

RESOLUTION NUMBER \_\_\_\_\_ (CCS)

(City Council Series)

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF SANTA MONICA ESTABLISHING AN AUDIT COMMITTEE

WHEREAS, the City Council of the City of Santa Monica (the "City Council") recognizes the importance of transparency and accountability in the administration of public resources, and the City Council is ultimately responsible for ensuring that the City of Santa Monica (the "City") is meeting its internal control and financial reporting responsibilities; and

WHEREAS, the City Council recognizes the importance of creating an Audit Subcommittee of the City Council ("Audit Committee") as it is considered a financial management best practice; and

WHEREAS, formation of an Audit Committee will ensure regular and direct communication between the City's independent auditors and the City Council and will further the City Council's goals of transparency and accountability in the administration of public resources; and

WHEREAS, on March 17, 2015, the City Council voted to establish an Audit Committee; and

WHEREAS, on July 14, 2015, the City Council determined that the Audit Committee should consist of three Council members and two City residents with relevant expertise to be selected through a public process.

WHEREAS, the City Council now desires to establish an Audit Committee.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council of the City of Santa Monica hereby establishes an Audit Subcommittee of the City Council to assist the City Council in fulfilling their oversight responsibilities for the financial reporting process, the framework for internal control, and the audit process.

SECTION 2. The Audit Committee will consist of three members, of the City Council and two City residents who shall be appointed by the City Council through a public process and qualified to serve by virtue of their experience and expertise with governmental accounting and internal financial controls. The members of the Audit Committee shall be appointed by the City Council to staggered four-year terms. To establish staggered terms, the initial members of the Audit Committee shall be appointed so that two Council members and one public member serve four-year terms and one Council member and one public member serve two-year terms. Thereafter all members shall be appointed to serve four-year terms. All three Council Committee members must be present for a meeting to occur.

SECTION 3. The Audit Committee shall meet a minimum of three times annually.

SECTION 4. The Finance Director, or his or her designee, and the City Attorney, or his or her designee, will attend all Audit Committee meetings and will implement Audit Committee directives as needed, reporting back on recommendations.

SECTION 5. Each year at its first meeting, the committee will elect a chairperson. Meeting agendas will be prepared by the chairperson in consultation with the Finance Director.

SECTION 6. The duties and responsibilities of the Audit Committee include but are not limited to:

- (a) Review, upon completion, all City audit reports, analyze all findings in audit report(s) and consult with the external and internal auditors regarding any irregularities and deficiencies disclosed in their reports;
- (b) Determine what corrective action, if any, should be recommended to the City Council;
- (c) Report to the City Council on the outcome of all audits, on any audit finding, and on any other pertinent communications, and make appropriate recommendations;

- (d) Ensure that timely and appropriate action has been taken in response to City Council directions arising from audit reports.
- (e) Consider the effectiveness of the framework for internal control, review the effectiveness of the systems for monitoring compliance with laws and regulations, and review the processes for communicating the City's compliance policies to City personnel and monitoring compliance therewith.
- (f) Provide an alternative way for employees, taxpayers, or other citizens to confidentially report suspected illegal, improper, wasteful or fraudulent activity.
- (g) Provide oversight of the periodic review and selection of external and internal auditors.

SECTION 7. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

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MARSHA JONES MOUTRIE  
City Attorney