

City of Saratoga Springs

V. CERTIFICATION OF SUFFICIENT FUNDS

Office of Finance

Adopted July 5, 2005
Amended June 20, 2006
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Amended July 21, 2009
Amended October 20, 2009
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V. CERTIFICATION OF SUFFICIENT FUNDS

Section 4.4.13 of Finance Title 4 of the City Charter describes certification of sufficient funds:

Section 4.4.13 Payments Prohibited: “It shall not be lawful for any City employee to incur or contract any expense or liability for or on behalf of the City, unless the Council has made an appropriation concerning such expenses. No payment shall be made or obligation incurred against any allotment or appropriation except and unless the Commissioner of Finance first certifies that sufficient funds are or will be available to cover the claim to meet the obligation when it becomes due and payable. Any authorization of payment or incurring of obligation in violation of the provisions of the Charter shall be void.”

It is important to note that a certification of sufficient funds must be obtained **before** an obligation is incurred, and that there must be an **appropriation** in order for a certification of sufficient funds to be considered.

A. When is a Certification of Sufficient Funds Required

According to Section 4.4.1.3, a certification of sufficient funds is required **prior** to incurring **any** obligation against an **appropriation**, or **prior** to any payment. In coordination with the purchasing policies promulgated by the Accounts Department, the following shall govern.

1. Presumption of Certification. Amounts Less than \$50,000; Exception for capital projects, waive of bids, change orders, and purchase orders to the Commissioner of Finance.

Except in the case of obligations involving a capital project, waive of bid, change order, and purchase orders to the Commissioner of Finance as allowed under the procurement policy, for obligations of less than \$50,000 there is a presumption that sufficient funds are or will be available to cover the claim to meet the obligation when it becomes due and payable. Employees are not required to obtain written certification of sufficient funds in these cases.

There will also be a presumption of certification for all utility bill payments, even if the total amount of the payment exceeds \$50,000.00.

At all times and in all cases, the Finance Office reserves the right, at its discretion, to override this presumption and require written certification of sufficient funds per the requirements below.

2. Certification Required. Amounts \$50,000 or More; ALL capital projects, waive of bids, change orders, and purchase orders to the Commissioner of Finance.

For ALL obligations involving a capital project, waive of a bid, change order, or purchase orders to the Commissioner of Finance as allowed under the procurement policy, as well as for obligations of \$50,000 or more, a certification of sufficient funds is required **prior** to incurring

said obligation. **Therefore a certification of funds shall be completed in conjunction with an award of bid, contract, purchase requisition, or any other incurrence of an obligation as described.**

3. Certification and Payment. **In the case of a demand for payment**, which has been through the Accounts Department voucher process and approved by the Commissioner of Finance, the signature of the Commissioner of Finance on the check prepared for payment is certification that sufficient funds are available to do so. The Commissioner reserves the right to withhold his/her signature in the event that sufficient funds cannot be so certified.

B. Requirements for Certification of Sufficient Funds

1. Form. Once it has been determined that a Certification of Sufficient Funds is required, please use Sample Form COSF-1 or Sample Form COSF-2, as follows:

- **If the obligation incurred requires an award of bid or a contract, Sample Form COSF-2 shall be used and supporting documentation must be attached.** If a contract is based on an award of bid for which a certification has already been provided, an additional certification is not required.
- **If the item obligation does not require an award of bid or a contract, certification of sufficient funds shall be completed on the Purchase Requisition form (see Sample Form COSF-1) and supporting documentation must be attached.**
- **In instances where neither an award of bid nor a purchase requisition are required, Sample Form COSF-2 shall be used and supporting documentation must be attached.**

2. Information Required. Each form requires a.) a description the obligation/expense to be incurred, b.) a description of the appropriation, and c.) supporting documentation.

- a. Description of Obligation/Expense to be Incurred. An 'expense' or 'liability to be incurred' may come in different forms, for example, a purchase order, a contract, an award of bid, or a council request for vote or resolution. A description must be provided to the Finance Office in the request for Certification of Sufficient Funds and supporting documentation must be attached.
- b. Appropriation. **Before** an expense or liability may be incurred, the City Council must have appropriated the funds concerning that expense or liability. The Finance Office requires substantiation of the appropriation prior to certifying that funds are available.
 - i. **Budget Expense Line**. The line item(s) (org/ob/project(s)) in the budget against which the expense will be drawn substantiates the appropriation. This must be provided to the Finance Office in any request for Certification of Sufficient Funds.

- Sufficient Amounts. There must be an amount “available” in the expense line that is sufficient (equal to or greater than the obligation) to cover the liability or expense in question.
 - Correct Budget Line. The correct budget expense line item (org/object/proj) must be used for certification of sufficient funds. For instance the purchase of a vehicle can not be obligated against a supply account.
 - ii. Timing. The Budget Expense Line named should include sufficient amounts for the obligation at the time that the certification of sufficient funds is requested.
 - Transfers and Amendments. If a transfer or amendment is required to complete the appropriation process and/or ensure that the expense line item of choice is sufficiently funded, it should occur **before** the certification is requested.
 - Transfer or Amendment Pending. On occasion, subject to the discretion of the Commissioner of Finance, a certification request may be processed prior to the transfer or amendment, where “contingent upon transfer (or amendment) pending” is clearly indicated.
- 3. Supporting Documentation. Supporting documentation includes material that confirms, demonstrates, describes, or explains the obligation. Examples include an Award of Bid memo, a Bid, a draft contract, an estimate, a letter, etc.
- 4. Deadline. A Request for Certification of Sufficient Funds must be submitted **before** any obligation is incurred or payment is made. **The Finance Department requires up to one week (five business days) to respond to a request.**
- 5. Issuance of Certification of Sufficient Funds. Upon receipt by the Commissioner of Finance of a properly completed and timely request for Certification of Sufficient Funds, which includes both evidence of the expense/obligation incurred, the corresponding appropriation information, and supporting documentation, the Commissioner may certify that sufficient funds are or will be available to cover the claim to meet the obligation when it becomes due and payable by signing the form. The Commissioner reserves the right to withhold his/her signature in the event that sufficient funds cannot be so certified.
- 6. Presentation of Certification Statement. The Certification Statement must be presented by the entity seeking the certification at the Council meeting when the expense/obligation is to be incurred.
- 7. Null and Void. If the above-described procedure is not followed, then, in accordance with Section 4.4.13, any authorization of payment or incurring of an obligation by anyone is void.

Sample Form COSF-2

Request for Certification of Sufficient Funds

Submittal Date:

The Department of _____ requests certification that sufficient funds are or will be available to cover the claim to meet the following obligation when it becomes due and payable.

Obligation to be incurred, detailing vendor name, project description, Council approval, etc. (attach supporting documentation):

Appropriation – Current Budget Expense Org/Object/Proj(s):

Amount Requested for Approval: \$

Current Amount Available: \$

Transfer/Amendment Pending: \$

Transfer/Amendment Date: _____

Department Head Signature

Date

Certification of Sufficient Funds

The Commissioner of Finance hereby certifies that funds are or will be available to cover the claim to meet the above described obligation when it becomes due and payable.

Commissioner of Finance

Approval Date