

City of Syracuse  
Department of Audit  
June 30, 2004

**Objective**

Our examination included determining whether the Investment Policy of the City of Syracuse was written, reviewed, amended and adopted in final form in accordance with General Municipal Law (GML) Section 39 as set forth in guidance established by the Office of the New York State Comptroller (OSC).

Additionally, City Ordinance #104 of 1999, which amended City Ordinance #197 of 1994 relative to a cash management and Investment Policy for the City of Syracuse, requires the City Auditor to annually audit the investments of the City of Syracuse for compliance with the provisions of Investment Policy guidelines. The City Auditor found that the last audit of the Investment Policy was for the period ending June 30, 1999.

**Conclusion**

We found that an Investment Policy had been adopted in 1994 and had been in effect until a revised policy was adopted by the Common Council and approved by the Mayor on April 1, 1999. The amended Investment Policy altered the margin of market value of purchase securities in repurchase agreements; the original Investment Policy stipulated a margin of 5% or higher of the market value. This margin was found to be excessive to the City and was reduced to 2% or higher under the amendment. The revised margin was determined to be sufficient to minimize financial risk and continue to meet the objectives of the Policy to safeguard City funds.

Our Investment Policy review determined that the Policy met the needed requirements of GML Section 39 as set forth in guidance established by the Office of the New York State Comptroller.

**Scope**

Our examination entailed reading the Investment Policy, comparing it to the guidelines and interviewing individuals who have responsibility for maintenance of the policy.

**Finding**

General Municipal Law Section 39 requires that the Investment Policy be reviewed annually, and the OSC recommends that the Policy be readopted at the organizational meeting of each new legislative body. In the case of the City of Syracuse's legislative body, the Common Council, this would mean that the Policy would be readopted, with or

without changes, every two years. New York State Government Finance Officers' Association's best practices recommend that the governing body (Common Council for the City of Syracuse) readopt the Policy annually.

The Common Council has given the responsibility for annual review of the Investment Policy to the Commissioner of Finance. The Commissioner of Finance has reviewed the Investment Policy annually as directed. The current City of Syracuse Investment Policy also requires the Commissioner of Finance to "prepare and submit to the Common Council recommendations for change, if any, in these Investment Guidelines" within 120 days of the end of the fiscal year.

In September, 2004, we interviewed the Commissioner of Finance and the Chair of the Common Council's Finance Committee and found that the Common Council had not discussed the Investment Policy since it's amending in 1999.

### **Recommendations**

1.) We recommend that the Commissioner of Finance notify the Council that his review of the Investment Policy for fiscal 2004 has been completed even if there are no changes being recommended. Based on such notification, the Common Council's Finance Committee should then schedule a meeting to discuss the Investment Policy for fiscal 2004, and make a determination if any changes to the Policy are desired by the Council as a body. Subsequently, the Common Council should readopt the Investment Policy with or without changes.

2.) As ongoing practice, we recommend that the Commissioner of Finance annually review the Investment Policy and report to the Common Council, within 120 days of the end of each fiscal year, that the review has been completed (even if he/she does not recommend changes).

3.) We additionally recommend that the Common Council readopt the Policy at each of its organizational meetings. This will ensure that all Councilors will have an awareness and understanding of the Policy.