimbursable expenses to be incurred through June 30, 1990. This submission must be filed under the guidelines of the Exception Request Form.

In addition, all Reimbursable Expense Vouchers for training and travel must be in accordance with Executive Order 5-89 and the Mayor's letter dated January 29, 1990 to all Commissioners, Agency and Department Heads.

III Direct Expenditures:

Direct Expenditures can be processed only if the goods or services were provided prior to February 8, 1990. Direct Expenditures where the goods or services were provided February 8 or later will be returned to the department for submission to the Budget Bureau and approval of the Director of Finance. Each department may submit an Exception Request Form for an estimated amount to be incurred through June 30, 1990 for recurring expenditures, e.g. Bid 31.

All approved Direct Expenditures will be forwarded to the Accounting Bureau from the Budget Bureau with a copy of the approved signed Exception Request attached.

Direct Expenditures which are generated as a result of a prior year encumbrance being liquidated can be processed.

Air and rail travel expenditures for any authorized travel agency must have a copy of the approved signed Exception Request along with the required Request for Air/Rail Travel Form. The authorized travel agencies were informed that they cannot process travel reservations unless they are approved by the Director of Finance.

IV Order and Bills:

Each department is required to submit an Exception Request Form and Miscellaneous Encumbrance Document indicating an estimated amount of expenditures to be incurred through June 30, 1990. The Print Shop and Stores Fund will not accept Orders and Bills unless they have an approved Exception Request from the Director of Finance. Approved dollar limitations will be strictly adhered to.

V Payments Against Encumbrances:

Payments against encumbrances for which the document is encumbered and the contract is certified will be processed up to the limit of the certified contract.

VI Expenditure Transfer Memorandums:

Expenditure Transfer Memorandums that either credit or have no effect on the General Fund can be processed. Expenditure Transfer Memorandums that have the net effect of charging the General Fund (including Class 100 transfers) will be returned to the department for subsequent submission to the Budget Bureau for the approval of the Director of Finance.

VII Miscellaneous Encumbrances and Miscellaneous Purchase Orders:

(A) Miscellaneous Encumbrances Without a Contract or the Contract Has Not Yet Been Certified:

For Miscellaneous Encumbrances currently in the possession of the Accounting Bureau where the document has been encumbered, but the contract has not yet been certified, a copy of this document will be sent to the department requesting that it be submitted to the Budget Bureau for the approval of the Director of Finance. Please Note - a copy of the Miscellaneous Encumbrance must accompany the Exception Request submitted to the Budget Bureau.

The Budget Bureau will forward a copy of the Miscellaneous Encumbrance Document with the approved signed Exception Request for all documents that have been approved.

Disapproved Exception Request will also be submitted to the Accounting Bureau, with a copy of the document, so that the Miscellaneous Encumbrance can be liquidated. If a contract has been received, it will be returned to Law Department.

Please Note - if the department has no need for the Miscellaneous Encumbrance and is not going to submit it for approval to the Budget Bureau, then they must forward a memorandum to the Accounting Bureau to liquidate the document. If a contract has been received, it will be returned to Law Department.

(B) Unencumbered Miscellaneous Encumbrances and Miscellaneous Purchase Orders:

Unencumbered Miscellaneous Encumbrances and Miscellaneous Purchase Orders currently in the possession of the Accounting Bureau will be returned to the department for submission to the Budget Bureau for the approval of the Director of Finance.

All approved Unencumbered Miscellaneous Encumbrances and Miscellaneous Purchase Orders will be forwarded from the Budget Bureau to the Accounting Bureau with a copy of the approved signed Exception Request attached.

VIII Unencumbered Purchase Orders, Emergency Orders and Advice of Changes:

(A) Unencumbered Purchase Orders, Emergency Orders and Advice of Changes Received in Accounting Bureau February 7, 1990 or Prior:

Disposition of Unencumbered Purchase Orders, Emergency Orders and Advice of Changes received in the Accounting Bureau February 7, 1990 or prior depends on the type of purchase order.

All Advice of Change decreases will be processed regardless of type.

Because the award has already been made, all firm limits and public works purchase orders will be processed.

For open market and requirement purchase orders and advice of change increases, a copy of the purchase order or change order will be sent to the departments for submission to the Budget Bureau for the approval of the Director of Finance. Please Note - a copy of the purchase order or change order must accompany the Exception Request Form submitted to the Budget Bureau. For all approved unencumbered requirement or open market purchase orders which were in Accounting on February 7, 1990 or prior, the Budget Bureau will send to Accounting a copy of the document with the approved signed Exception Request attached.

If a department has no need for an open market or requirement purchase order or advice of change, they must notify the Accounting Bureau so that the document can be returned to Procurement.

If an open market or requirement purchase order received in Accounting on February 7, 1990 or prior has been disapproved, the Budget Bureau will forward a copy of the document with the disapproved Exception Request Form. The document will then be returned to Procurement.

(B) Unencumbered Purchase Orders, Emergency Orders and Advice of Changes Received in Accounting February 8, 1990 or Later:

The Procurement Department will make sure that all departmental requisitions have approved signed Exception Requests. Therefore, all Unencumbered Purchase Orders received in Accounting February 8, 1990 or later can be processed.

(C) Encumbered Purchase Orders and Advice of Changes Not Yet Certified:

Purchase Orders and Advice of Change increases and decreases which have already been encumbered, but not yet certified, can be processed for certification when the contract arrives.

IX Rapid Purchase Orders:

All Rapid Purchase Orders tapes submitted by Procurement to Accounting will be assumed to have met the criterion of Executive Order 3-90 and can be processed.

X Request to Increase or Decrease Existing Miscellaneous Encumbrances and Miscellaneous Purchase Orders:

(A) Decreases Only:

All memorandums requesting decreases to existing Miscellaneous Encumbrances and Miscellaneous Purchase Orders can be processed.

(B) Increases Only:

All memorandums requesting increases to existing Miscellaneous Encumbrances and Miscellaneous Purchase Orders will be returned to the department for submission to the Budget Bureau for the approval of the Director of Finance.

(C) Combinations of Increases and Decreases:

Memorandums that request both increases and decreases to Miscellaneous Encumbrances or Miscellaneous Purchase Orders, where the net effect is zero, or results in a credit to the General Fund, will be processed.

Memorandums that result in a charge to the General Fund will be returned to the department for submission to the Budget Bureau for the approval of the Director of Finance.

I will notify you of any further changes to these guidelines should they occur.