



EXECUTIVE ORDER
**EFFECTIVE FINANCIAL AND PERFORMANCE
MANAGEMENT**

EO No.

EO 1-53

Effective Date:

Upon Approval

1. PREFACE

The purpose of this executive order is to improve transparency and accountability in the provision of City of Houston (City) services and capital assets while moving to eliminate the cycle of budget shortfalls. Objectives include:

- Help City leadership make informed choices through increased visibility into departmental budgets, resource allocations, and service provision.
- Focus budget, capital, and spending decisions on specified, measurable results and outcomes.
- Fully link the City's operating budgets, Capital Improvement Plan, and performance metrics to clear, measurable short- and long-term goals.
- Maximize City resources by eliminating waste, inefficiency, and redundancy within and across departments.
- Increase public participation in assessing needs and establishing priorities that guide development of the City's operating budgets and Capital Improvement Plan.

2. SCOPE

This executive order applies to all City departments and funds.

3. DEFINITIONS

Diversion: Directing revenue to another entity when the City is entitled to such revenue under state law.

Program: A plan of action aimed at accomplishing a clear objective and specified outcomes, with details on what work is to be done, by whom, when, what means or resources will be used, and what important community need(s) and priorities are being addressed and reflected.

4. GENERAL PROVISIONS

4.1 Responsibilities

4.1.1 Department directors are responsible for the management of operating budgets and capital improvement plans as adopted by City Council in a manner that:

4.1.1.1 Complies with spending limitations.

4.1.1.2 Meets or exceeds measurable service objectives (targets) and community outcomes.

4.1.1.3 Improves the efficiency and effectiveness of City operations.

4.1.2 The Finance Department is responsible for providing the Mayor and department directors with financial, operational, and performance reports, analyses, and recommendations in support of the responsibilities listed in 4.1.1.

Approved:

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Date Approved:

1/19/2016

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- 4.1.3 Department directors are responsible for openness, transparency and good faith in facilitating such analyses.
- 4.1.4 The Mayor's Citizen's Assistance Office and the Finance Department are responsible for increasing public participation in the creation of the budget and Capital Improvement Plan.
- 4.1.5 Departments and the Mayor's Agenda Office are responsible for ensuring Finance Department review prior to any request for Council action being placed on the Council agenda in line with requirement 4.2.5 below.

4.2 Requirements

- 4.2.1 The City shall prioritize and emphasize outcomes in determining the proper operating budget and Capital Improvement Plan allocations for service provision.
- 4.2.2 Departmental budgets shall clearly communicate current and proposed levels of investment in programs and services.
- 4.2.3 The City shall periodically conduct detailed and comprehensive budget reviews of every department or program.
- 4.2.4 Departments shall not transfer funds between programs or capital improvement projects without the Mayor's approval or that of the Mayor's designee.
- 4.2.5 Finance Department approval shall be required prior to any request for Council action that proposes utilization or diversion of City funds.
- 4.2.6 The City shall develop and maintain short-term specific objectives (targets) and outcomes that facilitate fulfillment of broad, long-term goals.
- 4.2.7 The City shall develop and maintain a long-range financial plan with the focus on achieving annual budgets that are structurally balanced and clearly aligned with the achievement of short- and long-term goals.
- 4.2.8 Program and financial performance shall be continually evaluated, and adjustments made, to encourage progress toward achieving goals.
- 4.2.9 The City shall benchmark performance against its prior performance, and against the performance of other cities and appropriate organizations.
- 4.2.10 Performance shall be reported regularly to internal and external stakeholders.