



**FINANCE DEPARTMENT**

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DATE: August 2, 2022  
TO: Finance & Administration Committee  
City Council  
FROM: Jen Ferguson, Finance Director  
SUBJECT: Comprehensive Financial Management Policy Update Project

The purpose of this memo is to provide an overview of the comprehensive financial policy update project. The expected outcome is for the city council to adopt updated financial policy that is comprehensive, modern, based on optimal practices and creates a consolidated fiscal guidance manual that replaces multiple, single topic policies and SMC.

Comprehensive financial management policy serves as an operational guideline and basis for management and staff to crystallize strategic intents for dealing with fiscal vitality and to support the city council's future strategic plan which is a long-term plan with priorities, goals, objectives, and action items. The city council sets forth the authorities, responsibilities, and accountability requirements of those participating in the operations of Snoqualmie city government at all levels of the organization.

The following is a list of guiding objectives for the city council to consider as we discuss new and updated financial policy:

- Establish good fiscal management practices
- Clarify strategic intents for fiscal management
- Define boundaries and balance
  - Control over courses of action taken by management
  - Flexibility for management to exercise discretion to carry-out policy
- Support good bond ratings
- Promote long-term and strategic thinking
- Manage risks to financial condition
- Implement established public management best practices

A collaborative approach is our goal, in updating and developing a new financial policy document that contains acceptable and unacceptable courses of action, establishes parameters in which the city may operate and provides a standard for safeguarding city financial resources and practices.

This effort was expected to occur over a 3-month period; however, is being extended due to the significant workplan of the city council, council committees and city administration. On April 25, 2022, the City Council approved a 2023-2024 Biennial Budget Development Calendar of meetings, which include both F&A Committee meetings, special budget workshop meetings and regular City Council meetings that pertain to financial policy updates. The budget calendar was recently amended on July 25, 2022.

## **Policies vs procedures**

Financial policy is guidelines for financial decision making; whereas financial procedures cover the detailed steps needed for management to accomplish business processes. Procedures complement policy because they align the day-to-day work performed by staff. Often, and in various Snoqualmie existing policies or code, policy and procedures are blended. This comingling may lead to unclear policy and weaken the underlying principles or goal of the policy and shift from policy governance to potential duplication of management responsibilities. The proposed financial management policy seeks to separate policy and procedures.

### **Financial policy evaluation and updates include the following steps:**

- **Review existing financial policies** (see Current Policies and Code)
  - Existing financial policy is in many forms from Snoqualmie Municipal Code, a policy document last updated in 2008 and a number of separate policy documents pertaining to a single topic. These policy documents and code excerpts have been combined into one document for review. (See exhibit 2)
- **Review proposed, updated Financial Management Policy** (see Proposed Policy)
  - A proposed policy document has been prepared which establishes financial principles, priorities, objectives, benchmarks, targets, and overall management guidance.
  - The new policy is expected to be adopted by the city council and would replace current, old policies. Some SMC would be expected to be repealed or updated. (See exhibit 3)
  - A comparison matrix has been prepared to assist with comparing current policies and code with the proposed new consolidated and comprehensive policy. There is no easy way to compare old policies to the new. (See exhibit 4)