

WHAT DOES THE DEPARTMENT OF FINANCE DO?

Funds for EOA in 1968 amounted to \$14,897,150 in Federal plus approximately \$200,000 available in Local Cash. Of the Federal Cash, \$21,763 came from the National Council on Arts and Humanities, \$5,315,411 from the Department of Labor and \$9,559,976 from OEO. EOA will have done the detailed payrolling, purchasing and accounting for sixty-eight projects and will have funded forty-four Delegate Agency Projects during 1968.

EOA Finance does the payrolling, purchase of supplies, detail accounting and other financial operations involving \$7,266,925. Finance funded through Delegate Agencies EOA programs totalling \$7,630,225. Finance payroll the personnel in Headquarters--fourteen Neighborhood Service Centers--seven Day Care Centers --the Parent-Child Center and West End Child Center. This involves 513 employees paid from CAP funds -- 14 staff and 267 enrollees from NYC funds -- 99 staff and 73 enrollees from ACEP funds. During the summer months, Finance payrolled around 810 employees in the Summer Recreation Program and 98 employees in Summer Headstart. There are occasions when our payroll staff are called upon to do the impossible, for example: During July and August, we were instructed to payroll an additional 500 NYC enrollees. We did it. When you think of a Payroll Operation, you think only of a "pay check". The pay check is only the "end-product". Think again -- time sheets are fed into Payroll from around 200 locations. Each name, time-earned, leave taken, etc. must be fed into a computer. Deductions for Federal and State Income Tax -- FICA -- Retirement --Group Insurance -- Charity, etc. must be deducted. Look at your pay-check stub and visualize all the calculated detail. Multiply your "pay-stub" detail by 626 bi-weekly pay checks and 340 weekly pay checks for year round operations and you get a better picture. During the summer, add another 1,400 pay checks each week. Get the idea. Now -- payroll work isn't

finished. Quarterly, we make payments of your FIT and SIT deductions to Uncle Sam and the State and then pay to Uncle Sam your FICA along with EOA's contribution by listing each employee, his name, Social Security number, your earnings, etc. At the end of the year, we prepare your W-2's for your Income Tax Returns and simultaneously report to Uncle Sam and the State. Also, think what happens in Payroll when you are hired: A file maintenance has to be completed on each individual - name and address, date employed, location, sex, marital status, date of birth, Social Security number, Budget Account, Base Code, rate of pay, pension and number of withhold exemptions. Every Personnel Action Salary Increase, Name Change, Change of Address, Termination, etc. causes a change reaction in payrolling.

Also when you take a day's leave or work an hour overtime or on Compensatory Time, this causes individual actions in payroll. Our payroll girls do a tremendous job, with almost no complaint. Most important, pay checks are always ready on payday. Errors are nil. Payrolling is one of many Finance operations.

Finance issues around 60,000 checks a year. Each check is the result of: Payroll; Travel; Rent; Purchase; Telephone Bill; etc. Before a check is issued, there must be a voucher with supporting documentation which must be thoroughly audited so as to be certain that it is calculated correctly, coded against a Budget Line Item, and is proper in all respects.

Finances' Purchasing Department will have this year issued 1,600 Purchase Orders -- 440 Service Orders and -- 400 orders to GSA, which will involve around 17,000 line items. Purchasing gets the requisition; establishes the method of procurement; gets bids from suppliers where appropriate; and then issues the procuring document. Later Purchasing starts hounding you for the receiving report and the vendor for the invoice. When

received, Purchasing verifies these documents and then passes on to Fiscal for payment. Frequently in the process, Purchasing "haggles" with the Supplier to expedite what you want and then later the Supplier "haggles" Purchasing for payment. At that point, Purchasing starts "haggling" you, The receiver, for your Receiving Report. Along with this, Purchasing distributes internal mail; sends things through postal mail or arranges for your shipments. It does a big business of xerox, off-set reproduction and collation; It stocks and issues your office supplies; and keeps track of about 6,500 items of capital equipment. It arranges your lease, moves you -- gets building renovations done -- gets building insurance liability -- insures your official vehicle after having leased it -- gets your typewriter repaired -- arranges for your telephone and utilities and arranges many, many other things with which you have facility to do your job of operations such as pest control -- janitorial service -- and that city bus to take VIP's on an inspection tour. Yes, Purchasing has a terrific job of servicing you and we in Finance are proud of the job it does.

Finance does the accounting for EOA. Our Accounting Division gets the money in "hunks" and puts it in the bank. Accounting then proceeds to account for the "out-go" penny by penny, Accounts must exercise controls. When a requisition is received, Accounts determines that there is money to pay for the purchase and when purchased it must have record of the obligation. Each receipt, obligation and expenditure must be recorded. During 1968, we had 2,160 Distribution Ledger Accounts with corresponding accounts in six General Ledgers. Can you imagine the volume of detail in entering into the Distribution Ledger Accounts, the budgets, obligations, expenditures and resulting unobligated balances for each and every transaction and requiring absolute accuracy in the process. Also entered in detail is every "crumb" of In-Kind or Local Support. EOA uses a minimum of a "Double-Entry" Accounting System, which means that every entry in the Distribution Ledger is also

entered in General Ledger and the two ledgers must balance. So lets in-
vision some 12,000 entries each month in the "Distribution Ledger" that
must match up in dollar value to corresponding entries in the "General
Ledger". Get the picture for accuracy perfection? Yes, we have all sorts
of checks and balances. For example, it is essential that our bank accounts
have accumulative deposits and withdrawals which agree with our records of
expenditures. At the end of each month, our Accountants must come-up with
Financial and Budget Reports to show management -- and you -- how we stand
moneywise. There are 107 sheets in the Budget Report which involve about
3,638 line items. OEO and the Department of Labor, our auditors and a few
others are interested too and Finance must produce reports which agree with
their figures. You get copies of some of these monthly reports. Try and
visualize the many recorded transactions which are entailed in the compilation
of these reports. You really can't -- but try. To compound this a little,
we should let you know that Finance must use a different Accounting System
to satisfy CAP, NYC and ACEP and that OEO, NYC and ACEP periodically change
their systems, and then -- we must change ours.

Our Internal Audit reconciles all accounts and for one thing they have
to look at those 60,000 checks which were issued and be sure none were
"hiked", that they were endorsed and several other things. When you lose
your check, Finance has to put a "stop order" at the bank before we can
issue you a replacement check and then -- to make certain someone doesn't
find and collect on the check you lost. Audit must review the "In-Kind" you
report and then be sure it is credited to your project. In the process, Audit
has been known to prod you a little to get your In-Kind "in". Audit also
takes a look at Delegate Agencies' accounts just to make sure they are living
right. Audit rides herd on Petty Cash, Emergency Assistance and other escrow
funds that are made available to units outside Finance. We have about 43 of
such accounts. Each must be carefully analyzed and reimbursed each month by

Internal Audit. This year Audit is supervising the Employees Credit Union, reconciles our bank accounts to the General Ledger, monitors the Retirement Fund and handles Clearances for indebtedness for final pay settlement to departing employees.

The Fiscal Officer does the paying of all the bills. Here, all the vouchers are carefully examined and checks drawn for payment. Most payments are run through Data Processing but a large number of checks are handdrawn. Most checks are run through the check signing machine. Fiscal maintains a careful vigilance on blank checks and the check signing machine to guarantee against fraud and embezzlement. Did you know that in the history of EOA there has been only one instance of fraud (a long time ago) which involved around \$400.00 and that amount was immediately recovered. Even an attempt to fraud would require the conspiracy of four key people and in Finance, that is 100% unlikely. Even if it should happen, such fraud would be immediately discovered under our system of checks and balances. Fiscal will voucher and pay around 7,000 bills this year for such items as supplies, services, Travel Vouchers, rent, telephone, utilities, equipment, etc. Fiscal also assists in preparation of budgets for Programming. Our Budget Control is being refined and we will soon have capability of more assurance to Management that obligations and expenditures are as provided by budgets as approved and modified by Management. Fiscal also controls the Key Punch operations for Data Processing. Our Fiscal Operation assures the Director of Finance and EOA Management that every nickel of disbursement in its day to day operation is proper in all respects and we can all sleep well every night in this knowledge.

Finance is now handling all Insurance and Employee Retirement. We inherited this in September, 1968. Since that time EOA employees have enjoyed a much increased Group Insurance and Hospital Benefit Plan. Records have been brought up-to-date and you are assured of coverage. New booklets

of your coverage are now being made available to you. All claims received are being processed on the date received. The Retirement Fund has been audited for the first time -- Retirement records are current and up-to-date. Many old accounts have been settled. The evaluations for each six-months period have been established for the periods since 1965 through 6/30/68 and we expect to have made the 12/31/68 evaluation prior to 1/31/69. Each employee has an up-to-date card record which shows the employee contribution, EOA contribution, number of units credited and the value of such units. We also handle Workmen's Compensation claims for employees and enrollees totalling from 1,000 to 2,500 persons.

The foregoing gives you a "ball-park" view of what Finance does.

What does the Director of Finance do? Well, he attends a lot of meetings -- has a lot of visitors -- writes a lot of reports (such as this one) -- and must keep closely knowledgeable of all those things going on in Finance and in EOA as they relate to Finance. His main concern is effort to see that people in Finance get deserving recognition for the terrific job they do for EOA and for the people who work in EOA. This report, which is lacking in much detail in the way of a complete reflection of all those things done by Finance, is written in appreciation and commendation of the Department of Finance Staff.

November 26, 1968