

Ordinance 30-17

Audit Committee

**Littmann Proposed Revised Amendments
(amendments from Finance Comm. meeting on 7/18/17 are **HIGHLIGHTED**)**

Amendment No. 1

Page 2, line 24, delete “TWO” insert “THREE”; Page 2, line 30 after “OFFICE.” insert “THE INITIAL TERMS OF OFFICE FOR THE THREE CIVILIAN MEMBERS SHALL BE TWO, THREE AND FOUR YEARS RESPECTIVELY. THEREAFTER,”

Paragraph as amended: THE AUDIT COMMITTEE SHALL CONSIST OF THREE ALDERPERSONS AND ~~TWO~~THREE VOLUNTEER CIVILIANS WHO HAVE FINANCIAL REPORTING, AUDIT COMMITTEE OR AUDITING EXPERIENCE. THE ALDERPERSON MEMBERS SHALL BE APPOINTED BY THE MAYOR AND CONFIRMED BY THE CITY COUNCIL. THE CIVILIAN MEMBERS SHALL BE APPOINTED BY THE ALDERPERSONS ON THE COMMITTEE AND CONFIRMED BY THE CITY COUNCIL. THE TERMS OF THE ALDERPERSONS SHALL BE IDENTICAL WITH THEIR TERMS OF OFFICE. THE INITIAL TERMS OF OFFICE FOR THE THREE CIVILIAN MEMBERS SHALL BE TWO, THREE AND FOUR YEARS RESPECTIVELY. THEREAFTER, EACH CIVILIAN MEMBER SHALL SERVE FOR A TERM OF THREE YEARS, OR UNTIL THE MEMBER'S SUCCESSOR IS APPOINTED AND QUALIFIED, COMMENCING ON THE FIRST DAY OF JUNE, THE TERM OF NO MORE THAN ONE CIVILIAN MEMBER EXPIRING EACH YEAR. ALL MEMBERS OF THE AUDIT COMMITTEE SHALL HAVE EQUAL VOTING RIGHTS. THE AUDIT COMMITTEE SHALL REPORT TO THE CITY COUNCIL.

Amendment No. 2

Page 2, line 43 strike “AUDITOR” insert “AUDIT SERVICES”

Paragraph as amended: THE PURPOSE OF THE AUDIT COMMITTEE IS TO PROVIDE INDEPENDENT REVIEW AND OVERSIGHT OF THE CITY’S FINANCIAL REPORTING PROCESSES, INTERNAL CONTROLS, EXTERNAL/INDEPENDENT AUDITORS, AND CITY INTERNAL ~~AUDITOR~~ AUDIT SERVICES.

Amendment No. 3

Page 3, line 9 strike “FINANCE DIRECTOR, MAYOR,”; after “COUNCIL” strike the comma and insert “AND”; after “MANAGER” strike the comma and strike “AND ANY AFFECTED DEPARTMENT DIRECTOR”

Paragraph as amended: A. THE AUDIT COMMITTEE SHALL BE RESPONSIBLE FOR THE RETENTION AND OVERSIGHT OF THE WORK OF ANY EXTERNAL INDEPENDENT AUDITORS ENGAGED FOR THE PURPOSE OF PREPARING OR ISSUING AN INDEPENDENT AUDIT REPORT OR PERFORMING OTHER INDEPENDENT AUDIT, REVIEW, OR ATTEST SERVICES. ALL EXTERNAL, INDEPENDENT AUDITORS SHALL REPORT DIRECTLY TO THE AUDIT COMMITTEE, BUT SHALL PROVIDE COPIES OF ALL REPORTS AND RECOMMENDATIONS TO THE FINANCE DIRECTOR, MAYOR, CITY COUNCIL, AND CITY MANAGER, AND ANY AFFECTED DEPARTMENT DIRECTOR. AN EXTERNAL INDEPENDENT AUDITOR SHALL BE HIRED IN ACCORDANCE WITH THE CITY’S STANDARD PROCUREMENT PROCEDURES AND IN COORDINATION WITH THE PROCUREMENT OFFICER.

Amendment No. 4

Page 3, line 16 after “OF” strike “AN INTERNAL AUDITOR” insert “INDIVIDUALS WHO PERFORM INTERNAL AUDIT SERVICES”; line 18 after “HIRING” insert “OR CONSULTANT RETENTION”; line 23 after “OVER” strike “THE WORK OF THE”; after “INTERNAL” change “AUDITOR” to “AUDIT” insert “SERVICES”; line 23 strike “THE INTERNAL AUDITOR” insert “INDIVIDUALS PERFORMING INTERNAL AUDIT SERVICES”; line 23 after “SHALL” insert “: (i)”; line 24 after “COMMITTEE” insert “; (ii) delete “AND SHALL”; line 26 after “CHAPTER” strike “. THE INTERNAL AUDITOR SHALL” insert “; and (iii)”

Paragraph as amended: B. THE AUDIT COMMITTEE SHALL MAKE RECOMMENDATIONS TO THE CITY MANAGER FOR THE APPOINTMENT AND RETENTION OF AN INTERNAL AUDITOR INDIVIDUALS WHO PERFORM INTERNAL AUDIT SERVICES IN ACCORDANCE WITH THE CITY’S STANDARD HIRING OR CONSULTANT RETENTION PRACTICES AND IN COORDINATION WITH THE HUMAN RESOURCES MANAGER OR PROCUREMENT OFFICE, AS APPROPRIATE. THE CITY MANAGER SHALL ACCEPT THE RECOMMENDATIONS OF THE AUDIT COMMITTEE UNLESS THERE ARE COMPELLING REASONS TO THE CONTRARY. THE AUDIT COMMITTEE SHALL HAVE OVERSIGHT OVER THE WORK OF THE INTERNAL AUDITOR SERVICES. THE INTERNAL AUDITOR INDIVIDUALS PERFORMING INTERNAL AUDIT SERVICES SHALL: (i)

REPORT DIRECTLY AND EXCLUSIVELY TO THE AUDIT COMMITTEE;
(ii)~~AND SHALL~~ PERFORM THE DUTIES SET FORTH IN SECTION
2.48.430 OF THIS CHAPTER. ~~THE INTERNAL AUDITOR SHALL; AND~~
(iii) PROVIDE COPIES OF ALL REPORTS AND RECOMMENDATIONS
TO THE FINANCE DIRECTOR, MAYOR, CITY MANAGER, AND ANY
AFFECTED DEPARTMENT DIRECTOR.

Amendment No. 5

Page 3, line 40 after “RESPONSIBILITIES” strike the remainder of the sentence.

Paragraph as amended: D. THE AUDIT COMMITTEE MAY ESTABLISH
WRITTEN RULES AND REGULATIONS FOR THE GOVERNANCE OF ITS
MEETINGS AND RESPONSIBILITIES, ~~WHICH, IF ESTABLISHED,~~
~~SHALL BE ADOPTED AS SPECIFIED IN SECTION 2.48.020.F BELOW.~~
SUCH WRITTEN RULES AND REGULATIONS SHALL, AT A MINIMUM,
INCLUDE A PROCEDURE FOR THE RECEIPT, RETENTION, AND
TREATMENT OF COMPLAINTS REGARDING ACCOUNTING,
INTERNAL CONTROLS, FRAUD, WASTE, ABUSE, OR OTHER
AUDITING MATTERS, AND PROCEDURES TO PROTECT THE
CONFIDENTIALITY OF ANONYMOUS COMPLAINANTS.

Amendment No. 6

Page 4, line 10, after “A.” strike “THE” insert “INDIVIDUALS PERFORMING” after
“SERVICES” insert “HEREINAFTER ‘INTERNAL AUDITOR’”; Page 4, line 11, after
“ACCOUNTANT” insert “, CERTIFIED INTERNAL AUDITOR, CERTIFIED FRAUD
EXAMINER OR CERTIFIED GOVERNMENT AUDIT PROFESSIONAL,”

Paragraph as amended: A. ~~THE INDIVIDUALS PERFORMING~~ INTERNAL
AUDIT SERVICES (HEREINAFTER “INTERNAL AUDITOR”) SHALL BE
PERFORMED BY A CERTIFIED PUBLIC ACCOUNTANT, CERTIFIED
INTERNAL AUDITOR, CERTIFIED FRAUD EXAMINER OR CERTIFIED
GOVERNMENT AUDIT PROFESSIONAL, AND A MEMBER OF A FIRM
LICENSED FOR THE PRACTICE OF HIS OR HER PROFESSION UNDER
THE LAWS OF THE STATE OF MARYLAND, AND SHALL HAVE AT
LEAST FIVE YEARS EXPERIENCE IN GOVERNMENTAL ACCOUNTING
AND AUDITING.

Amendment No. 7

Page 5, line 11 after “action” insert “IN ACCORDANCE WITH THEIR RESPECTIVE POWERS AND AUTHORITIES AS SET FORTH IN THE ANNAPOLIS CHARTER AND CODE”

Paragraph as amended: 4. PROMPT REPORTING TO THE AUDIT COMMITTEE, MAYOR AND CITY COUNCIL, WITH NOTICE TO ANY AFFECTED DEPARTMENT DIRECTOR OF ANY PERCEIVED OR ACTUAL IRREGULARITY OR IMPROPER PROCEDURE. THE AFFECTED CITY DEPARTMENT DIRECTOR SHALL BE PROVIDED WITH AN OPPORTUNITY TO RESPOND TO SUCH REPORT AND TO PROVIDE ADDITIONAL INFORMATION OR EVIDENCE, AS APPLICABLE. THE AUDIT COMMITTEE SHALL CONSIDER WHETHER ANY CORRECTIVE ACTION IS WARRANTED BASED ON ALL INFORMATION PRESENTED, AND SHALL MAKE RECOMMENDATIONS TO THE MAYOR AND CITY COUNCIL AS TO ANY CORRECTIVE ACTION. THE MAYOR AND CITY COUNCIL SHALL MAKE A FINAL DECISION CONCERNING ANY CORRECTIVE ACTION IN ACCORDANCE WITH THEIR RESPECTIVE POWERS AND AUTHORITIES AS SET FORTH IN THE ANNAPOLIS CHARTER AND CODE;

Amendment No. 8

Page 5, line 26 after “effect” strike “from the date of its passage” insert “DECEMBER 4, 2017”