

Ordinance amending Chapter 12½ of the Corpus Christi Code to add experience requirement for Audit Committee, allow for an ex-officio member of the audit committee, clarify access to records, modify audit follow-up timeline, and modify composition of ad hoc committee for city auditor vacancy review

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS:

SECTION 1. The Corpus Christi Code, Chapter 12½, Sec. 12½ -3. Audit committee, is amended by adding the following language that is underlined (added) and deleting the language that is stricken (~~deleted~~) as delineated below:

Sec. 12½ -3 Audit committee.

- (a) The audit committee will provide guidance to and oversight of the city auditor's office in the performance of its responsibilities. The audit committee will consist of four (4) council members appointed by the mayor at the beginning of each council term. The mayor shall appoint one of the council members as the chairperson. The mayor may change the membership of the audit committee at any time. However, if a committee has not been appointed, then the duties of the council audit committee as described in this chapter shall be undertaken by the entire city council. It is preferred that audit committee members possess knowledge of audit, finance, local government, information technology, law, governance, and risk control. An ex-officio, non-voting member, may also be appointed to the audit committee to aid in the collective knowledge of the audit committee; an individual must have sufficient knowledge of audit and finance to be eligible for appointment to the committee as an ex-officio member.
- (b) The city council shall communicate city council's expectations and feedback to the city auditor. The duties of the committee with respect to the city auditor are described below:
 - (1) To review and provide comments regarding the city auditor's annual work program, to be formally reviewed and approved by city council each year;
 - (2) To monitor the city's internal controls through the results of external audits, and internal audits and other activities of the city auditor;
 - (3) To monitor audit results and follow-up activities of the city auditor; and
 - (4) To ensure that audit results include recommendations that serve to improve or enhance city operations.
- (c) The audit committee shall meet as needed to perform its duties.
 - (1) A majority of the members of the audit committee shall constitute a quorum.

- (2) The minutes of each meeting are to be prepared and sent to the committee members and approved at subsequent meetings.
- (3) In compliance with the Texas Open Meetings Act, the audit committee will hold executive sessions with the city auditor and external auditors as deemed appropriate.
- (d) The city auditor shall have direct communication with the council audit committee and attend all council audit committee meetings.

SECTION 2. The Corpus Christ Code, Chapter 12½, Sec. 12½- 4. Access to records and property., is amended by adding the following language that is underlined (added) and deleting the language that is stricken (~~deleted~~) as delineated below:

Sec. 12½-4. - Access to records and property.

In performing its duties, the office of the city auditor shall have access to all records, information, properties, equipment, and personnel of the city relevant to a review. Additionally, City officers, employees, and agents shall fully cooperate with the office of the city auditor and fully disclose all known information. ~~All officers, employees, or agents of the city shall provide access to and furnish the city auditor or employees in the office of the city auditor with any and all documents including but not limited to records, books, accounts, internal or external memoranda, writings and tapes, reports, vouchers, correspondence files, CDs, computer data, bank accounts, reports, funds, money, and other information or property in their custody. Also, such officers, employees, or agents shall fully cooperate with the office of the city auditor, and make full disclosure of all known information. In addition, they shall provide access for the city auditor to inspect all property, equipment, and facilities within their custody and observe any operations for which they are responsible.~~

SECTION 3. The Corpus Christ Code, Chapter 12½, Sec. 12½- 6. Powers and duties., is amended by adding the following language that is underlined (added) and deleting the language that is stricken (~~deleted~~) as delineated below:

Sec. 12½-6. - Powers and duties.

- (a) The city auditor shall systematically and continuously examine the works of all city operations to identify opportunities to reduce costs, increase efficiency, quality, and effectiveness, or otherwise improve management of city programs and services.
- (b) *Scope of work.* The city auditor is empowered to conduct performance and other audit work to determine whether:
 - (1) Activities and programs being implemented have been authorized by the council, or some other legal authority, and are being conducted in a

manner contemplated to accomplish the objectives intended by the council or other authorizing authority;

(2) The effectiveness of organizations, programs, activities, functions or policies, and the extent to which desired results or benefits are being achieved;

(3) The audited entity is acquiring, protecting, and using its resources (such as personnel, property, and space) economically and efficiently, and the causes of inefficiencies or uneconomical practices;

(4) The audited entity is in compliance with council or other legally imposed mandates regarding efficiency, economy, effectiveness, or expenditure of public funds;

(5) Systems of administrative and accounting control have been established by management to effectively, economically, and efficiently carry on the city's operations;

(6) Financial and performance reports are being provided that disclose fairly, accurately, and fully all information that is required by law or other established or state criteria that is necessary to ascertain the nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the results of programs and activities.

(c) *Follow-up on audits.* The city auditor shall ensure accountability and implementation of a continuous improvement process by an annual status report of prior audit recommendations. Accordingly:

(1) The city auditor may conduct follow-up reviews determined necessary by the city auditor to verify a report or plan from the city manager in response to an audit recommendation. In doing so, the city auditor shall request a status report on actions taken by appropriate officials. The City Auditor will conduct their review post management's target implementation date or 12 months after the transmittal of an audit report to the council, whichever is sooner. ~~At least six (6) months, but no longer than twelve (12) months, after the transmittal of an audit report to the council, the city auditor shall request a status report on actions taken by appropriate officials in response to the audit recommendations~~

(2) The city auditor may request additional periodic status reports, and conduct follow-up review as needed.

(d) *Report of irregularities.* If the city auditor detects apparent violation of law, or apparent instances of misfeasance or nonfeasance by an officer or employee, or information that indicates derelictions may be reasonably anticipated, the auditor shall, after consultation with and advice from the city attorney, immediately report the irregularities to the appropriate authority, including the city manager. If the irregularity is criminal in nature, the auditor shall also notify the appropriate chief prosecuting attorney.

(e) *Contract auditors, consultants, and experts.* Through appropriate procurement requirements and within the limits of the adopted budget, the auditor may

obtain the services of certified or registered public accountants, qualified management consultants, or other professional experts necessary to perform the auditor's duties.

- (f) The city auditor shall meet with the external auditors to discuss pertinent matters, review the financial statements, auditors' opinions, and management letters resulting from the annual financial audit.

SECTION 4. The Corpus Christ Code, Chapter 12½, Sec. 12½- 8. City auditor vacancy— Selection process., is amended by adding the following language that is underlined (added) and deleting the language that is stricken (~~deleted~~) as delineated below:

Sec. 12½-8. City auditor vacancy—Selection process.

- (a) At such times when a vacancy occurs in the office of the city auditor, the first principal assistant shall act in the capacity of city auditor pending the appointment of a new city auditor. Should the first principal assistant position be vacant, the council audit committee shall appoint an interim city auditor.
- (b) An ad hoc nominating committee, consisting of the Council Audit Committee plus the City Manager, or designee, shall recommend to the City Council candidates for City Auditor. ~~The council shall appoint an ad hoc nominating committee to recommend to the city council candidates for city auditor. The committee shall consist of five (5) members, including a chair and vice chair selected by majority vote of members, meeting the following qualifications:~~
 - ~~(1) Three (3) members shall be members of the city council nominated by the council audit committee.~~
 - ~~(2) One (1) member shall be an at large City of Corpus Christi resident.~~
 - ~~(3) One (1) member shall be the city manager or his or her designee.~~
- (c) The ad hoc committee shall hold meetings to consider applicants to serve as city auditor. The committee shall recommend to the city council three (3) candidates selected by a majority of the committee members. The city council may request additional applicants for consideration. The city council shall have final authority for appointment of the city auditor.

SECTION 5. If for any reason any section, paragraph, subdivision, clause, phrase, word, or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Council that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

SECTION 6. This ordinance takes effect immediately upon passage on second reading.

That the foregoing ordinance was read for the first time and passed to its second reading on this the _____ day of _____, 2023, by the following vote:

Paulette Guajardo _____	Jim Klein _____
Roland Barrera _____	Mike Pusley _____
Sylvia Campos _____	Everett Roy _____
Gil Hernandez _____	Dan Suckley _____
Michael Hunter _____	

That the foregoing ordinance was read for the second time and passed finally on this the _____ day of _____, 2023, by the following vote:

Paulette Guajardo _____	Jim Klein _____
Roland Barrera _____	Mike Pusley _____
Sylvia Campos _____	Everett Roy _____
Gil Hernandez _____	Dan Suckley _____
Michael Hunter _____	

PASSED AND APPROVED on this the _____ day of _____, 2023.

ATTEST:

Rebecca Huerta
City Secretary

Paulette Guajardo
Mayor