



ADMINISTRATIVE SERVICES DEPARTMENT

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AUDIT COMMITTEE STAFF REPORT

Meeting: April 28, 2020

Subject

Budget Format Review.

Recommended Action

Accept staff report.

Discussion

Audit Committee Chair Eno Schmidt and Vice Mayor Paul established a sub-committee for the purpose of reviewing the City's budget format. The scope of the review included the City's FY 2019-20 Adopted Budget, FY 2019-20 Budget at a Glance, and OpenGov portal. Initial observations, suggestions, and questions were submitted to and responded by City staff (see attachment B2). On November 12, 2019, the sub-committee issued a formal memo (see attachment B3) to City staff discussing the conclusions and recommendations from the review process. City staff's responses to the November 12, 2019 memo are noted below in *italics*:

CONCLUSIONS AND RECOMMENDATIONS (attachment B3):

1. The City received budget document awards from Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO)
No City staff response necessary.
2. Comparison of budget documents shows City of Cupertino meeting or exceeding its peers in a variety of budget presentation categories.
No City staff response necessary.
3. Areas recommended for further investigation and possible adjustment:
 - a. Budget at a Glance
 - i. Adding modules such as the ten-year staffing and population growth chart to highlight and explain significant changes or elements of the current budget. *The ten-year staffing and population growth chart is included in the Budget at a Glance document (pg 7).*
 - ii. Reference Transparency portal of OpenGov for supplemental key elements. *Staff will ensure the transparency is referenced in the FY 2020-*

21 Budget at a Glance. Additionally, staff will explore adding the ten-year staffing and population growth chart in OpenGov.

- b. Transparency portal of OpenGov
 - i. Provide more context to major amounts and changes from year to year or budget to actual by
 - 1. Adding modules such as the Ten-Year Staffing and Population Growth chart to highlight and explain significant changes or elements of the current budget. *Staff will explore adding the ten-year staffing and population growth chart in OpenGov and include narrative for changes from one year to the next.*
 - 2. Creating new content if needed and posting. *Staff will ensure that as new reports are generated for internal use, they are considered for publication as necessary and appropriate.*
 - ii. Interconnect or make more obvious some of the key communication elements on the budget already underway in Cupertino and as listed by OpenGov as one of the transparency portal's strengths...
 - 1. Link into OpenGov those initiatives already underway. *Staff will ensure that as initiative are identified and adopted, not only will the transparency portal, but the budget document as well, will clearly report and track progress and/or success of said initiatives. The FY 2020-21 Adopted Budget is slated to include a more succinct communication of the City Council Work Program. Staff can create a specific "view" in OpenGov that illustrates the progress to date from a financial standpoint. Staff will consider adding narrative as necessary and appropriate.*
 - 2. Explore other ways to implement and demonstrate through the portal. *Open Town Hall is a great tool that assists in the collaboration of community members, particularly on City initiatives. Although it has been used in the past, staff will continue to work towards increasing the utilization.*

The sub-committee referenced questions 1b, 1c, 2b, 4a, 6ai, 6b, 6bii, 8, 9b, and 10 from the initial communication in attachment B2 for further consideration and action. Please find additional responses below:

1b – City staff will ensure the “impact of capital investments on operating budget” is detailed in the FY 2020-21 Adopted Budget document. While the financial information is clearly stated, the document can certainly benefit from additional narrative on the short-term as well as long-term impacts of the capital improvement program budget.

1c – Based on City staff responses in attachment B2, staff will ensure these are carried out and reflected in the FY 2020-21 Adopted Budget.

2b – As mentioned in attachment B2, key performance indicators are first measured by the volume of external use. As City staff continue to enhance the portal and work to increase the collaboration with community members, staff will focus on ensuring key performance indicators are established in conjunction. Additionally, OpenGov has a “Contact Cupertino” link that allows community members to send a message to Cupertino. Utilization of these feature can significantly bridge the gap for areas that community members may have questions about.

4a – City staff will ensure additional narrative is included, specifically regarding to the evolution of the City’s budget (adopted → amended → actual).

6ai – City staff will work towards enhancing and increasing the use of Stories for purposes of informing City leaders.

6b – Though it’s difficult to anticipate specific questions, particularly when considering the amount of data in just one annual budget document, City staff can ensure additional narrative and context is included in the transparency portal. Additionally, OpenGov has a “Contact Cupertino” link that allows community members to send a message to Cupertino. Utilization of these feature can significantly bridge the gap for areas that community members may have questions about.

6bii – See response at 6b above.

8 – Bridging the contextual gap is a high priority within the use of multiple tools. City staff will continue to ensure referencing between the budget document, OpenGov, and Budget at a Glance.

9b – Staffing allocation will be include in a newly established category for “Audit Committee” in the FY 2020-21 Adopted Budget.

10 – See response in attachment B2.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

Prepared by: Zach Korach, Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Deborah Feng, City Manager

Attachments:

B2 – Sub-Committee’s Initial Comments on Budget Format Review

B3 – Sub-Committee’s Formal Memorandum on Budget Format Review