

**City of Canton
Financial Policy Review
Feb-17**

General list of differences found between the current version of the Finance Policy versus the proposed/revised version.

Budget - Section II

- * Philosophically very similar
- * Somewhat expanded and elaborated on the budget process and timeline
- * Part D - Expenditure authorization has been emphasized. Many budget documents imply or state that a purchase made without proper authorization, COULD be transferred to the purchaser as a personal obligation versus obligation of the City. This is a SIGNIFICANT philosophy. Although I would assume a very rare use, this tells employees that if you purchase something outside of authorization and outside the needs of the City, it could become a personal obligation/asset.
- * Expands the idea of a CIP (Capital Improvement Plan) and requires the use of a long-term CIP
- * New Policy differentiates between Budget "Adjustment" and Budget "Amendment"; latter requiring Council Ordinance.

Debt - Section III

- * Elaborates on what is legal in the State of Georgia, versus simply stating such.
- * Requires a debt report to be submitted as part of the budgeting process.
- * Expands the idea of "Transparency"
- * Identifies and sets guidelines for the use of "Professional Services" with the issuance of debt. This is becoming more frequent, even common place in today's debt market. There needs to be guidelines established.

Accounting, Audits & Financial Reporting - Section IV

- * No significant changes/differences

Purchasing - Section V

- * Increases limits
 - Department Head's limit increased from \$1K to \$2K
 - CFO Approval required after \$2K (commensurate with DH increase above)
 - City Manager approval requirement changed from \$2K to \$5K
 - Council required approval increased from \$20K to \$50K
- * Exceptions to the Standard Procedure (e.g. returns, vendors requiring PO#s, receipt of only a portion of purchase, etc.) was elaborated on and direction provided.
- * Use of a 'triplicate' requisition was implemented; process described.
- * Defining a "Qualified Vendor" has been updated. The idea that a qualified vendor must NOT have outstanding taxes/fees owed to a government entity was added.
- * The monetary limit for requirement of competition, use of formal bids and/or quotes was increased from \$5K to \$10K.
- * The monetary limit for requiring the use of a formal bids was left at \$20K. Discussion needs to be undertaken regarding increasing this???
- * Section was included regarding "Legal and Ethical Concerns". Thorough discussion needed to assess.

Investments - Section VI

- * Essentially unchanged.
- * Section on Authorized Instruments was changed to specifically mention O.C.G.A. § 36-83-4.

Grants - Section VII

- * No longer states that ALL grants must receive Council authorization prior to application; only if grant is in excess of \$50K and/or if the grant requires expenditures for which there has been no budget allocation approved. Consideration needs to be provided to possibly raise this even further?
- * Verbiage regarding Circular A-133 was added to the policy, making sure that audit procedures are followed.

Asset Management - Section VIII

- * Essentially unchanged; mostly just boilerplate verbiage added
- * Disposition of assets that exceed \$1,000 in value will require Council approval; charter states \$500.

Risk Management - Section IX

- * New Section.
 - Loss prevention
 - Requirement of insurance
 - Require vendors to provide certificates of insurance.

Fund Balance and Reserves - Section X

- * Provides more detail on the use and need of F/B
- * Not a big change in principle.
- * Revised policy does establish the idea of maintaining a certain level of reserves to meet debt covenants.