CITY COUNCIL COMMUNICATION:

98-481

AGENDA:

OCTOBER 26, 1998

SUBJECT:

UPDATE OF CHECK-ISSUING ORDINANCE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

**KEVIN RIPER
TREASURER**

ITEM ____

OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA

SYNOPSIS —

Several aspects of the City's check-issuing ordinance need to be updated to conform with modern banking practices, and to pave the way for: (i) the issuance of a request for proposals (RFP) for banking services; and (ii) the "go-live" dates for the accounts payable and payroll modules of the new PeopleSoft financial/accounting and payroll/human resources enterprise software.

FISCAL IMPACT —

Five hundred dollars for two laser-printer microchips containing the digitized signatures to be printed on paychecks and accounts payable checks.

RECOMMENDATION —

Approve amendments to Municipal Code.

BACKGROUND —

Three sets of changes need to be made:

1. *Change "warrant" to "check."* Currently the City's normal process for paying its employees and vendors is to print, via the mainframe, a negotiable instrument labeled "Auditor's warrant." This is an outdated label, stemming from an era when recipients of "warrants" were forced to present their warrant to either the issuing entity itself or the issuing entity's bank in order to receive cash or a "check" to deposit in their own bank account. As a practical matter, for many years employees, vendors, and banks have treated the City's negotiable instrument labeled "Auditor's warrant" as a

"check." The recommended ordinance change would recognize this fact by replacing the word "warrant" with "check."

2. *Update the authorization to issue checks.* This section of the Municipal Code currently lists the City Council and the Park Board as authorized to order the issuance of warrants (checks). Other ordinances permit the Airport Board and the Library Board of Trustees to do the same. This section of the Code needs to be made consistent with the other sections.

3. *Signing checks.* The new PeopleSoft software uses digitized signatures on checks. This is much quicker and crisper than the mechanical check signer currently used. With PeopleSoft, paychecks and accounts payable checks will be processed only once (on a laser printer in the Finance Department with the digitized signatures printed at the same time as the check), instead of twice as is currently done (warrant printed on the mainframe's impact printer, then transported from the Armory to City Hall, where it is run through the mechanical check signer).

These changes should make the forthcoming RFP for banking services more easily understood by bidding banks, and will streamline the check issuance process as part of the PeopleSoft implementation project.