

Mayor and Council Communication

DATE: 10/22/19

M&C FILE NUMBER: M&C 19-0260

LOG NAME: 13FY2020 FMPS

SUBJECT

Adopt Financial Management Policy Statements for Fiscal Year 2020 (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council adopt the attached Financial Management Policy Statements for Fiscal Year 2020.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to adopt updated Financial Management Policy Statements (FMPS) for the 2020 Fiscal Year.

The FMPS were initially adopted by the Mayor and City Council on January 15, 1994, and provide the foundation for financial management within the City of Fort Worth. Adoption of the FMPS comes under the auspices of the City's Charter, which outlines the need to adopt policies to administer and safeguard the City's financial resources.

The FMPS contain sections which provide policy-level guidance on such topics as revenues, expenditures, reserves, debt management, inter-fund loans, investments, grants, accounting, auditing, financial reporting and internal controls. Each topic comprises its own section of the overall policy document and is reviewed and recommended for update from time to time. The adoption of the revised policy is intended to replace/supersede all previously adopted financial policies.

The proposed changes to the FMPS for Fiscal Year 2020 include the following:

Revenue Receipting (Cash Handling) Policy:

- Added clarification relating to the departmental responsibility for providing the Financial Management Services Department with a roster of cash handlers within their departmental operation.
 - The FMS Treasury division is responsible for administrating the City's cash handler training so this information is necessary for record keeping purposes
- Added clarification relating to the timing of recording, reviewing, and approving deposits.
 - Clarification was added to establish these deadlines in terms of "business days"
- Updated the policy to reflect changes in the delivery of cash handling training.
 - The cash handling training is now solely provided in an online format. The new online format should improve the efficiency of delivering the training and reduce cost associated with travel to and from City Hall for the required training.
- Added more detailed instruction/requirements in the Liability for Loss section.
 - The additional detailed instruction was added in response to a recommendation from the Department of Internal Audit's Unannounced Cash Counts (Audit Project No. 2018.011_Jan) regarding what to do in the event any funds are lost or stolen.
- Changed instances of "Revenue Office" to "FMS Department".
 - This change gives the FMS Treasury division greater latitude to appropriately manage and administer this policy.

In addition, the attached policies include minor grammatical changes and updates including minor formatting changes.

Capital Expenditures and Improvements Policy:

- Deleted Section F (which relates to Non-Grant Capital Projects) in its entirety and replaced with clarified spending order for project funding sources.
- Revised Section G (which relates to Grant Capital Projects) to be consistent with updated language related to Section F changes.

Revised Section F to contain only one spending priority model. The order of spending priority is as follows:

- Priority One - Debt related funds – Oldest to Newest
- Priority Two - Outside restricted sources (in order listed below)
 - Non-Grant Interlocal Agreements
 - Cash Contributions
 - Developer Contributions
- Priority Three - Internally committed funding sources
 - e.g., Gas Royalties, Transfers
- Priority Four - Other funding sources that do not fall into the three above priorities

Revised Section G to follow the revised Section F and contain the following language:

- The spending priority identified in Section F for non-grant capital projects should generally be followed for grant funded projects, as long as the priorities and methodologies are consistent with the grant requirements. Where the grant requirements differ from the above identified City priorities, the grant priorities should prevail.

Red line copies of each of the revised policy statements accompany this Mayor and Council Communication along with a clean copy of the entire FMPS, including those changes.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that the Financial Management Policy Statements provide the foundation for strong fiscal management and this action will have no material effect on City funds.

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