

Reply to Common Council File No. 061326
From DOA-Budget and Management Division

February 19, 2007

Ref: 07026

Common Council File Number 061326 is an ordinance that changes budgeting and accounting procedures for grant projects and programs. The ordinance would limit the expenditures that can be charged to a major street or bridge improvement grant and that exceed the amount authorized for city share without requesting additional authorization from the budget and management division.

Current ordinances allow expenditures charged to a major street and bridge improvement grant to exceed the amount authorized for city share by a maximum of 10% of the total cost or \$5,000, whichever is greater. The department does not need to request additional budget authorization for the project unless the 10% threshold is exceeded.

The proposed ordinance would change this procedure to limit the amount of expenditures that can be in excess of the amount authorized to a maximum of 10% or \$150,000. If the dollar amount exceeds \$150,000 but is less than 10% of total project costs, the department would have to request additional budget authorization.

The purpose is to establish stronger financial controls over the amount of over-expenditure in street and bridge grant-funded projects. For projects with large budgets, the current 10% maximum threshold is not stringent enough to ensure appropriate oversight of project expenditures.

RECOMMENDATION: APPROVE FILE 061326.

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ECP:dmr

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