



CITY OF ATLANTA

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TO: Yolanda Adrean, Chair, and members of the Finance/Executive Committee

FROM: Leslie Ward, City Auditor

DATE: June 16, 2011

SUBJECT: Transfers of Appropriations

We prepared this memorandum in response to a request from the chair of the Finance/Executive Committee to examine whether transfers of appropriation decreased in fiscal year 2011. While the city charter requires intradepartmental transfers from one line item account to another to be approved by the chair of the Finance/Executive Committee, department head, chief financial officer, and chief operating officer, the city's practice is to require approval based on the level of spending control adopted in the annual budget ordinance. The level of adopted spending control changed in the last two years, with control exercised at higher levels of aggregation. Therefore, finance submitted fewer transfer transactions to the chair of the City Council's Finance/Executive Committee for approval.

To answer the chair's question, we reviewed journals in the city's Oracle Financial Management System, transfer reports for fiscal year 2011, charter and code provisions regarding transfers of appropriation, city policy on transfers and budget adjustments, and legislation adopting annual budgets in fiscal years 2005 through 2011.

Charter and Departmental Policy

Section 6-304(c) of the city charter states that intradepartmental transfers from one line item account to another line item account may be made with unanimous approval of the chair of the Finance/Executive Committee, department head, chief financial officer, and chief operating officer. The Office of Budget and Fiscal Policy's written procedure states that a Form TR – Request for Transfer of Appropriations – is used to request adjustments to the line-item budget outside the level of budget adoption by the City Council. The requesting department completes the form, including justification for the requested transfer; the department head or designee approves the request and submits it to the budget analyst for initiation of the review and approval process. Budget adjustments (BA) within the level of budget adoption by the City Council are processed on the same form but require approval of only the department head, budget director, and budget analyst. While the city's practice

distinguishes between budget adjustments and transfers based on the level of budget adoption, the charter makes no distinction between types of intradepartmental transfers of appropriations.

Current Year Activity

Through April of fiscal year 2011, finance has recorded 338 budget-related transactions for intrafund movement of appropriations totaling \$47.8 million (see Exhibit 1). Most of the transactions moved funds within offices. Because the ordinance adopting the city's fiscal year 2011 budget stated that the budget spending level shall be adopted at the office level, the Office of Budget and Fiscal Policy did not require these transactions to be reported or approved above the department and budget director level. Finance submitted six of the transactions totaling \$11.6 million for administration and council review via a TR form. Ten other transactions, totaling about \$1.4 million, transferred funds across offices but have no associated TR forms (see Exhibit 2). One additional entry transferred \$53,900 in budgeted funds from the general fund to the emergency telephone system fund, which should have required legislation, but appears to have been an error.

Exhibit 1: Fiscal Year 2011 Budget-Related Transactions by Fund

	Amount	Number of Transactions
Transfers		
Water and Wastewater Revenue Fund	\$8,400,000	1
General Fund	\$2,669,276	10
Trust Fund	\$904,794	1
Airport Revenue Fund	\$1,053,751	4
Solid Waste Services Revenue Fund	\$19,534	1
Total Transfers	\$13,047,356	17
Adjustments		
Water and Wastewater Revenue Fund	\$3,317,420	42
General Fund	\$14,137,333	176
Agency Fund	\$4,464,483	1
Trust Fund	\$3,918,071	32
Water and Wastewater Renewal & Extension Fund	\$3,861,918	23
Airport Revenue Fund	\$4,221,321	28
Water and Wastewater Sinking Fund	\$90,000	1
Park Improvement Fund	\$65,500	2
Group Insurance Fund	\$81,834	6
Solid Waste Services Revenue Fund	\$403,092	4
2004 Water and Wastewater Bond Fund	\$111,873	2
Airport Renewal and Extension Fund	\$30,777	1
Civic Center Revenue Fund	\$2,000	1
2001 Water and Wastewater Bond Fund	\$1,000	1
Parks Facilities Revenue Fund	\$7,000	1
Total Adjustments	\$34,713,623	321
Grand Total	\$47,760,978	338

Source: Oracle budget journals for periods July 2010-April 2011.

Exhibit 2: Fiscal Year 2011 Transfers of Appropriation across Offices Submitted and Not Submitted to the Finance/Executive Committee by Fund

	Transaction on Transfer Report		Not on Transfer Reports	
	\$ Amount	No.	\$ Amount	No.
Trust Fund	\$0	0	\$904,794	1
General Fund	\$2,255,881	3	\$359,495	6
Airport Revenue Fund	\$1,018,467	3	\$106,000	2
Solid Waste Services Revenue Fund	\$0	0	\$19,534	1
Water and Wastewater Revenue Fund	\$8,400,000	1	\$0	0
Not posted in Oracle (Airport Revenue Fund)	(\$70,716)	(1)		0
Total	\$11,603,632	6	\$1,389,824	10

Sources: Oracle budget journals for periods July 2010-April 2011 and 10-TR-1584, 10-TR-2134, 10-TR-2235, and 11-TR-0099.

Transfer Reports to City Council

Communications related to the transfer of appropriations have decreased in the last two fiscal years (see Exhibit 3). The reduction does not necessarily indicate that transfer activity has decreased, but does indicate that finance now submits fewer transfer requests for council review than in past years.

Exhibit 3: Transfer Reports by Fiscal Year

Fiscal Year	Number of Transfer Reports
2011	4
2010	5
2009	20
2008	13
2007	16

Source: Official final action legislation listed on <http://citycouncil.atlantaga.gov/>

The shift coincided with changes in the level at which the council adopted the annual budget. Ordinance 10-O-0739, as substituted by full council, stated, “The budget spending level shall be at the adopted office level.” Ordinance 09-O-0773, as substituted by full council, stated, “The budget spending level shall be at the adopted departmental level.” Ordinances adopting budgets in fiscal years 2007 through 2009 did not specify the level of adoption. The budget chief told us that budgetary control was set at the major account group level (e.g., personnel, purchased/contracted services, supplies, capital outlays). Therefore, prior to fiscal year 2010, intradepartmental transfers of funds from one major account group to another required TR approval. Transfers of funds within a department’s major account group appropriation were considered budget adjustments (BA), which require fewer approvals.

Cc:
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Joya C. De Foor, Chief Financial Officer
Stefan Jaskulak, Deputy Chief Financial Officer
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