



Legislation Text

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TO: Mayor Bien-Willner and Town Council Members

**FROM: Jill Keimach, Town Manager
Douglas Allen, CPA**

DATE: April 9, 2020

DEPARTMENT: Finance

AGENDA TITLE:

Discussion of the Town's Financial Management Policies for FY2020/21; and Ordinance 2020-04 Authorizing Warrants and Electronic Payments

SUMMARY STATEMENT:

1. FINANCIAL MANAGEMENT POLICIES

A. PURPOSE

The purpose of this agenda item is to provide a general overview of the Town's current Financial Management Policies and other priorities that are integral in framing the Town's financial management, including budgets, financial forecasts and plans.

Staff will highlight the impactful policies and provide an explanation for the recommended amendments.

B. APPROVED DATES

There were three primary dates the Town's Financial Management Policies were approved. Council approved the Financial Management Policies via resolution on 02/26/2009 and 02/25/2010.

As part of the FY2016/17 budget process, Financial Management Policies were discussed with Council on 04/26/2016. But no official Council action was recorded. Since then, the policies have appeared in the Town's Adopted Budget books, as presented on 04/26/2016.

C. TRACKING AMENDMENTS

Effective with the FY2020/21 Financial Management Policies, all modification dates are now included with each policy.

D. COMMUNICATION AND COUNCIL ACTION

Management recommends the Financial Management Policies be integrated with other annual processes. It is recommended Council adopt the Financial Management Policies with the annual budget resolution that includes the CIP and Strategic Revenue Plan (stress test)

Separate actions that also occur annually include resolutions for prior year budget amendments; the State mandated PSPRS UAAL Funding Policy; the employee handbook and authorizing contracts and any anticipated purchases over \$100,000 that may need to be ordered before Council returns in September.

E. QUALITY REVIEW

The Town requested a review of these Financial Management Policy amendments, some Town Code amendments and other finance related processes and workflows.

In January and February of 2020, The Town's recent independent auditing firm had reviewed, provided comments. The independent auditor did not have accounting, financial reporting or internal control concerns.

F. QUESTIONS AND NEXT STEPS

Additional discussion on these policies will be scheduled through the budget process. Any questions and feedback on wordsmithing or terminology is encouraged. Council action is tentative with the annual budget resolution in June 2020.

G. INVESTMENT POLICIES

The Town's Investment policy is a separate document that was reviewed and received comments from industry professionals. But, with the current unprecedented events and market conditions, staff has decided to postpone this investment policy discussion and focus on other financial priorities.

2. ORDINANCE 2020-04: Authorizing Warrants and Electronic Payments

A. PURPOSE

The purpose of this recommended Town code amendment is to maintain continuity of operations for paying Town obligations timely and accurately while continuing to adhere to the Town's strong set of internal controls.

B. EFFECTIVE DATE

If approved, it is recommended to waive the waiting period for Town Ordinances to be effective immediately.

C. BACKGROUND

Town management has identified various opportunities for enhancing processes and workflows. A common theme is moving from manual processes to secured automated processes. These processes are expected to be more efficient and effective, with stronger quality and internal controls.

On January 23, 2020 Town Council approved amending this section of Town code by modifying what positions are authorized to sign checks. This change was to maintain continuity of operations with the plan to revisit this process later in the fiscal year.

Since then, the Town is facing new challenges with staff working remotely due to Covid-19. This recommended amendment is to ensure continuity of operations in the approval processes. Due to external circumstances, the time needs to be moved up.

D. INTERNAL CONTROLS

Internal controls over issuing payments are addressed in the Town code Section 3-8-3 and the Town's procurement procedures.

In addition to the attached redline code change, staff is proposing a change in the check approvals, requiring one staff and one elected official (Mayor or Vice-Mayor) for all checks approved over \$25,000. Currently, as written, a check could theoretically be approved by a Mayor and a Vice-Mayor without staff (Manager or Chief Financial Officer) approval.

E. QUALITY REVIEW

The Town has requested review of this code amendment and other Financial Management Policy and finance related processes and workflows.

In January and February of 2020, The Town's recent independent auditing firm had reviewed, provided comments, and did not have concerns as long as the Town's internal controls remain in place. A second auditor opinion has been requested and will be available by April 9th.

F. OTHER MUNICIPALITIES

Management's recommendation aligns with other municipalities. Though not addressed in great detail, the table below was included in previous Council packets in January 202 with plans to be revisited later in the fiscal year.

The Town's Finance department conducted a survey of local municipalities. The common theme of respondents was:

- Limited check signers;
- Same signers for all thresholds;
- Use of electronic signatures; and
- Emphasis on their strong internal controls.

Table 4: Survey respondents

Municipality	Authorized Check Signers						Threshold Method	
	#1		#2		#3	#4		#5
Phoenix	City Manager	and	City Clerk	-	-	-	-	All Checks Electronic
Scottsdale	Mayor	or	Treasurer / Chief Financial Officer	-	-	-	-	All Checks Electronic
Tempe	Deputy City Manager	and	Chief Financial Officer	-	-	-	-	All Checks Electronic
Buckeye	Mayor	and	City Manager	or	Chief Financial Officer	-	-	All Checks Electronic
Yuma (County)	Board Chair	and	Clerk of the Board	or	Chief Financial Officer	-	-	Electronic
Paradise Valley	Town Manager	or	Mayor	or	Vice Mayor	or	Deputy Town Manager or Town Clerk	\$25,000 Requires two Electronic
Paradise Valley	Mayor	and / or	Vice Mayor	if "or" then one of	Town Manager	or	Deputy Town Manager	Greater than \$25,000 Manual Signature
Most municipalities emphasis their strong internal controls								

ATTACHMENT(S):

- 01 Presentation
- 02 Financial Management Policies for FY2020/21 "Red-lined"
- 03 Financial Management Polices for FY2020/21 Clean version
- 04 Ordinance 2020-04 Authorizing Warrants and Electronic Payments