



**Resolution No. 2002-006**

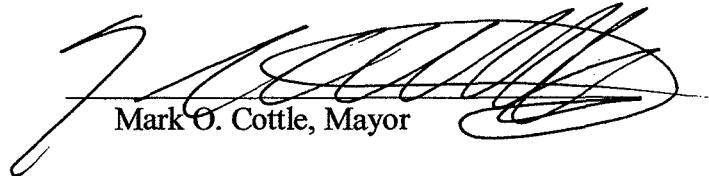
**A RESOLUTION ADOPTING THE FINANCE DEPARTMENT POLICY ON  
DELEGATE AUTHORITY FOR EXPENDITURES**

WHEREAS, policies for approval of expenditures need to be clarified and communicated;

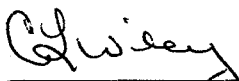
**NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:**

Section 1. The Finance Department policy titled "Delegated Authority for Expenditures", shown as Exhibit A to this resolution is adopted.

Duly passed by the City Council this 26th day of March 2002.

  
Mark O. Cottle, Mayor

ATTEST:



C.L. Wiley, City Recorder

**DEPARTMENT:** Finance  
**POLICY TITLE:** Delegated authority for expenditures  
**ORIGINATION DATE:** 3-4-02  
**REVISION DATES:**

**Purpose**

This policy is intended to:

- provide appropriate authority for and control of expenditures
- ensure compliance with local budget law

**Definitions**

*Capital project:* A group of related activities and/or purchases that result in the acquisition of a long-term asset for the City, such as land, land improvements, buildings, and infrastructure.

*Project budget:* The sum of all direct and indirect costs of a capital project, including costs for materials, consultants and contractors; City employees; City overhead; and an allowance for contingency. Project budgets can span multiple fiscal years.

*Adopted budget:* The annual budget and any changes adopted by the City Council. Changes are defined by Oregon budget law (ORS 245) and include budget reductions, resolution transfers, and supplemental budgets.

*Budgeted expenditure:* An expenditure which would not exceed the adopted budget or project budget.

*Unbudgeted expenditure:* A proposed expenditure which would exceed the adopted budget or project budget.

**Authorization of expenditures**

This policy defines authorization of expenditures, which is different from award of contracts and is therefore in addition to Local Contract Review Board Rules. Local Contract Review Board Rules require that the City Council approve awards of bids or proposals, which are by definition expenditures of \$75,000 or more. Contract rules apply to all awards, regardless of how the expenditure is defined per this policy. This policy deals with authorization of expenditures; authorization should occur before bids or proposals are requested.

Expenditures are to be authorized as follows.

<u>Authorization Required (c)</u>	<u>Budgeted</u>	<u>Unbudgeted</u>
City Council	\$50,000 or more	\$25,000 or more
City Manager	up to \$50,000	up to \$25,000
Directors (a)	up to \$10,000	up to \$2,000
Managers (b)	up to \$5,000	-

Notes:

- a Directors are those responsible for an appropriated budget. This includes the City Recorder, City Manager, Finance Director, Planning Director, Police Chief, Library Director, and Public Works Director.
- b Managers are those who have budgetary responsibilities delegated by Directors. This includes the Public Works Operations Manager, HR Manager, and Community Services Manager.
- c Authorization is not required for expenditures for which purchase orders are not required: payroll related expenditures, debt service, and utilities.

Staff authorizes expenditures by purchase order; Council authorizes by consent agenda.

Examples are:

1. A purchase order for a budgeted expenditure of \$8,000 needs to be signed by the appropriate Director, but not the City Manager.
2. A purchase order for an unbudgeted expenditure of \$26,000 needs to be signed by the Director, City Manager, and put on the Council consent agenda.

Note: The Finance Director signs all purchase orders.

Additional processes include:

- For expenditures requiring City Council authorization, the requestor is responsible for having the item placed on the consent agenda.
- All expenditures over \$25,000 per item approved by the City Manager will appear in the City Manager's weekly report to the Council.
- For new capital projects and increases in the fiscal year project budget, a project initiation form is to be completed.

### Compliance with budget law

Local budget law requires that actual appropriations not exceed budgeted appropriations. Appropriations, specified in the ordinance adopting the budget, are as follows for FY02:

- For the general fund (001): Council, Admin, Planning and Building, Finance, Police, Library, Performing Arts, Recreation and Events, Urban Renewal Support, Transfers Out, and Contingency;
- For the public works fund (002): Operations, Engineering, Transfers Out, and Contingency.
- For all other funds: personnel, materials and services, capital outlay, debt service, transfers out, and contingency.

Council approval is required to change appropriations; for example, to increase total expenditures for the Police department. Local budget law specifically requires that *any movement from the contingency budget to any other appropriation be done by resolution or ordinance.*

At levels other than the level of appropriations, management has discretion. Management may:

- move budgeted resources or uses among months

- increase and decrease individual revenue accounts within a fund, when the net effect is to leave the total unchanged
- increase and decrease individual expenditure accounts, when the net effect is to leave the total unchanged at the legal level of control (except, however, that payroll related expenditures cannot be changed without a personnel action form and attendant approvals)

If a proposed expenditure will exceed the budget at a level other than the level of appropriations, management must change the budget prior to issuing the purchase order or check. The process is to give the Finance Department a request for change, detailing the affected accounts; Finance will approve and post the change to the accounting software.

If a proposed expenditure will cause exceed appropriations, a change to the budget must be adopted by the City Council prior to expenditure. The process is to give the Finance Department a request for change, detailing the affected accounts; Finance will prepare the resolution for the City Council. To keep the process as simple as possible, budget resolutions will be proposed to the Council just twice a year, generally in January and June. If an expenditure needs to be made prior to adoption of a budget change, it must be paid from an existing appropriation.