

CITY OF SIMI VALLEY • MEMORANDUM

DATE: February 23, 2007

TO: Mike Sedell, City Manager

FROM:  James Purtee, Director of Administrative Services

SUBJECT: PROPOSED REVISIONS TO CHECK REGISTER RATIFICATION PROCESS

Per your direction staff has researched the California Government Code and Municipal Code in regard to further streamlining the process for ratification of budgeted warrants and demands, i.e. check register approval, and is providing recommendations for modification of the current policy/process.

The Government Code has been modified several times over the years to provide government agencies flexibility in how budgeted warrants and demands are audited and ratified by their legislative body. In 1990, the City Council adopted Ordinance 726, modifying the process for signing checks and approving the register of warrants (check register). This ordinance references Sections 37203, 37208, and 37209 of the California Government Code and was adopted to: "reduce staff and Council Member workloads and lessen the turnaround time required for the City to pay vendors for goods and services received". Further, the City Council found that the procedural modifications allowed under the Government Code did not undermine the City's ability to account for and control the use of public funds.

The major procedural change brought about by adoption of Ordinance 726 was to allow for ratification of the check register by the City Council, after the checks were issued to vendors and payroll was completed. The Ordinance authorizes the City Manager to approve and pay all payroll warrants or checks drawn in payment of demands provided they were certified or approved by the City Manager as conforming to an approved budget, covered by appropriated and unencumbered funds of the City, and in compliance with law - except for those claims required by law to be approved by the City Council. Government Code Section 37208(b) authorized this process.


Government Code 37208(c) allows for budgeted payrolls and demands paid by warrants or checks to be presented to the City Council for ratification and approval in the form of an audited and Comprehensive Annual Financial Report (CAFR). The CAFR contains the independent auditor's report and opinion, and a summary of all budgeted funds and expenditures over the prior fiscal year. Therefore, there is no longer a legal requirement that the City Council approve the bi-monthly check register as an agenda item. The City Attorney's Office concurs with this determination. The issue is now a policy matter related to the level of fiscal control the City will exert to ensure that City funds are properly managed and expenditures are within approved budget amounts. With the fiscal controls now in place through the City's integrated financial management system, staff feels that there is no longer a need for ongoing ratification of the check register by the City Council, and guarantees are in place that all warrants are within City Council approved budget allocations.

Therefore, in order to further streamline the review process adopted under Ordinance 726, staff proposes that the City Manager or his designee review the check register in regard to conformance with the budget and availability of funds on a bi-monthly basis, and that the Director of Administrative Services be authorized to modify the CAFR as necessary to allow for ratification and approval of the expenditures for the fiscal year in summary form for annual ratification by the City Council.

Fiscal Impact

Approval of the proposed policy modification will reduce the number of staff hours devoted to preparation of the check register for City Council review on a bi-monthly basis while allowing for the same review by the City Manager, as well as reducing the hard costs for document preparation and copying. This will result in enhanced customer service and cost savings to the City, as staff will be able to perform other duties.

Approved Not Approved



Mike Sedell
City Manager

2/26/07
Date

- cc: City Council
- City Attorney
- Department Heads

GOVERNMENT CODE

SECTION 37201-37210

37201. Demands against the city for money or damages are governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title 1, except as provided therein, or by other statutes or regulations expressly applicable thereto.

37202. Except as provided in Section 37208, the legislative body shall approve or reject demands only after such demands have been audited in the manner prescribed by ordinance or resolution. Such audited demands may be submitted separately or a register of audited demands may be submitted to the legislative body for approval or rejection and shall have attached thereto the affidavit of the officer submitting the demands certifying as to the accuracy of the demands and the availability of funds for payment thereof.

37203. Upon allowing a demand or approving a register of audited demands, the mayor shall draw a warrant or warrants upon the city treasurer specifying the purpose for which drawn and the fund from which payment is to be made. The city clerk shall countersign the warrant. The legislative body, by ordinance or resolution, may prescribe an alternative method of drawing warrants and checks.

37204. When an order or demand is not approved for want of funds and its amount does not exceed the income and revenue for the year in which the indebtedness was incurred, the city clerk shall endorse on it; "Not approved for want of funds," with the date of presentation and his signature.

37205. The clerk shall number the endorsement, register the order or demand in his records, and deliver it to the claimant, or his order. From delivery the order or demand bears interest at 6 percent a year. Orders or demands shall be paid in the order they are registered.

37206. By ordinance or resolution, the legislative body shall prescribe the time and method of paying salaries and wages of officers and employees.

37207. Department heads shall certify or approve departmental pay rolls or attendance records for employees in their departments. The city clerk shall certify or approve pay rolls or attendance records of other officers and employees.

6001

ORDINANCE NO. 726

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SIMI VALLEY
AMENDING SECTIONS 2-2.08 and 3-6.02 OF THE SIMI VALLEY
MUNICIPAL CODE RELATING TO CHECK SIGNATURES AND WARRANT
REGISTER APPROVAL

WHEREAS, Sections 37203, 37208, and 37209 of the State of California Government Code permit General Law cities to establish procedures for the approval and signing of warrants and/or checks; and

WHEREAS, it has been determined that modifications to the City's current procedures for the approval of warrant registers and the signing of checks would reduce staff and Council Member workloads and would lessen the turnaround time required for the City to pay vendors for goods and services received; and

WHEREAS, the proposed procedural modifications will not undermine the City's ability to account for and control the use of public funds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SIMI VALLEY DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 2-2.08 of the Simi Valley Municipal Code is hereby amended to read as follows:

"The Finance Director is hereby authorized to approve and pay all claims certified or approved by him as conforming to a budget approved by ordinance or resolution and to be covered by appropriated and unencumbered funds of the City and to be in compliance with law, except for those claims required by law to be approved by the Council. The signatures of the Mayor and the General Services Director shall be required upon all checks, drafts, or warrants issued for and on behalf of the City. The Mayor is hereby authorized to use a facsimile signature on checks, drafts, or warrants of the City in lieu of the Mayor's personal signature. The General Services Director is hereby authorized to use a facsimile signature on checks, drafts, or warrants of the City, for amounts of \$10,000 or less, in lieu of the Director's personal signature.

SECTION 2. Section 3-6.02 of of the Simi Valley Municipal Code is hereby amended to read as follows:

"The following procedure shall be used to draw warrants and/or checks for the payment of salaries or material demands against the City:

- (a) The Finance Director is hereby authorized to approve and pay all payroll warrants or checks drawn in payment of demands certified or

approved by him or her as conforming to a budget approved by ordinance or resolution of the Council and to be in compliance with law, except for those claims required by law to be approved by the Council.

- (b) Warrants, checks, or drafts shall not be drawn or evidence of indebtedness issued unless there is sufficient money in the City treasury legally applicable to the payment of such warrants and/or checks, except as provided by law.
- (c) The signatures of the Mayor and the General Services Director shall be required upon all checks, drafts, or warrants issued for and on behalf of the City. The Mayor is hereby authorized to use a facsimile signature on checks, drafts, or warrants of the City in lieu of the Mayor's personal signature. The General Services Director is hereby authorized to use a facsimile signature on checks, drafts, or warrants of the City, for amounts of \$10,000 or less, in lieu of the Director's personal signature. Such warrants or checks shall be distributed by the City Clerk to the claimants legally entitled thereto. All warrants, checks, or drafts shall be filed in numerical order by the City Clerk.

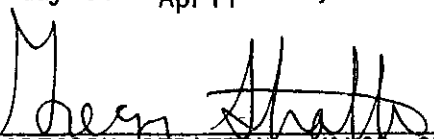
SECTION 3. The City Clerk shall cause this Ordinance to be published at least once in a newspaper of general circulation, published and circulated in the City within fifteen (15) days after its passage, in accordance with Section 36933 of the Government Code; shall certify to the adoption of this ordinance and shall cause a certified copy of this ordinance, together with proof of publication, to be filed in the Office of the City Clerk of this City.

SECTION 4. This ordinance shall go into effect and be in full force and effect as 12:01 a.m. on the thirty-first (31st) day after its passage.

PASSED and ADOPTED this 9th day of April, 1990.

ATTEST:



 Myrna Katsch
 Deputy City Clerk

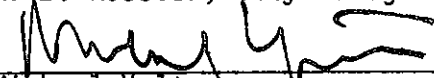

 GREGORY STRATTON, MAYOR OF THE CITY
 OF SIMI VALLEY, CALIFORNIA

APPROVED AS TO FORM:


 John Torrance, City Attorney

APPROVED AS TO CONTENT:


 M. L. Koester, City Manager


 Michael Yelton
 General Services Director

I, Deputy City Clerk of the City of Simi Valley, California, do hereby certify that the foregoing Ordinance No. 726 , was regularly introduced and adopted by the City Council of the City of Simi Valley, California, at a regular meeting thereof held on the 9th day of April, 1990 by the following vote of the City Council:

AYES: Council Members Davis, Rock, Mayor Pro
Tem McAdoo, and Mayor Stratton

NAYS: Council Member Howard

ABSENT: None

ABSTAINED: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Simi Valley, California, this 10th day of April, 1990.



DEPUTY CITY CLERK OF THE CITY OF
SIMI VALLEY, CALIFORNIA



CITY ATTORNEY'S OFFICE

Council Meeting Date: February 25, 2003
Staff Report #: 03-031

Agenda Item #: D4

CONSENT CALENDAR: Introduction of an Ordinance of the City of Menlo Park Repealing Section 2.04.060 of Chapter 2.04 of the Menlo Park Municipal Code Pertaining to Approval of Bills and Claims

RECOMMENDATION

It is recommended that the City Council approve an Ordinance repealing Section 2.04.060 of Chapter 2.04.

BACKGROUND

Section 2.04.060 of Chapter 2.04 pertains to the approval of bills and claims by the City Council.

ANALYSIS

Pursuant to revisions to Government Code section 37208, the City of Menlo Park is not required to continue its after-the-fact consent approval process following each delivery of payment by warrants or checks for budgeted payroll and audited bills. Instead, such payments may now be presented to the Menlo Park City Council for ratification and approval annually in the form of an audited comprehensive annual financial report. While Menlo Park's current practice is not uncommon, many cities, including Fairfield, have adopted the more efficient process of ratification and approval in the form of an annual report. If this ordinance is approved, the Finance Department will prepare an annual report as required for review and approval of the Council.

IMPACT ON CITY RESOURCES

This will save a minor amount of time and money spent in preparing and copying reports for approval by the Council and will remove this routine matter from the Council Consent Agenda.

POLICY ISSUES

None.

ENVIRONMENTAL REVIEW

None

WILLIAM L. MCCLURE, City Attorney

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS Ordinance

ORDINANCE NO.

AN URGENCY ORDINANCE OF THE CITY OF DAVIS APPROVING AND ADOPTING FINAL BUDGET OF THE CITY OF DAVIS FOR THE FISCAL YEAR 2006-07, PROVIDING FOR THE POST-AUDITING OF PAID DEMANDS CERTIFIED OR APPROVED AS CONFORMING TO SUCH APPROVED BUDGET AND DETERMINING THE APPROPRIATIONS LIMIT OF THE CITY OF DAVIS PURSUANT TO ARTICLE XIII-B OF THE STATE CONSTITUTION

THE CITY COUNCIL OF THE CITY OF DAVIS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The Operating Budget of the City of Davis for the fiscal year 2006-07 (a summary of which is attached hereto, marked Exhibit A), the Debt Service Budget of the City of Davis for the fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit B), the Capital Improvement Budget of the City of Davis for the fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit C, the Redevelopment Agency Budget of the City of Davis for the fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit D), the Schedule of Positions of the City of Davis for fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit E), the Summary of Citywide Adjustments and Fund Transfers for the fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit F), the Schedule of Changes and Additions to the Budget of the City of Davis for the fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit G), the summary of the Total Appropriation Budget for All Funds for the fiscal year 2006-07 (a copy of which is attached hereto marked Exhibit H), and the rollover of all prior year unspent encumbrances, and made parts hereof, are hereby adopted and approved, subject to the Planning Commission's review and finding of General Plan consistency of the proposed Capital Improvement Program.

SECTION 2. City and the Redevelopment Agency have determined that the expenditures from the Agency's Low and Moderate Income Housing Fund (Fund 954) for planning and administrative activities are necessary for the production, improvement, or preservation of low- and moderate-income housing. Agency administrative costs are within the range of reasonable administrative costs used for state and federal programs and are proportionate to the number of affordable units produced, on average.

SECTION 3. Pursuant to Section 37202 of the Government Code of the State of California, demands against the City for money or damages shall be audited by the Finance Director, and thereafter submitted by the City Manager to the City Council for approval or rejection prior to payment, either separately or in a register of audited demands, and shall have attached thereto an affidavit or certificate of the Finance Director certifying as to the accuracy of the demands and the availability of funds for payment thereof. Pursuant to Section 37208 of the California Government Code, however, properly approved and certified payroll checks need not be audited by the City Council prior to payment when such payrolls are presented to the City Council for ratification and approval at their first meeting after delivery of the checks. Pursuant to Section 37208 of the Government Code of the State of California, prior City Council ratification is not required for checks drawn and delivered in payment of demands certified or approved by the Finance Director as conforming to the authorized expenditures set forth in the attached budget documents as they may be amended or modified pursuant to Section 4 and 5 of the Ordinance. Pursuant to Section 37208 of the Government Code of the State of California, budgeted payrolls and demands may be presented to the City Council by the City Manager for ratification and approval in an audited comprehensive annual financial report.

SECTION 4. Except as specified in Section 5, total expenditures and additions to reserve for any fund during fiscal year 2006-07 may not exceed the total appropriations from that fund as set forth in the attached budget documents without specific additional appropriation by the City Council.

Appendix D

SECTION 5. Notwithstanding the limitations in Section 4, appropriations from any fund may be increased by an amount not to exceed \$10,000 for each appropriation action and a combined total of \$50,000 for all such appropriation actions in a calendar quarter upon approval by the City Manager and City Treasurer. The amount and purpose of each such additional appropriation must be included in a report to the City Council at least quarterly. Within any specific fund appropriation set forth in the attached budget documents, sums may be transferred from one department to another in the Operating Budget, and a maximum sum of \$15,000 may be transferred from one project to another project in the Capital Improvement Budget, upon approval by the City Manager and the City Treasurer.

SECTION 6 The City Treasurer is hereby authorized and directed to cause to be transferred, at such times as are appropriate, those amounts designated as transfers in the budget, in consideration of the balances of funds affected and the fact of services furnished or expenses incurred. The City Treasurer is further authorized to make transfers of money from the funds approved in the budget as sources of revenues for programs to the Capital Improvement Clearing Fund and the Encumbrances Fund, and is further authorized to make temporary transfers of money from and to other funds as necessary to provide a cash flow to meet requirements for disbursements.

SECTION 7 The City Council of the City of Davis does hereby find the appropriations limits of the City for Fiscal Years 2005-06 and 2006-07 as defined by Article XIII-B of the State Constitution to be \$45,892,305 and \$48,416,381 respectively. These are temporary findings pending the receipt of more specific assessed value information regarding non-residential property in the City of Davis. Growth in such assessed value is an optional factor in computing the growth in the City's appropriation limit and is not currently available from the Yolo County Auditor. In the absence of such information, the City has chosen to calculate growth based on the change in California Per Capita Income and the percent change in population for Yolo County. When more specific information is received, the City Council may adopt revised findings. Based on these provisional findings the approved Budget is within the City's 2005-06 and 2006-07 Article XIII-B appropriations limit.

SECTION 8 This ordinance, being an ordinance relating to taxes for the usual and current expenses of the City, shall take effect immediately upon adoption, and shall be published once in the "Davis Enterprise," a newspaper of general circulation, printed, published and circulated in said City of Davis.

PASSED AND ADOPTED this 20th of June, 2006 by the Davis City Council and the Davis Redevelopment Agency by the following vote:

DAVIS CITY COUNCIL

AYES:

NOES:

DAVIS REDEVELOPMENT AGENCY

AYES:

NOES:

ATTEST:

MARGARET ROBERTS

City Clerk

Exhibits may be viewed at the City Clerk's Office,
23 Russell Blvd., Davis, CA 95616

AN URGENCY ORDINANCE OF THE CITY OF DAVIS APPROVING AND ADOPTING FINAL BUDGET OF THE CITY OF DAVIS FOR THE FISCAL YEAR 2002-03, PROVIDING FOR THE POST-AUDITING OF PAID DEMANDS CERTIFIED OR APPROVED AS CONFORMING TO SUCH APPROVED BUDGET AND DETERMINING THE APPROPRIATIONS LIMIT OF THE CITY OF DAVIS PURSUANT TO ARTICLE XIII-B OF THE STATE CONSTITUTION

THE CITY COUNCIL OF THE CITY OF DAVIS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The Operating Budget of the City of Davis for the fiscal year 2002-03 (a summary of which is attached hereto, marked Exhibit A), the Debt Service Budget of the City of Davis for the fiscal year 2002-03 (a copy of which is attached hereto marked Exhibit B), the Capital Improvement Budget of the City of Davis for the fiscal year 2002-03 (a copy of which is attached hereto marked Exhibit C, the Redevelopment Agency Budget of the City of Davis for the fiscal year 2002-03 (a copy of which is attached hereto marked Exhibit D), the Schedule of Positions of the City of Davis for fiscal year 2002-03 (a copy of which is attached hereto marked Exhibit E), the Summaries of Changes and Additions to the Budget of the City of Davis for the fiscal year 2002-03 (a copy of which is attached hereto marked Exhibits F and G), and the rollover of all prior year unspent encumbrances, and made parts hereof, are hereby adopted and approved, subject to the Planning Commission's review and finding of General Plan consistency of the proposed Capital Improvement Program.

SECTION 2. Pursuant to Section 37202 of the Government Code of the State of California, demands against the City for money or damages shall be audited by the Finance Director, and thereafter submitted by the City Manager to the City Council for approval or rejection prior to payment, either separately or in a register of audited demands, and shall have attached thereto an affidavit or certificate of the Finance Director certifying as to the accuracy of the demands and the availability of funds for payment thereof. Pursuant to Section 37208 of the California Government Code, however, properly approved and certified payroll checks need not be audited by the City Council prior to payment when such payrolls are presented to the City Council for ratification and approval at their first meeting after delivery of the checks. Pursuant to Section 37208 of the Government Code of the State of California, prior City Council ratification is not required for checks drawn and delivered in payment of demands certified or approved by the Finance Director as conforming to the authorized expenditures set forth in the attached budget documents as they may be amended or modified pursuant to Section 3 and 4 of the Ordinance. Pursuant to Section 37208 of the Government Code of the State of California, budgeted payrolls and demands may be presented to the City Council by the City Manager for ratification and approval in an audited comprehensive annual financial report.

1988
Uses
Roll-up in
CAFR as
approval

SECTION 3. Except as specified in Section 4, total expenditures and additions to reserve for any fund during fiscal year 2002-03 may not exceed the total appropriations from that fund as set forth in the attached budget documents without specific additional appropriation by the City Council.

SECTION 4. Notwithstanding the limitations in Section 3, appropriations from any fund may be increased by an amount not to exceed \$10,000 for each appropriation action and a combined total of \$50,000 for all such appropriation actions in a calendar quarter upon approval by the City Manager and City Treasurer. The amount and purpose of each such additional appropriation must be included in a report to the City Council at least quarterly. Within any specific fund appropriation set forth in the attached budget documents, sums may be transferred from one department to another in the Operating Budget, and a maximum sum of \$15,000 may be transferred from one project to another project in the Capital Improvement Budget, upon approval by the City Manager and the City Treasurer.



SECTION 5. The City Treasurer is hereby authorized and directed to cause to be transferred, at such times as are appropriate, those amounts designated as transfers in the budget, in consideration of the balances of funds affected and the fact of services furnished or expenses incurred. The City Treasurer is further authorized to make transfers of money from the funds approved in the budget as sources of revenues for programs to the Capital Improvement Clearing Fund and the Encumbrances Fund, and is further authorized to make temporary transfers of money from and to other funds as necessary to provide a cash flow to meet requirements for disbursements.

SECTION 6. The City Council of the City of Davis does hereby find the appropriations limits of the City for Fiscal Years 2001-02 and 2002-03 as defined by Article XIII-B of the State Constitution to be \$ 38,235,267 and \$38,579,384 respectively. These are temporary findings pending the receipt of more specific assessed value information regarding non-residential property in the City of Davis. Growth in such assessed value is an optional factor in computing the growth in the City's appropriation limit and is not currently available from the Yolo County Auditor. In the absence of such information, the City has chosen to calculate growth based on the change in California Per Capita Income. When more specific information is received, the City Council may adopt revised findings. Based on these provisional findings the approved Budget is within the City's 2002-03 Article XIII-B appropriations limit.

SECTION 7. This ordinance, being an ordinance relating to taxes for the usual and current expenses of the City, shall take effect immediately upon adoption, and shall be published once in the "Davis Enterprise," a newspaper of general circulation, printed, published and circulated in said City of Davis.

PASSED AND ADOPTED this 26th day of June, 2002, by the following vote:

AYES:

NOES:

ABSENT:

SUSIE BOYD
Mayor

ATTEST:

BETTE RACKI
City Clerk

Exhibits may be viewed at the City Clerk's Office,
23 Russell Blvd., Davis, CA 95616