



Agenda Item Report

Legislative Board: City Council
Date: May 5, 2026
Contact: Bianca Redmon
Agenda Item ID / Number: 2026-395- / K.6

ITEM TITLE: Deliberation and possible action to adopt a Resolution approving revisions to the Comprehensive Financial Management Policy (Finance Director Bianca Redmon) [PUBLIC TESTIMONY]

1. EXECUTIVE SUMMARY

The Finance Department has completed a review and update of the City's Comprehensive Financial Management Policy. This policy serves as the City's foundational framework for responsible fiscal operations, aligning with Government Finance Officers Association (GFOA) best practices.

The revised policy addresses two related but distinct areas:

Purchasing Authority: increases the City Manager approval threshold from \$15,000 to \$50,000 for applicable purchases.

Change Order Authority: establishes authority for the City Manager or designee to approve individual change orders up to \$50,000, subject to cumulative limits and Council approval requirements.

The proposed revisions align with current statutory requirements and reflect the City's evolving operational needs.

Staff recommends approval of the revised policy to strengthen financial stewardship, enhance transparency, and support efficient service delivery.

2. BACKGROUND/HISTORY

The Comprehensive Financial Management Policy was last formally updated in August 2025 with a comprehensive review.

Additionally, a recent procurement audit identified opportunities to strengthen clarity and compliance within the City's procurement processes.

Procurement Audit – City Manager Authority

The audit noted that:

- Current procedures grant the City Manager broad, centralized authority over procurement functions

- While this structure supports oversight, it can limit efficiency and flexibility in day-to-day operations
- Department Directors are already managing significant financial activity in practice, but their authority is not formally defined in policy

Based on these findings, the audit recommended:

- Revising policy language so the City Manager retains supervisory oversight, rather than direct day-to-day authority
- Clarifying that financial administration responsibilities are shared with Department Directors and Purchasing
- Enhancing transparency through regular reporting (monthly or quarterly) on procurement activity, compliance, and audit results

Staff has begun implementing operational improvements consistent with these recommendations, including strengthening contract routing processes and clarifying departmental roles. For example:

- Contracts under \$100,000 are being routed through Department Directors
- Contracts requiring formal solicitation continue to be routed through Purchasing
- The City Manager (or designee) continues to execute contracts, ensuring oversight and accountability

Procurement Audit – Change Order Authority

The audit further identified opportunities to clarify change order authority:

- Existing language did not clearly distinguish whether the \$50,000 threshold applied to individual or cumulative change orders, creating ambiguity regarding when City Council approval is required
- Certain procedures were described as “guidelines,” which may create inconsistency with Texas Local Government Code Chapter 252, where compliance is required

The audit recommended clarifying thresholds and ensuring consistent application of Council approval requirements.

3. ANALYSIS

Policy Response and Alignment

In coordination with legal counsel, staff evaluated these findings and determined that establishing clear, formalized authority within the Comprehensive Financial Management Policy would both resolve ambiguity and improve operational efficiency. Legal review confirmed that City Council may delegate change order authority to the City Manager through policy, contract, resolution, or agenda action, and that incorporating this authority into policy is a permissible and effective approach. As a result, the proposed policy update includes the following:

Purchasing Authority

- Increases the City Manager’s approval authority from \$15,000 to \$50,000
- Aligns administrative approval thresholds with current operational needs
- Maintains compliance with state procurement laws, budget authority, and internal controls
- Reduces administrative delays for routine purchases below formal solicitation thresholds

Change Order Authority

- Authorizes the City Manager or designee to approve individual change orders up to \$50,000
- Establishes a cumulative cap of 25% of the original contract amount
- Requires City Council approval for any individual change order exceeding \$50,000
- Requires Council approval if cumulative change orders exceed the 25% threshold
- Ensures all change orders remain within the original contract scope and comply with applicable laws and policies

This language aligns with Texas Local Government Code §§ 252.048 and 271.060.

4. FINANCIAL IMPACT

There is no direct fiscal impact from adopting the revised policy.

5. STRATEGIC PLAN/GOALS

EXCEPTIONAL CITY SERVICES

6. STRATEGIC PLAN OBJECTIVES

Deliver City services consistent with our City of Buda mission and core values

7. PROS AND CONS

Pros:

- Improved Operational Efficiency
- Clear Authority and Accountability
- Stronger Compliance with State Law
- Reduced Administrative Burden

Cons:

- Perceived Constraints with Increased City Manager Authority

8. ALTERNATIVES

1. Council may choose to approve the policy with specific modifications.
2. Council may adopt only specific sections of the policy update at this time
3. Postpone approval for further review

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Staff recommends City Council adopt the proposed revisions to the Comprehensive Financial Management Policy, effective immediately.

Attachments:

[Resolution - Comp Financial Mgmt Policy.docx](#)
[Links for Policy Documents.docx](#)