

1ST READING
2ND READING
INDEX NO.

6-2-07
6-9-09

ORDINANCE NO. 12250

AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II, CHAPTER 2, BY ADDING A NEW ARTICLE XIV TO ESTABLISH AN AUDIT COMMITTEE AND PROCEDURES FOR THE CITY COUNCIL AUDITOR.

WHEREAS, public officials, government managers, and private citizens need to know that government funds are handled properly and in compliance with laws and regulations and that public programs are achieving the purposes for which they were authorized and funded, and, whether they are doing so efficiently and economically; and

WHEREAS, an auditing function can provide objective information on the operations of government programs, assist managers in carrying out their responsibilities, and help ensure accountability to the public; and

WHEREAS, the executive branch has an established Internal Audit Division providing an audit program for the executive branch of the City; and

WHEREAS, the City Charter provides the legislative branch an auditor independent of the Mayor; and

WHEREAS, some coordination between the Internal Audit Division and the Management Analyst/Auditor for the City Council is desirable provided the executive and legislative branches of government retain their independent auditing authority provided by the City Charter; and

WHEREAS, the independence and public accountability of the Internal Auditor and the City Council Auditor can be enhanced by an Audit Committee.

NOW, THEREFORE,

SECTION 1. BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That Chattanooga City Code, Part II, Chapter 2, be and the same is hereby amended by adding a new Article XIV as follows:

ARTICLE XIV. AUDIT COMMITTEE

Sec. 2-775. Audit Committee.

(a) There is hereby established an Audit Committee of the City of Chattanooga (the "Audit Committee"). The Audit Committee shall consist of five (5) voting members. There shall be at least three (3) members with expertise in auditing, such as, but not limited to, a Certified Public Accountant, Certified Internal Auditor, or Certified Information Systems Auditor. The City Council shall appoint two (2) members who shall be experienced in business, law, information systems, or government. All members shall be residents of the City. Initially, members shall serve terms as follows: one (1) member for one (1) year, two (2) members for two (2) years, and two (2) members for three (3) years. Thereafter, appointments shall be for a term of three (3) years. Future appointees will be nominated by the Council Chair and require approval of a majority of the Council. All members shall continue to serve until their successors are appointed. Three (3) members shall constitute a quorum. No member of the Audit Committee shall have a direct or indirect interest in any contract with the City during their term of service, nor for one (1) year after their term of service. Nor shall any member, member of their

immediate family, or regular member of their household, be employed by any City Department or any agency that obtains more than ten percent (10%) of its annual funding from the City.

Sec. 2-776. Duties of Audit Committee.

The Audit Committee shall meet as needed to perform its duties but shall not meet less than once quarterly and shall:

- (a) Review any audit plan prepared by the Internal Audit Division and recommend to the City Council additional audits that it deems advisable;
- (b) Monitor follow-up on reported findings of the Internal Audit Division to assure corrective action is taken;
- (c) Report to the legislative body on problems or problem areas at such times as deemed appropriate;
- (d) Provide oversight of the external audit;
- (e) Evaluate findings and recommendations of any peer review as required by recognized government auditing standards; and
- (f) Provide advice to the City Council Auditor, in performing audits or procuring contracted audit services.

Sec. 2-277. Subversion of Audit Process.

Any efforts or attempts to subvert the audit process shall be reported to the Audit Committee. Any effort or attempt to subvert the audit process by an employee of the City shall be grounds for dismissal. Each Audit Committee member shall be required to certify annually to the City Council that they are unaware of any efforts or attempts to subvert the audit process or alternatively to

report any known or suspected attempts to subvert the audit process.

Sec. 2-778. City Council Auditor.

The City Council shall appoint a person to be the City Council Auditor, provided that this person may also be assigned other duties. The City Council Auditor shall have the authority to conduct audits and request funding for additional contract audit services based on need. Funding shall not to be withheld absent substantial cause. The City Council Auditor shall meet with the Audit Committee to assist with the development of an audit plan. In addition to planned audits, the City Council Auditor shall conduct special audits or investigations upon receiving reports of fiscal mismanagement or misappropriation.

SECTION 4. BE IT FURTHER ORDAINED, That this Ordinance shall take effect immediately upon passage.

PASSED on Second and Final Reading

_____ June 9 _____, 2009

W. Jacob Benson
CHAIRPERSON

APPROVED: DISAPPROVED: _____

DATE June 16 _____, 2009

[Signature]
MAYOR

MAM/add