

RESOLUTION NO. 2019-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA AMENDING THE NAME, PROCEDURES, RULES AND REGULATIONS FOR THE AUDIT COMMITTEE.

WHEREAS, the City Council of the City of West Covina 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 West Covina is meeting its internal control and financial reporting responsibilities; and

WHEREAS, the City Council recognizes the importance of creating an Audit Committee as it is considered a financial management best practice

WHEREAS, the 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, the City Council established an Audit Committee with Resolution No. 2015-73, changed the membership of the Audit Committee with Resolution No. 2016-40; and rescinded and replaced Resolution No. 2016-40 with Resolution No. 2018-60; and

WHEREAS, the City Council now desires to rename the Audit Committee to the Finance & Audit Committee; and

WHEREAS, the City Council now desires to expand and clarify the duties of the Finance & Audit Committee; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST COVINA,
CALIFORNIA DOES RESOLVE AS FOLLOWS:**

SECTION 1. FINANCE & AUDIT COMMITTEE RULES AND REGULATIONS

1. ESTABLISHMENT OF THE AUDIT & FINANCE COMMITTEE

The City Council of the City of West Covina hereby renames the previously established City of West Covina Audit Committee as the Finance & Audit Committee.

2. PURPOSE

The Finance & Audit Committee's primary purpose is to assist the City Council in discharging its responsibilities for the overall stewardship of the City's financial affairs. This will include reviewing financial information; assessing the existence and adequacy of accounting and internal control systems and related safeguards over the City's assets; and overseeing the audit function.

3. MEMBERSHIP AND APPOINTMENT

The Audit Committee shall consist of seven members: the City Treasurer, two City Council members, and four members of the public. The two City Council members and the four members of the public will be appointed by the City Council. The City Clerk shall post and advertise the public positions and vacancies as provided for all other city commissions and committees.

4. COMPENSATION

Members of the Committee shall serve without compensation.

5. TERM OF MEMBERSHIP

The appointed members of the Committee shall be appointed for two (2) year terms on a staggered basis, except for the initial appointment as provided herein. For the initial appointments, one Council Member and one member of the public shall initially be appointed to serve a one-year term in order to allow for the staggered terms thereafter.

6. TIME AND PLACE OF MEETINGS

The Committee will meet at least quarterly and shall hold other meetings on an as needed basis. All meetings of the Committee shall be held at the City of West Covina City Hall located at 1444 W. Garvey Ave. in the City of West Covina.

7. CONFLICT OF INTEREST

All members of the Committee are subject to the requirements of the Conflict of interest codes of the City of West Covina and Conflict of Interest laws of the State of California.

8. DUTIES OF THE COMMITTEE


The role of the Committee is to augment management's accountability to the City Council. The Committee achieves this goal by:

- Recommending the selection of the independent financial auditor for the financial statement;
- Monitoring the progress of the financial statement audit;
- Evaluating the results of the financial statement audit;
- Ensuring that any control weaknesses and legal compliance violations identified in the course of the financial statement audit are promptly and effectively remedied;
- Serving as a direct communications link between the City Council and the independent auditor; and


- Monitoring the adequacy of the City's internal control structure on an ongoing basis, such as cash disbursements, cash receipting, treasury transactions, etc., as examined by the internal audit function and the independent financial auditor.
- Reviewing audit and financial consulting contracts proposed scope of work. Making recommendations for changes in scope of work if needed;
- Reviewing actual revenue and expenditures compared to budget based on monthly financial reports detailed by account. The finance staff is to provide the committee with a monthly report to allow the finance department to develop accurate projections;
- Reviewing projected revenue and expenditures compared to budgeted revenue and expenditures;
- Reviewing the preliminary budget to determine if expected revenue or expenses (e.g. litigation, equipment replacement) are budgeted in accordance with historical trends;
- Reviewing if the following objectives are being met:
 - Projected expenditures do not exceed budget;
 - Projected revenue approximates budget;
 - Projected revenue meets or exceeds projected expenditures;
 - Timely budget adjustments are prepared for projected overdrafts in expenditures;
 - The City Council is informed in a timely fashion if revenue or expenditures that deviate significantly from budget;
- Providing quarterly reports to the City Council on the financial and audit status of the City;
- Reporting to the City Council if the committee believes either:
 - It has found material financial information which it believes to be inaccurate or untimely; or
 - Projections will result in shortfalls in revenue, overdrafts in expenditures, or deficits caused by spending more than is received;
- The committee ensuring that it does not make budget priority recommendations.

SECTION 2. The City Clerk shall certify to the adoption of this Resolution.

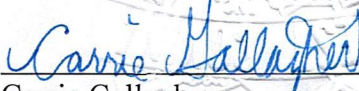
PASSED, APPROVED, AND ADOPTED this 7th day of May, 2019.

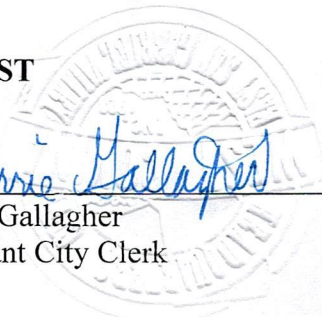

 Lloyd Johnson
 Mayor

APPROVED AS TO FORM


 Scott E. Porter
 City Attorney

ATTEST


 Carrie Gallagher
 Assistant City Clerk



West Covina
Responsibilities of the Finance & Audit Committee

Recommendation to the City Council by the Audit Committee
April 10, 2019

The responsibilities of the Audit Committee, to be renamed the Finance & Audit Committee, will include the previously adopted responsibilities of the Audit Committee with the following additions and changes:

1. Meet at least quarterly with additional meetings scheduled at the request of a majority of the Finance & Audit Committee, the City Council, or the city staff.
2. Review audit and financial consulting contracts proposed scope of work. Make recommendations for changes in scope of work if needed.
3. Review actual revenue and expenditures compared to budget based on monthly financial reports detailed by account. A monthly report is also produced by the Finance Department in order to develop accurate projections.
4. Review projected revenue and expenditures compared to budget.
5. Review the preliminary budget to determine if expected revenue or expenses [e.g. litigation, equipment replacement] are budgeted in accordance with historical trends.
6. Review if the following objectives are being met:
 - Projected expenditures do not exceed budget
 - Projected revenue approximates budget
 - Projected revenue meets or exceeds projected expenditures
 - Timely budget adjustments are prepared for projected overdrafts in expenditures
 - The City Council is informed in a timely fashion if revenue or expenditures deviates significantly from budget
7. Provide quarterly reports to the City Council on the financial and audit status of the City.
8. The Finance & Audit Committee does not make budget priority recommendations.
9. The committee's final responsibility is to report to the City Council if it finds that published financial information is believed to be inaccurate, not timely, or if projections will result in shortfalls in revenue, overdrafts in expenditures, or deficits caused by spending more than is received.

RESOLUTION NO. 2018-60

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA REPLACING RESOLUTION NO. 2016-40 AMENDING THE PROCEDURES, RULES AND REGULATIONS FOR THE AUDIT COMMITTEE.

WHEREAS, the City Council of the City of West Covina 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 West Covina is meeting its internal control and financial reporting responsibilities; and

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

WHEREAS, the 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, the City Council established an Audit Committee with Resolution No. 2015-73; Changed the membership of the Audit Committee with Resolution No. 2016-40; and

WHEREAS, the City Council now desires to add two additional Community Members to the Audit Committee.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of West Covina as follows:

SECTION 1: AUDIT COMMITTEE RULES AND REGULATIONS

1. ESTABLISHMENT OF THE AUDIT COMMITTEE

The City Council of the City of West Covina hereby establishes the City of West Covina Audit Committee.

2. PURPOSE

The Audit Committee's primary purpose is to assist the City Council in discharging its responsibilities for the overall stewardship of the City's financial affairs. This will include reviewing financial information; ascertaining the existence and adequacy of accounting and internal control systems and related safeguards over the City's assets; and overseeing the audit function.

3. MEMBERSHIP AND APPOINTMENT

The Audit Committee shall consist of seven members: the City Treasurer, two City Council members, and four members of the public. The two City Council members and the four members of the public will be appointed by the City Council. The City Clerk shall post and advertise the public positions and vacancies as provided for all other city commissions and committees.

4. COMPENSATION

Members of the Committee shall serve without compensation.

5. TERM OF MEMBERSHIP

The appointed members of the Committee shall be appointed for two (2) year terms on a staggered basis, except for the initial appointment as provided herein. For the initial appointments, one Council Member and one member of the public shall initially be appointed to serve a one-year term in order to allow for the staggered terms thereafter.

6. TIME AND PLACE OF MEETINGS

The Committee will meet at least once annually and shall hold other meetings on an as needed basis. All meetings of the Committee shall be held at the City of West Covina City Hall located at 1444 W. Garvey Ave. in the City of West Covina.

7. CONFLICT OF INTEREST

All members of the Committee are subject to the requirements of the Conflict of Interest codes of the City of West Covina and Conflict of Interest laws of the State of California.

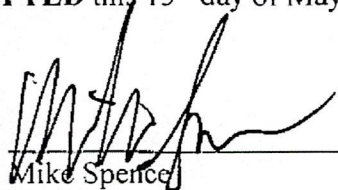
8. DUTIES OF THE COMMITTEE

The role of the Committee is to augment management's accountability to the City Council. The Committee achieves this goal by:

- Recommending the selection of the independent financial auditor for the financial statement audit;
- Monitoring the progress of the financial statement audit;
- Evaluating the results of the financial statement audit;
- Ensuring that any control weaknesses and legal compliance violations identified in the course of the financial statement audit are promptly and effectively remedied;
- Serving as a direct communications link between the City Council and the independent auditor; and
- Monitoring the adequacy of the City's internal control structure on an ongoing basis, such as cash disbursements, cash receipting, treasury transactions, etc., as examined by the internal audit function and the independent financial auditor.

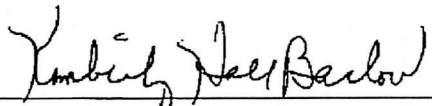
SECTION 2. That the City Clerk shall certify to the passage and adoption of the resolution.

PASSED, APPROVED AND ADOPTED this 15th day of May, 2018.




Mike Spence
Mayor

APPROVED AS TO FORM:



Kimberly Hall Barlow
City Attorney


ATTEST:



Nickolas S. Lewis
City Clerk

I, HEREBY CERTIFY that the foregoing resolution was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof on the 15th day of May, 2018 by the following vote of the City Council:

AYES: Toma, Warshaw, Wu, Johnson, Spence
NOES: None
ABSENT: None
ABSTAIN: None



Nickolas S. Lewis
City Clerk

I, HEREBY CERTIFY that the foregoing resolution was duly adopted by the City Council of the City of West Covina, California, at a regular meeting thereof on the 7th day of May, 2019 by the following vote of the City Council:

AYES: Castellanos, Lopez-Viado, Shewmaker, Wu, Johnson
NOES: None
ABSENT: None
ABSTAIN: None



Carrie Gallagher

Carrie Gallagher, CMC
Assistant City Clerk

