

**CITY OF FLORENCE  
RESOLUTION NO. 22, SERIES 2018**

**A Resolution establishing a City of Florence Audit Ad-Hoc Committee and  
repealing Resolution No. 23, Series 2011.**

**RECITALS:**

1. The City Council established a goal within the 2017-18 City Work Plan to comprehensively review and clarify the City's Committee and Commission policies and codes.
2. The City Council deliberated at duly publicized meetings on November 15, 2017, January 16, 2018, September 19, 2018, and October 24, 2018, to review the overall direction of the City's Committee & Commission program including examination of current processes and program options.
3. The City Council decided that the City's efforts toward public outreach and community involvement in financial oversight would be best served through the establishment of an Audit Ad-Hoc Committee and thus chooses to repeal the Audit Committee provisions within Resolution No. 23, Series 2011.

Based on these findings,

**THE CITY COUNCIL OF THE CITY OF FLORENCE RESOLVES AS FOLLOWS:**

1. The City of Florence Audit Ad-Hoc Committee Enabling Provisions, Exhibit A, is adopted by the City of Florence City Council.
2. The City of Florence repeals Resolutions No. 23, Series 2011 concerning the Florence Audit Committee.
3. This Resolution shall become effective on February 1, 2019.

**ADOPTION:**

This Resolution is passed and adopted on the 5<sup>th</sup> day of November, 2018.

  
\_\_\_\_\_  
Joe Henry, Mayor

Attest:

  
\_\_\_\_\_  
Kelli Weese, City Recorder

**Resolution No. 22, Series 2018  
Exhibit A**

**CITY OF FLORENCE  
AUDIT AD-HOC COMMITTEE**

- 1: **Establishment:** An Audit Ad-Hoc Committee is hereby established for the City.
- 2: **Membership:**
  - A. **Committee Representation:** The Audit Ad-Hoc Committee shall consist of the following three (3) voting members:
    - a. Mayor of the City of Florence
    - b. Chairperson of the City of Florence Budget Committee
    - c. One (1) Citizen at large, with interest, knowledge, or experience in municipal finance and/or public accounting.
  - B. **Ex-Officio Membership.** In addition to the committee membership, the following non-voting ex-officio members may be appointed:
    - a. One (1) City Staff member
- 2: **Committee Term:** The Audit Ad-Hoc Committee shall serve each year for a limited duration as necessary to accomplish its annual duties.
- 3: **Membership Term:** The One (1) Citizen at Large position shall be appointed for a term of four (4) years.
- 4: **Appointments, Vacancies and Removals:** Appointments, vacancies and removals shall occur in the manner dictated in Title 2 Chapter 1.
- 5: **Chairperson:** The Mayor shall act as Chair for 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 suggesting from the Committee for improvement in internal controls and financial reporting.
- 6: **Powers and Duties:** The Committee shall serve as follows:
  - A. **Oversight:** The Committee shall have oversight over the financial reporting process at the City and of the internal controls of over the City's financial reporting.
  - B. **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.
  - C. **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 materials misstatements due to fraud and/or error.

D. **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.

7: **Meetings:**

- A. **Quorum.** A quorum shall be two (2) voting members.
- B. **Voting & Decisions.** Approval of any matter by the Committee shall require at least two (2) affirmative votes.