

Charter Review Advisory Committee's Recommendation

The Charter of the City of Stockton

ARTICLE XV CITY AUDITOR

SECTION 1500. Appointment, ~~Independence and Budget of City Auditor.~~

- (a) The City Auditor shall be appointed by the City Council, with an employment term of not less than four years and shall not be removed from office except by a vote of the majority of the members of the Council. The City Auditor may be removed from office for incompetence, malfeasance, misfeasance or neglect of duty. In the case of removal, the City Auditor may demand that written charges be made and a public hearing be held thereon before the Council prior to the date on which removal shall take effect. The decision and action on such a hearing shall be final and, pending such a hearing, the Council may suspend the City Auditor from duty.
- (b) The City Auditor shall be qualified by education and experience and be a Certified Public Accountant or Certified Internal Auditor. The City Auditor shall be an employee of the City. In the event of a vacancy, the City Council shall appoint a qualified independent auditor for a period not to exceed one (1) year.
- (c) The City Auditor shall be independent of any management or other interference and shall be accorded the safeguards of a government external auditor as provided by Generally Accepted Government Audit Standards.
- (d) For each fiscal year, the City Auditor shall submit a proposed budget for his/her office to the City Council no later than three (3) months before the commencement of the fiscal year. The City Council shall adopt a final budget for the City Auditor as part of the annual budget process. Budgeted funds shall be at least 0.15% of the City-Wide Budget and under the control of the City Auditor, subject to the normal City rules and procedures for disbursements.-

~~The City Council shall appoint the City Auditor who shall serve at its pleasure. The City Auditor shall be certified according to standards comparable to a Certified Public Accountant or a Certified Internal Auditor at time of appointment.~~

SECTION 1501. ~~Powers and Duties.~~ Objectives of the City Auditor.

The City Auditor shall seek to ensure that: ~~have the following powers and duties:~~

- (a) The City produces timely and accurate financial statements and reports including budget reports.
- (b) The City completes its required financial, compliance and specialized audits on a timely basis ensuring, that those audits are properly performed by qualified independent outside auditors.
- (c) The City provides timely and proper responses to findings made as the results of outside or internal financial, compliance and program audits, reviews, and monitoring activities.

(d) The City maintains effective internal controls.

(e) The City's operations are economical, effective and efficient, and conducted without fraud, waste or abuse.

SECTION 1502. Oversight.

The City Auditor shall:

(a) Advise and report to the City Council.

(b) Submit an annual audit plan to the City Council

(c) Perform other functions assigned by the City Council.

(d) Undertake independent examinations, review, investigations and other procedures consistent with the Charter.

SECTION 1503. Duties and Powers

(a) The City Auditor shall ~~Conduct or~~ cause to be conducted annual post audits of all the fiscal transactions and accounts kept by or for the City. Such audits shall include but not be limited to the examination and analysis of fiscal procedures and the examination, checking and verification of accounts and expenditures. ~~The audits shall be conducted in accordance with generally accepted auditing standards and accordingly shall include tests of the accounting records and other auditing procedures as may be considered necessary under the circumstances. The audits shall include the issuance of suitable reports of examination so the Council and the public will be informed as to the adequacy of the financial statements of the City.~~

(b) The City Auditor shall review the annual and quarterly financial statements prepared by the City, and prepare a written report to the City Council. The City Auditor shall comment on the timeliness and accuracy of the annual and interim financial statements, the nature and changes in City assets, liabilities, net position, fund balances, revenues, expenditures, actual results vs. budget, and other appropriate matters.

(c) The City Auditor shall review and provide advice to the City Council about financial statements, audit reports and other financial reports before any statements or reports are filed with regulatory agencies.

(d) The City Auditor shall receive copies of all communications relating to internal and external audit requests, audit responses, program reviews, and monitoring visits. The City Auditor shall report to the City Council as to the status of compliance activities.

(e) For any proposed or amended contract, memorandum of understanding, retirement plan agreement, loan, bond, or similar agreement that entails a potential new or continuing obligation of \$1,000,000 or more, the City Auditor shall provide an independent analysis of the possible effects on the current and next year's general fund and city-wide financial statements together with providing recommendations regarding the fiscal advisability of those contracts and agreements.

(f) The City Auditor shall have access to and authority to examine any documents, records and property including but not limited to books, accounts, internal memoranda, reports, vouchers, correspondence files, bank accounts, and any other property of any City department, office, agency or

outside vendor and contractors consistent with right-to-audit provisions of City contracts. City management, staff, and other employees shall cooperate with reasonable requests of the City Auditor. The City Auditor may meet in private with current, or former City management or staff, outside auditors, other professional, outside contractors, vendors and any member of the City Council, or the full City Council subject to applicable provisions of open meetings laws.

(g) Any financial, attestation or performance audit performed by the City Auditor shall be conducted in accordance with Generally Accepted Government Auditing Standards.

(h) The City Auditor shall prepare and submit to the City Council quarterly reports of its activities, and other reports required by the Charter, together with recommendations designed to improve the administration of the City.

~~—— (b) — Conduct performance audits, as assigned by Council. A “performance audit” means a post audit which determines with regard to the purpose, functions and duties of the audited agency all of the following:~~

~~—— (1) — Whether the audited department, office or agency, is managing or utilizing its resources, including public funds, personnel, property, equipment and space in an economical and efficient manner.~~

~~—— (2) — Causes of inefficiencies or uneconomical practices, including inadequacies in management information systems, internal and administrative procedures, organizational structure, use of resources, allocation of personnel, purchasing policies and equipment.~~

~~—— (3) — Whether the desired results are being achieved.~~

~~—— (4) — Whether objectives established by the Council or other authorizing body are being met.~~

~~—— (e) — Conduct special audits and investigations, as assigned by Council. “Special audits and investigations” mean assignments of limited scope, intended to determine:~~

~~—— (1) — The accuracy of information provided to the Council.~~

~~—— (2) — The costs and consequences of recommendations made to the Council.~~

~~—— (3) — Other information concerning the performance of City Departments, Offices or Agencies as requested by the Council.~~

~~—— (d) — The City Auditor shall have access to, and authority to examine any and all documents including but not limited to books, accounts, internal memoranda, writings and tapes, reports, vouchers, correspondence files and other records, bank accounts, money and other property of any City department, office or agency, whether created by the Charter or otherwise, with the exception of the office of any elected official.~~

~~—— It is the duty of any officer, employee or agent of the City having control of such records to permit access to, and examination thereof, upon the request of the City Auditor or his or her authorized representative. It is also the duty of any such officer, employee or agent to fully cooperate with, and to make full disclosure of all pertinent information.~~

~~—— (e) — Prepare and submit to the Council quarterly reports of the City Auditor’s activities and findings in the immediately preceding three calendar months, together with any recommendations to improve the administration of the City.~~

~~—— (f) — Perform other auditing functions, consistent with other provisions of this Charter, and prepare and submit such other reports, as may be assigned by the Council.~~

SECTION 1502. Power of Appointment.

The City Auditor may appoint and prescribe the duties of the professional, technical and clerical employees employed in the Office of the City Auditor; provided, however, that the City Auditor shall not appoint to any position any business associate or any person related to him or her or to the City Manager or to any member of the Council by blood or marriage within the third degree, except that the foregoing prohibition against nepotism may be waived by a vote of at least two-thirds (2/3) of the members of the Council if the Council finds that the proposed appointment is in the interest of the City. All such appointees shall serve at the pleasure of the City Auditor in the unclassified service; and shall serve under such terms and conditions, salaries and benefits as are similar to other unclassified employees;

Neither the Council nor any of its members shall in any manner dictate the appointment or removal of any such officer or employee whom the City Auditor is empowered to appoint, but the Council may express its views and fully and freely discuss with the City Auditor anything pertaining to the appointment and removal of such officers and employees.

* **Historical Note:**

Article 1503 added Election 11/8/94 effective 5/22/95.

Articles 1500—1502 repealed and added Election 03/07/2000 effective 01/01/2001.

Articles 1503—1506 repealed Election 03/07/2000 effective 01/01/2001.