

**CITY OF FLORENCE  
RESOLUTION NO. 23, SERIES 2011**

**A RESOLUTION ESTABLISHING A CITY OF FLORENCE AUDIT COMMITTEE.**

**WHEREAS**, At its regular meeting on July 18, 2011, the Florence City Council approved the establishment of an Audit Committee to improve communications between Councilors, management, budget committee members and the auditor and,

**WHEREAS**, the audit committee would primarily be responsible for engaging the independent auditors, reviewing the overall audit plan, reviewing the audited financial statements and related management letter, creating an audit summary and conclusion, and reporting the resulting audit summary and conclusion to the Council and,

**WHEREAS**, by not having an audit committee the full City Council has to act in this capacity and the Council would prefer to have a special committee with special expertise appointed for this purpose.

**NOW, THEREFORE BE IT RESOLVED THAT** The City of Florence hereby establishes an Audit Committee (the "Committee") whose membership shall include the Mayor of the City of Florence, the Budget Committee Chair Person, and one citizen at large appointed by the Mayor, to carry out the following roles and responsibilities:

1. **Administration.** The Mayor shall act as chair of the Committee with the responsibility to report to the full Council a summary of the Committee's activities and recommendations for oversight of the financial reporting process, for the appointment of an audit firm, for approval of the audited financial statements each year, and for suggestions from the Committee for improvement in internal controls and financial reporting. A quorum shall be two members and approval of any matter by the Committee shall require at least two affirmative votes.
2. **Oversight.** The Committee shall have oversight over the financial reporting process at the City and of the internal controls over the City's financial reporting.
3. **Fraud, Unbudgeted Expenses, and Misuse of Funds.** The Committee shall review the City's internal controls for the purpose of assisting the City Manager and the Finance Director in the detection and prevention of fraud at the City. It shall conduct a fraud risk assessment each year and monitor the process of fraud prevention at the City. The Committee shall report its findings and recommendations with regard to fraud and fraud prevention to auditors each year as part of the City's annual audit.
4. **Communication.** The Committee is charged with oversight of all financial reporting at the City. It is also charged with communicating with the City's auditor each year during the annual audit process. In addition, City management is charged with reporting to the Committee how the City's internal control serves to prevent, deter, and detect material misstatements due to fraud and/or error.


**5. Significant transactions.** As part of its oversight function, the Committee shall review and approve significant and unusual financial transactions. Examples of significant and unusual transactions would be the purchase and valuation of investments, issuance and refinancing of long-term debt, related-party transactions, and significant accounting estimates. The City's auditors are to evaluate each year whether the Committee is appropriately involved in the financial reporting process.

**BE IT FURTHER RESOLVED** that the City's Finance Director shall provide staff support for the Committee and shall be an *ex officio*, non-voting, member of the Committee.

**BE IT FURTHER RESOLVED** That the City Council will review and reaffirm the members of the Committee in January each year and members shall serve until a replacement is appointed by the Mayor and ratified by the Council. The members of the Committee serve at the pleasure of the Council. The Committee may be dissolved, or any of its members may be removed from the Committee, by the City Council at any time either with or without cause.

**BE IT FURTHER RESOLVED** that this resolution shall become effective upon its passage by the Council and signature by the Mayor.

APPROVED BY THE FLORENCE CITY COUNCIL THIS 15<sup>th</sup> DAY OF AUGUST, 2011.

  
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Phil Brubaker, Mayor

Attest:

  
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Kelli Weese, City Recorder