

City of Tucson

Independent Audit and Performance Commission

May 2, 2012

Subject: Report to City Manager - Review of City of Tucson's *Comprehensive Financial Policies* Document

City Manager Richard Miranda:

Introduction

At the Independent Audit and Performance Commission's (IAPC) January 11th, 2012 meeting, the City's *Comprehensive Financial Policies (Policies)* document was discussed. Following the discussion, the Commission agreed to form a Subcommittee to review the document in greater detail. Commission member David Cormier was selected as Chair, with Commission members William Tilden and Michael McDonald also serving on the Subcommittee.

The Subcommittee met on January 27th, 2012, with Silvia Amparano, City Deputy Finance Director to review the document. The full IAPC approved the Subcommittee's report with one addition and the *Policies* document at the April 4th, 2012 Commission meeting (6-0 vote).

Subcommittee Review

The City Of Tucson's *Comprehensive Financial Policies* document contains policies and procedures intended to provide guidelines, oversight and safeguards in its management of the financial resources of the City. Staff has indicated that the document is, and will be, a work-in-progress over the coming years. However, the current document provides significant coverage of the City's financial goals and concerns with emphasis on the City's General Fund.

At the January 27th meeting, the document was reviewed in detail. The Subcommittee asked questions and provided suggestions to staff intended to improve the document's content, clarity and presentation. The final document reflects the Subcommittee's suggestions.

Recommendations

Recognizing the policy document is a work-in-progress, the following recommendations are made:

1. Over time, expand the policy document to more fully include policies for those funds of the City in addition to the General Fund.
2. Staff has indicated that the City is in the process of hiring a Treasury administrator and may outsource some or all of the investment functions currently outlined in the Cash Management and Investment Policy section of the document. If outsourcing occurs, it is recommended that the IAPC revisit policies within this area.
3. The City should consider better integrating Performance Measures into the financial planning process through programmatic budgeting. Developing such a programmatic approach to budgeting is a multi-year undertaking, which should not be started until the City has fully recovered from the effects of the Great Recession. A more feasible approach in the short term would be to identify critical goals that departments must achieve to be considered successful

and clearly specify the necessary financial and physical resources required. Each department should then report periodically on whether it is meeting the goals given the resources devoted to achieving them. The result would be a better-informed public, which in turn should lead to a better understanding of local government.

Acknowledgements

The Commission wishes to thank the Siliva Amparano for providing information and overall assistance with the Commission's review. Additional thanks go to Jane Prior, Internal Audit Manager for providing on-going support to the Commission.

Respectfully Submitted,



Michael McDonald
IAPC Chair

c: Kelly Gottschalk, Assistant City Manager
Andrew Quigley, Assistant City Manager
Silvia Amparano, Deputy Finance Director
Marie Nemerguth, Budget and Internal Audit Program Director