



Office of the City Auditor
Policies and Procedures

Number: 1.1

Title: City Charter Article VII, Section 17
(Legal Mandate for City Auditor)

Original Date:

Revision Date:

Approved by:

1991

[Helen Niesner]

Purpose

The position of City Auditor is established in the City Charter, Article 7, Section 17. This section, a copy of which is attached, establishes rules of governance, such as appointment of the City Auditor by City Council, the reporting structure, and the auditing standards to be followed by the OCA.

ARTICLE VII. FINANCE.

§ 1. DEPARTMENT OF FINANCE.

There shall be a department of finance, the head of which shall be the director of finance. The director of finance shall be appointed by the city manager, shall have knowledge of municipal accounting and shall have had experience in budgeting and financial control. Said director shall provide a bond with such surety and in such amount as the council may require. The premium on such bond shall be paid by the city.

§ 2. DIRECTOR OF FINANCE — POWERS AND DUTIES.

The director of finance shall administer all financial affairs of the city, other than the assessment and collection of taxes. He or she shall have authority and be required to:

- (1) Maintain a general accounting system for the city government and exercise financial control over all offices, departments, and agencies thereof;
- (2) Certify as to the availability of funds for all proposed expenditures. Unless the Director of Finance shall certify that there is an unencumbered balance in the appropriation and funds available, no appropriation shall be encumbered and no expenditure shall be made;
- (3) Submit to the council through the city manager a monthly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the city;
- (4) Prepare, as of the end of the fiscal year, a complete financial statement and report.

Amendment note:

Section 2 appears as amended at the election of April 7, 1973.

§ 3. FISCAL YEAR.

The fiscal year of the city which began on January 1, 1953, shall end on December 31, 1953. The next succeeding fiscal year shall begin on January 1, 1954, and end on September 30, 1954, and shall constitute an interim fiscal period. After September 30, 1954, the fiscal year of the city shall begin on the first day of October and end on the last day of September of each calendar year. The fiscal year established by this section shall also constitute the budget and accounting year. As used herein the term "budget year" shall mean the fiscal year for which any budget is adopted and in which it is administered. All funds collected by the city during any fiscal year, including both current and delinquent revenues, shall belong to such fiscal year and, except for funds derived to pay interest and create a sinking fund on the

bonded indebtedness of the city, shall be applied to the payment of expenses incurred during such fiscal year. Any revenues uncollected at the end of any fiscal year shall become resources of the next succeeding fiscal year.

§ 4. INTERIM BUDGET.

The city manager shall submit to the council an interim budget which shall be prepared, as nearly as practicable, in accordance with the requirements for the budget document herein prescribed, for the interim fiscal period hereinabove established. Following the approval of such interim budget, the council shall enact such appropriation and other ordinances as may be necessary for the effectuation of such interim budget.

§ 5. THE BUDGET DOCUMENT.

The budget for the city government shall present a complete financial plan for the ensuing fiscal year, and shall consist of three parts as follows:

Part I shall contain:

(1) A budget message, prepared by the city manager, which shall outline his or her proposed fiscal plan for the city and describe significant features of the budget for the forthcoming fiscal period;

(2) A general budget summary which, with supporting schedules, will show the relationship between total proposed expenditures and total anticipated revenues for the forthcoming fiscal period and which shall compare these figures with corresponding figures for the last completed fiscal year and the year in progress.

Part II shall contain:

(1) Detailed estimates of all proposed expenditures, showing the corresponding expenditures for each item for the current fiscal year and the last preceding fiscal year with explanations of increases or decreases recommended;

(2) Detailed estimates of anticipated revenues and other income;

(3) Delinquent taxes for current and preceding years, with the estimated percentage collectible; and

(4) Statement of the indebtedness of the city, showing debt redemption and interest requirements, debt authorized and unissued, and conditions of the sinking funds.

Part III shall contain a proposed complete draft of the appropriation ordinance, the tax levying ordinance, and any other ordinances required to effectuate the budget.

§ 6. BUDGET PREPARATION AND ADOPTION.

At least thirty (30) days prior to the beginning of each budget year, the city manager shall submit to the council a proposed budget in the form required by this Charter. At the meeting of the council at which the budget is submitted, the council shall order a public hearing on the budget and shall cause to be published, at least ten (10) days prior to the date of such hearing, the time and place thereof. At the time and place so advertised the council shall hold a public hearing on the budget as submitted, at which all interested persons shall be given an opportunity to be heard. The budget shall be finally adopted not later than the twenty- seventh day of the last month of the fiscal year. Upon final adoption the budget shall be in effect for the budget year, and copies thereof shall be filed with the city clerk, the County Clerk of Travis County, and the state comptroller of public accounts. The final budget shall be reproduced and sufficient copies shall be made available for use of all offices, departments, and agencies of the city, and for the use of interested persons.

§ 7. WORK PROGRAMS AND ALLOTMENTS.

At the beginning of each fiscal year the head of each department or agency of the city government, upon the direction of the city manager, shall submit to the department of finance a work program for the year. Said work program shall include all appropriations for operation, maintenance, and capital outlays and shall indicate the requested allotments of such appropriations by months for the entire fiscal year. The city manager shall review the requested allotments, and, after such alteration or revision as he may deem necessary, authorize such for expenditure. Thereafter the department of finance shall authorize all expenditures for departments and agencies to be made from the appropriations on the basis of the approved allotments and not otherwise. The approved allotments may be revised during the fiscal year by the city manager, or upon application by the head of any department or agency and approval by the city manager, but in no event shall the aggregate of departmental or agency allotments exceed the appropriation available to such departments or agencies for the fiscal year. If, at any time during the fiscal year, the city manager shall ascertain that available revenues will be less than total appropriations for the year, he or she shall reconsider the work program and allotments of the departments and agencies and revise them so as to prevent the making of expenditures in excess of available revenues.

§ 8. APPROPRIATIONS.

No funds of the city shall be expended nor shall any obligation for the expenditure of money be incurred, except in pursuance of the annual or interim period appropriation ordinance provided by this Charter. At the close of each fiscal year any unencumbered balance of an appropriation shall revert to the fund from which appropriated and may be reappropriated by

the city council. The council may transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. The city manager shall have authority, without council approval, to transfer appropriation balances from one expenditure account to another within a single office, department, or agency of the city.

§ 9. DEPOSITORIES.

All monies received by any person, department, or agency of the city for or in connection with affairs of the city shall be deposited promptly in city depositories, which shall be designated by the council in accordance with such regulations and subject to such requirements as to security for deposits and interest thereon as may be established by ordinance. All checks, vouchers, or warrants for the withdrawal of money from the city depositories shall be signed by the director of finance or his or her deputy and countersigned by the city manager.

§ 10. GENERAL OBLIGATION BONDS.

The city shall have the power to borrow money on the credit of the city and to issue general obligation bonds for the acquisition of property for permanent public improvements or for any other public purpose not now or hereafter prohibited by the constitution and laws of the State of Texas. Except for the refunding of bonds previously issued, any proposition to borrow money and to issue such bonds shall first be approved by a majority of the qualified voters voting at an election called for the purpose of authorizing the issuance of such indebtedness. The ordinance calling such election and the manner of conducting the election shall conform in all respects to the general laws of the State of Texas.

Amendment note:

Section 10 appears as amended at the election of May 7, 1994.

§ 11. REVENUE BONDS.

The city shall have power to borrow money for the purpose of constructing, purchasing, improving, extending or repairing of public utilities, recreational facilities or facilities for any other self liquidating municipal function not now or hereafter prohibited by any general law of the state, and to issue revenue bonds to evidence the obligation created thereby. Such bonds shall be a charge upon and payable solely from the properties, or interest therein, acquired and the income therefrom, and shall never be a debt of the city. All revenue bonds issued by the city shall first be authorized by a majority of the qualified electors voting at an election held for such purpose. The council shall have authority to provide for the terms and form of any purchase agreement, contract, mortgage, bond or document desired or necessary for the issuance of revenue bonds and the acquisition and operation of any such property or interest.

§ 12. REVENUE BONDS FOR CONSERVATION.

In order to conserve the energy-producing resources, water resources, and wastewater treatment facilities of the city and, therefore, to save money of the city, the city shall have power to borrow money for the purpose of providing conservation facilities, including facilities to be owned or operated by persons other than the city, and to issue revenue bonds, notes or other obligation in evidence of such borrowing. Such bonds shall be a charge upon and payable solely from the public utilities referred to in the first paragraph of this Section 11 and the income therefrom, and shall never be a debt of the city. All revenue bonds or obligations shall be issued in accordance with applicable laws of the State of Texas. The council shall have the authority to provide for the terms and form of any purchase agreement, contract, mortgage, bond or document desired or necessary for the issuance of revenue bonds and the providing of any such resource conservation facilities.

Amendment note:

Section 12 was added by the election of January 19, 1985.

§ 13. SALE OF BONDS.

All bonds issued by the city shall be sold in accordance with state law.

Amendment note:

Section 13 appears as amended at the election of May 7, 1994.

§ 14. SINKING FUND.

It shall be the duty of the council to levy an annual tax sufficient to pay the interest on and provide the necessary sinking fund required by law on all outstanding general obligation bonds of the city. The interest and sinking fund shall be deposited in a separate account and shall not be diverted to or used for any other purpose than to pay the interest and principal on such bonds. The sinking fund maintained for the redemption of any debt may be invested in any interest bearing bonds of the United States government, the State of Texas, the County of Travis, or the City of Austin.

§ 15. PURCHASE PROCEDURE.

All purchases made and contracts executed by the city shall be pursuant to a written requisition from the head of the office, department or agency whose appropriation will be charged, and no contract or order shall be binding upon the city unless and until the director of finance certifies that there is to the credit of such office, department or agency a sufficient unencumbered appropriation balance to pay for the supplies, materials, equipment or contractual services for which the contract or order is to be issued. Before the city makes any purchase or contract for supplies, materials, equipment or contractual services, opportunity shall be given for competition unless exempted by state statute. The city manager shall have

the authority to contract for expenditures without further approval of the council for an expenditure that does not exceed forty-three thousand dollars annually. A contract or an amendment to a contract, involving an expenditure of more than forty-three thousand dollars annually must be expressly approved by the council. All contracts or purchases involving more than five thousand dollars (\$5,000.00) shall be let to the bid deemed most advantageous to the city after there has been an opportunity for competitive bidding; provided, however, that the council shall have the right to reject any and all bids. Contracts for personal or professional services shall not be let on competitive bids and each such contract, or amendment to a contract, involving more than forty-three thousand dollars annually shall be approved by the council. The city manager may not contract for personal or professional services under the manager's authority if the manager knows or reasonably should know that the contractor's full scope of work will exceed the limit of the manager's authority. The amount of the forty-three thousand dollar annual limitation shall be modified each year with the adoption of the budget to increase or decrease in accordance with the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average. The most recently published Consumer Price Index on May 4, 2002, shall be used as a base of 100 and the adjustment thereafter will be to the nearest one thousand dollars (\$1,000.00).

Amendment note:

Section 15 appears as amended in the May 4, 2002 election. This section was previously amended on January 19, 1985, and May 7, 1994.

§ 16. INDEPENDENT AUDIT.

At the close of each fiscal year, and at such other times as may be deemed necessary, the council shall cause an independent audit to be made of all accounts of the city by a certified public accountant. The certified public accountant so selected shall have no personal interest, directly or indirectly, in the financial affairs of the city or any of its officers. Upon completion of the audit, the results thereof shall be published immediately in a newspaper in the city of Austin and copies placed on file in the City Hall as a public record.

§ 17. CITY AUDITOR.

There shall be a city auditor who shall be appointed by the city council. The city auditor may be removed only by a majority of the city council. The auditor shall report to the city council through an audit committee of the council. The auditor shall have such duties, responsibilities and staff as determined by ordinance including the responsibility to conduct, or cause to be conducted, financial, performance, investigative, and other audits following government auditing standards as promulgated by the Comptroller

General of the United States. The city auditor shall assist the city council in establishing accountability and in improving city system and service delivery.

Amendment note:

Section 17 appears as amended at the election of May 4, 1991.