



Memorandum

TO: Rules Committee

FROM: Councilmember Cortese

SUBJECT: City Council Spending Policy

DATE: October 4, 2006

Approved *AC for Dore Cortese*

Date *10.4.06*

RECOMMENDATION

Rules Committee, at their next possible meeting consider the following when formulating a recommendation to City Council regarding a City Council Spending Policy:

- 1) All requests for petty cash requests/advances must have sign-off of the requesting Councilmember in order to be processed.
- 2) City Manager and City Attorney should add one FTE to the City Attorney's Office who would be domiciled in the City Clerk's Office and whose sole responsibility would be to review the legality of City Council Office financial practices and requests for reimbursement, as well as review all HP Grant requests, etc.
- 3) City Council should approve the retention of an outside auditor to perform an immediate (and future regular management audits) of City Council Office financial practices. The outside auditor should as soon as possible prepare a management letter with recommendations for cash management controls to be presented to the Rules Committee and the City Council based on GAAP.
- 4) Members of Council found to have violated any adopted City Council Spending Policy will be subject to fines correlated to the misappropriated amount. It is suggested that a fine be established as treble damages, three times the misappropriated amount.

BACKGROUND

Per Council's actions yesterday, the Rules Committee has been asked to work with staff to develop a policy to govern City Council Office budget spending practices. It is obvious that closer oversight and codified rules for allowable uses of the Council budget is needed as well as some immediate professional assistance in creating new controls based on GAAP. Any Spending Policy should work in concert with the City's Ethics Policy in determining the appropriateness of allowable expenditures and the intent for which expenditures are being made.