

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

February 14, 1995

To: Board of Directors (Finance and Insurance Committee--Action)

From: General Manager

Subject: Administrative Code Revisions

APPROVED  
 By the Board of Directors of  
 The Metropolitan Water District  
 of Southern California  
 at its meeting held

MAR 14 1995

*Karen E. Deff*  
 EXECUTIVE SECRETARY

Report

Section 5111 of the Administrative Code requires that accounts payable disbursements must be supported by a voucher document that has been certified (signed) by authorized person(s). The section further states that vouchers must generally be attached to contracts, invoices or other documents to serve as supporting documentation to justify the propriety of the payments. For the reasons outlined in this letter, approval is sought from the Board to eliminate Section 5111 from the Code and to authorize the General Manager to abandon the corresponding requirements to maintain a paper voucher system for disbursements once new automated business systems are in place .

With the implementation of the new integrated financial systems anticipated in April 1995, a voucher system will no longer be required. In September 1993 the Board appropriated funds for the purchase of business application software packages as part of Phase One of the Information Systems Strategic Plan. An integrated inventory, procurement, and accounts payable package was purchased from Oracle Corporation, a large manufacturer of business systems software. Over the last year staff has been working to implement this software by early 1995. The design functionality of these systems include appropriate internal controls via security logons, electronic matching of invoices to receivers and purchase orders, electronic approvals, and other checks and balances that meet the business requirements of the District. The Oracle software has also facilitated the reengineering of the current manual payable processes by eliminating the need for paper vouchers. Checks will now be issued directly after invoices are electronically matched and approved. The elimination of paper vouchers will result in significant cost savings to the District in the future.

Prior to full implementation of the aforementioned integrated financial systems, sufficient testing will be performed by the staff and consultants working the various Phase One systems projects to ensure that such systems are functioning as required to meet the District's business needs and to further


ensure that such systems will provide the highest degree of reliability, security and integrity. The District's internal and external auditors will also assist management in evaluating the adequacy of the overall systems of internal accounting and administrative controls upon implementation of the integrated systems. This implementation process will also include the establishment of new or revised policies and procedures, whenever applicable, to compensate for changes in existing business processes, such as the elimination of paper vouchers, which are brought about by the new systems.

Recommendation

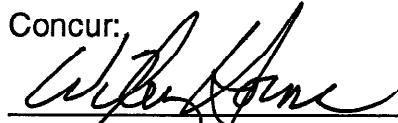
It is recommended that, the Board authorize the General Manager to abandon the current paper voucher system and further authorize the elimination of Administrative Code Section 5111, upon certification of satisfactory implementation of the integrated financial systems being developed under Phase One of the Information Systems Strategic Plan.

John R. Wodraska  
General Manager

**Submitted by:**

  
Lambertus H. Becker  
Chief Financial Officer

Concur:

  
John R. Wodraska  
General Manager