

Legislation Details (With Text)

File #: 19-001 **Name:**
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On agenda: 12/10/2018 **Final action:**
Title: Approval of an update to the City's internal financial policies.
Sponsors:
Indexes:
Code sections:
Attachments: 1. Financial Policy - FY 2018-19 update 121018.pdf

Date	Ver.	Action By	Action	Result
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Presenter/Contact
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SUBJECT:

Approval of an update to the City's internal financial policies.

BACKGROUND / RATIONALE:

The financial policies are included and adopted as part of our annual budget document. After further review by the Chief Financial Officer and Assistant Director of Finance, there are some minor changes and several additions that would benefit the financial policies overall. In fact, staff plans on making additional changes and enhancements to the document over the next 1-2 years to ensure that it serves as a comprehensive reference to the City's financial practices, goals and procedures.

Additions to Policies

There are three factors that drive the additional language that we have incorporated into the financial policies:

1. Recognition of internal procedures and practices currently maintained by the Finance Department, such as:
 - a. Prompt payment of invoices
 - b. Reference to guidelines and resources to ensure proper separation of duties and internal controls.
2. Transferring language from Budget Order/Document to the Financial Policies. Policy statements have been accounted for in the budget order and budget document that should be referenced in the financial policies. Examples are provided below
 - a. Budget transfer and amendment process
 - b. Long term financial planning processes
 - c. Legal debt limit.
 - d. Reserve target for the Self Insurance Fund
3. Compliance with Department of Housing and Urban Development (HUD). A recent

monitoring by HUD resulted in a request that we incorporate certain language into our financial policies, such as:

- a. Reference to guidelines and resources to ensure proper separation of duties and internal controls.
- b. Proper review of subrecipient financial systems to account and track awarded federal funds.

Modification to Policies

There are various edits to existing and transferred language within the updated policy. The one procedural modification to highlight is in section 2. (9)(a-d) "*Budget Transfer and Amendment Process*". Currently, any increase/decrease to a departmental expenditure category requires City Council approval. Transfers typically do not result in an actual increase to the department and fund budget(s), yet simply transfer spending allocation to the necessary category. Typically, this function and approval lies at the City Manager level approval. Therefore, the updated policies incorporate that level of authority to the City Manager. In the event that an actual budget amendment is necessary, one that increases a departmental budget, City Council approval would still be necessary.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

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FISCAL IMPACT:

N/A

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Approval of the update to the City's internal financial policies.