

# CITY OF BAY CITY



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CITY MANAGER

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MAYOR

BLAYNE FINLAY  
BRAD WESTORELAND

## CITY COUNCIL

JIM FOLSE  
MAYOR PRO TEM

FLOYCE BROWN  
BECCA SITZ

## FINANCIAL POLICY AND PROCEDURES

### INTRODUCTION

The purpose of financial management policies is to provide sound guidelines in planning the City's financial future. The City of Bay City considers the expenditure of funds to be an important responsibility and requires all persons involved with the purchase of goods or services to exercise good judgment in spending taxpayers' money.

### SCOPE OF AUTHORITY

The Director of Finance under the direction of the City Manager is responsible for the expenditure of all City funds.

### Financials

#### A. Bank Depository

The City maintains funds in two Banks designated as its depositories for banking services. The City Council reviews the selection every three years unless circumstances deem otherwise.

#### B. Accounts Payable

All checks, vouchers, or warrants for the withdrawal of money from the city depository shall be signed by the Director of Finance, or his/her deputy, and countersigned by the Mayor or Mayor Pro Tem. All checks require two authorized signatures. No exceptions.

#### C. Accounting

The Director of Finance is responsible for establishing the structure for the City's Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City's financial position. The Director of Finance shall provide financial reports to the City Council quarterly.

#### D. Audit of Accounts

An independent audit of City accounts is performed annually. The Auditor is retained by and is accountable directly to the City Council. The City Council reviews the selection annually unless circumstances deem otherwise.

#### E. Internal Controls

Whenever possible, written procedures will be established, maintained, and assessed per 2 CFR 200.303 by the Director of Finance for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.

Whenever possible, the City ensures duties and responsibilities are segregated so that no one individual has complete authority over a financial transaction.

## **PROCEDURES FOR DISBURSEMENT OF CITY FUNDS**

### **1. Input Invoice into Record Keeping System**

The City of Bay City uses the Tyler Technology system for tracking invoices. A purchase order is issued once the Finance Department receives a purchase requisition and then prepares a purchase order which is entered into the Accounts Payable computerized accounting system where purchase orders, vendor and invoices can be tracked. All checks and invoices are accounted for and summarized in the monthly and quarterly financial statements.

### **2. Review of Invoices**

The Finance Office reviews invoices, ensures proper coding on the invoice, and reviews for authorized approvals of each invoice. The Finance office then issues checks for the invoices through secured electronic signature of the Mayor and Finance Director.

### **3. Timeline for Payment**

The City of Bay City's standard timeframe for issuing payment is net 30 days. Grant payments are made within 5 days from receiving funds if the invoice was not paid prior to any federal funds being deposited.

### **4. Issue Payment**

The Finance Director and Mayor are authorized to sign checks that are prepared by the Accounts Payable Clerk. Two signatures are required on all checks. A check register is submitted to City Council for approval at least quarterly.

### **5. Payment Reconciliation**

The Finance staff reconciles the bank statements monthly with approval of the Finance Director.

### **6. Record Keeping**

The Finance staff documents all expenditures. These records are available for inspection and review for as long as retention of these records are required by State or Federal Law. A copy of the check, purchase order, requisition and invoices are kept together in the vendor file by the Accounts Payable Clerk.

## **PROCEDURES FOR GRANT PAYMENTS**

1. Invoice is received and, if necessary, a request for payment is prepared by grant consultant and proper signatures obtained from Mayor, City Manager, and/or, Finance Director as authorized in original grant approval. The Finance staff reviews the invoice and compares it to the grant budget.
2. Invoice must be approved by the Director of Finance and City Department Head that is involved in the grant implementation. Approval is acknowledged by initialing the original invoice or through Council action.
3. Once grant funds are received and invoice approval acknowledged by signature on the original invoice, a demand check is entered into the system by the Finance Director's office, then printed and disbursed by the Accounts Payable Clerk. Both Mayor and Finance Director signature appear on the approved checks. Checks are then disbursed to the appropriate vendors. The Finance Director is responsible for ensuring that checks are signed and disbursed within five (5) calendar days for the Texas Department of Agriculture and three (3) calendar days for the Texas General Land Office of receiving grant funds.
4. Copies of the request for payment, invoice, canceled check copy and bank statement showing receipt of grant money is retained in the grant file in the Director of Finance office.

The City Manager and Finance Director authorize payments and issuance of checks. Two signatures are required on each check by the Director of Finance, or his/her deputy, and countersigned by the Mayor or Mayor Pro Tem. The Finance staff is responsible for reconciling the monthly bank statements.

**CASH MANAGEMENT AND DISBURSEMENT - TIMELY EXPENDITURES**

The City shall make timely payments to vendors and minimize the time between transferring funds from the State Treasury and disbursement of funds to vendors in compliance with the terms and conditions of the federal contract, grant, regulation, or statute.

To ensure vendor compliance, invoices/pay applications/pay estimates will be reviewed for accuracy for such items but not limited to change order approvals, outstanding lien/payments to subcontractors, labor standards, and verification of work completed as invoiced prior to disbursement or request for funds from State Agency. The City shall notify a vendor of an error in an invoice submitted for payment by the vendor.

**ADVANCE PAYMENT PROCEDURES**

All advanced payments using federal grant funds will be disbursed within five (5) business days from the date of the transfer of funds in accordance with 2 CFR 200.305(b), and in accordance with the provisions in the contract with the vendor.

Advance payments of federal grant funds will be deposited and maintained in a separate general ledger/fund account. The City will maintain advance payments of federal awards in interest-bearing accounts, unless one or more of the following apply: City receives less than \$120,000 in Federal awards per year; the City is not expected to earn interest in excess of \$500 per year on Federal cash balances; or the depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources. (2 CFR 200.302(b)(6) and 200.305)

These Policies and Procedures are implemented through of the City of Bay City’s administrative team of:

City Manager- Shawna Burkhart

Director of Finance- Scotty Jones

These Policies and Procedures are passed and approved by the City of Bay City through the City Council on December 6, 2022.

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Robert K. Nelson, Mayor  
City of Bay City

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Date