

RESOLUTION NO. 2010-27

A RESOLUTION CREATING AN AUDIT COMMITTEE TO ENSURE THAT CITY MANAGEMENT, INDEPENDENT AUDITORS, AND THE CITY COUNCIL CONTINUE TO FULLY MEET THEIR RESPECTIVE RESPONSIBILITIES TO PROVIDE SOUND FINANCIAL REPORTING, INTERNAL CONTROLS, AND OVERALL ACCOUNTABILITY IN A PUBLIC SECTOR ENVIRONMENT; SETTING THE COMPOSITION OF THE COMMITTEE; REQUIRED MEETINGS; AND DUTIES.

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

WHEREAS, the City Council desires to create an Audit Committee in order to give the external auditors the independence necessary to conduct the annual financial statement audit required by Texas Local Government Code, Section 103.001; and

WHEREAS, formation of the Committee ensures regular, direct communication between the independent auditors and the governing body; and

WHEREAS, a Committee helps to preserve and enhance the objectivity and independence of the financial statement audit by allowing a forum in which the independent auditor can candidly discuss audit-related matters with members of the City Council.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Shoreacres,

Section 1. The City of Shoreacres Audit Committee (Committee) is created for the purpose of focusing the governing body's attention on its responsibility for internal control and financial reporting. The Audit Committee shall monitor the conduct of the external auditors and advise the City Council as necessary.

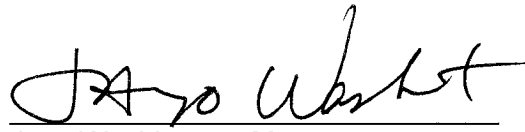
Section 2. The Committee is composed of three to five members including two members of Council, the City Administrator, and up to two citizen members at large.

- (a) Council shall elect two of its own members to serve on the committee.
- (b) The Mayor, if elected to the Committee, shall act as the Chair of the Committee. The Mayor, if not a member of the Committee, shall appoint one of the elected Councilmembers to act as the Chair of the Committee.
- (c) Citizen members of the Committee, if any, will be appointed by the City Council. It is preferable that the appointed citizen members have a financial background to serve on the Audit Committee.
- (d) The initial term of council and citizen members shall expire on June 30, 2010. After June 30, 2010, members shall serve a two year term beginning on July 1 and ending on June 30 of each even numbered year thereafter.

Section 3. The Committee shall meet at a minimum twice annually. One meeting shall be a pre-audit meeting with the independent auditors. A second meeting shall be held to discuss other issues the auditor or management considers significant. Management shall prepare responses to the independent auditor's management letter. The responses shall be reviewed by the Committee. This meeting will occur within forty-five (45) days of the issuance of the final audit report each year. These reports will be provided to the Committee and the City Council. The Committee may elect to make a presentation to Council advising the Council on the outcome of the audit, any audit findings, or any other pertinent communications.

Section 5. This Resolution is effective immediately following adoption by the City Council and signature by the Mayor.

PASSED AND APPROVED this 8th day of February, 2010.



Jayo Washington, Mayor

(City Seal)

ATTEST:



David K. Stall, CFM
City Administrator / City Secretary