

BILL NO. 49-2012

AN ORDINANCE

**AN ORDINANCE AMENDING THE CITY OF READING CODIFIED ORDINANCES §1-199.03 BOARDS AND COMMISSIONS/COUNCILS ESTABLISHING THE CITY OF READING AUDIT COMMITTEE AS PRESCRIBED BY THE ACT 47 RECOVERY PLAN CA02 AS A NEW PART 22.**

**THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1. Establishing the City Audit Committee.** Amending The City Of Reading Codified Ordinances §1-199.03. Boards And Commissions/Councils establishing the City of Reading Audit Committee as prescribed by the Act 47 Recovery Plan Ca02 as a new Part 22.

**SECTION 2. Purpose.** The Act 47 Recovery Plan Initiative CA02 requires the City of Reading to establish a process for coordinating and responding to external audits. The City of Reading Audit Committee should facilitate City Council's performance of its oversight role. It should provide independent review of a municipality's financial reporting processes, internal and external audits, formal responses to audits and oversight of city management's actions to achieve compliance. The Committee should ensure that city management properly develop and adhere to standard operating procedures for its fiscal affairs, uphold the integrity of independent external audits, and the objectivity and comprehensiveness of internal audits.

**SECTION 3. Composition of the City of Reading Audit Committee.** The City of Reading Audit Committee shall be composed of five (5) member comprised of City Clerk, City Auditor, Chair of the Council Finance Committee, or his representative, the Director of Administration Services, and a qualified citizen who is a resident of the city for at least three years, has at least five (5) years of experience in public accounting, finance or budgeting, and is willing to serve a three (3) year term. The citizen can be selected by Council but will operate as an independent voice on the committee.

**SECTION 4. Function of the City of Reading Audit Committee.** The City of Reading Audit Committee shall be chaired by the City Auditor. Each Committee member will have one (1) equal vote. The Committee shall meet within five (5)

business days from the end of each quarter. The City of Reading Audit Committee will:

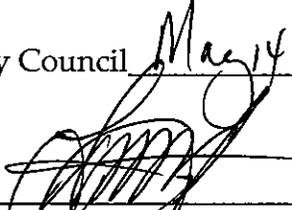
1. Select the external auditor, in accordance with the city's procurement code. The external auditor shall report its findings to the Audit Committee, and work with the Audit Committee to achieve compliance
2. Review the City's financial statements, including all quarterly financial statements produced by the Department of Administrative Services for accuracy and completeness, including any adjustments required by the external auditor.
3. Approve the annual work plan of the City Auditor to ensure the audits are timely and constructive
4. Make a report to Council at the start and end of each fiscal year that details its areas of focus and at the close of each year to describe the committee's success and challenges
5. Review all internal audits prepared by the City Elected Auditor
6. Examine all aspects of the financial reporting process
7. Provide a statement on whether the city's year-end financials are accurately presented.

**SECTION 4. Authority.** The City of Reading City Council hereby empowers the City of Reading Audit Committee to execute its mission by:

1. Providing funding for the engagement and the services of an external auditor and other government financial experts as determined by a majority vote of the committee;
2. Providing access to the schedule of audits and reports produced by the internal elected auditor;
3. Providing authority to ensure appropriate corrective action is taken by city management in response to the internal and external audits;
4. Providing authority to establish procedures for the confidential receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters from City municipal employees.
5. Providing authority to review the financial documents and procedures of all related Boards and Commissions to ensure accurate financial reporting and make recommendations for improvements to the various financial procedures.

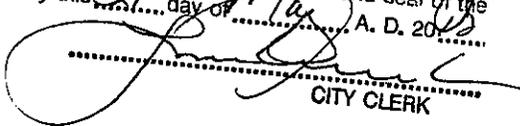
**SECTION 5.** All ordinances or parts of ordinances which are inconsistent herewith are hereby repealed.

SECTION 6. This Ordinance shall become effective ten (10) days after its adoption in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted by Council May 14, 2012  
  
\_\_\_\_\_  
President of Council

Attest:

  
\_\_\_\_\_  
City Clerk

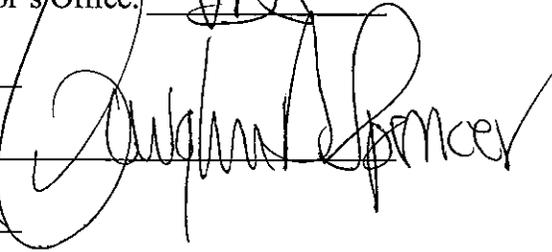
I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 14 day of May, A. D. 20 12. Witness my hand and seal of the said City this 17 day of May, A. D. 20 12.  
  
\_\_\_\_\_  
CITY CLERK

Submitted to Mayor:  \_\_\_\_\_

Date: 5/15/12

Received by the Mayor's Office:  \_\_\_\_\_

Date: 5/15/12

Approved by Mayor:  \_\_\_\_\_

Date: 5/15/12

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_