

1ST READING
2ND READING

1-17-12
1-24-12

ORDINANCE NO. 12566

AN ORDINANCE TO AMEND THE CHARTER OF THE CITY OF CHATTANOOGA, AND ALL ACTS, ORDINANCES, AND OTHER CHARTER PROVISIONS AMENDATORY THEREOF, PURSUANT TO THE PROVISIONS OF ARTICLE XI, SECTION 9, OF THE CONSTITUTION OF THE STATE OF TENNESSEE (HOME RULE AMENDMENT) SO AS TO (1) ESTABLISH AN INDEPENDENT OFFICE OF INTERNAL AUDIT, AN AUDIT COMMITTEE, AND CITY AUDITOR; (2) PROVIDE FOR THE CITY AUDITOR'S QUALIFICATIONS, APPOINTMENT, AND REMOVAL; AND (3) PROVIDE FOR THE OFFICE'S DUTIES AND ACCESS TO RECORDS AND PROPERTY OF THE CITY.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That the present Charter of the City of Chattanooga, and all Acts and Ordinances amendatory thereof, be and is hereby further amended as follows:

Item 1. By adding new Sections 3.111 through 3.118 as follows:

ARTICLE 4. OFFICE OF INTERNAL AUDIT, AUDIT COMMITTEE, AND CITY AUDITOR

Sec. 3.111. Establishment.

(A) There is hereby established the Office of Internal Audit of the City of Chattanooga. The Office of Internal Audit shall be independent and separate from any other agency, board or department of the City of Chattanooga and shall report to the Audit Committee, Mayor, Council and the citizens.

(B) The Audit Committee shall consist of five voting members. The members shall be residents of the City of Chattanooga. At least four of the members shall have experience in auditing and shall be Certified Public Accountants. The members shall be recommended two each by the local chapters of the Tennessee Society of Certified Public Accountants and the Institute of Internal Auditors, and one by the local chapter of the Association of Certified Fraud Examiners. Should any of these organizations cease to exist, the Council may name a replacement organization

or that organization's recommendation may be made by the Council. The recommendations shall be approved by a majority vote of the current members of the Audit Committee. The members shall serve five year staggered terms. Three members shall constitute a quorum. Members of the current Audit Committee shall serve as if appointed under this section. Members shall serve until their successors are approved. No member shall be an employee of the City or any City board or agency. No member shall have a direct or indirect interest in any contract with the City during their term of service, nor for one year after their term of service. Nor shall any member, member of their immediate family, or regular member of their household, be employed by the City or any agency that obtains more than ten percent of its annual funding from the City. The Audit Committee shall meet at least quarterly.

(C) The Office of Internal Audit shall be provided a separate budget to carry out the responsibilities and functions established in this section. Budget reductions shall only be made when proportional to reductions in the City's budget for ordinary expenses.

(D) The Chief Audit Executive shall have the title City Auditor. The City Auditor shall establish the internal organization of the office and shall organize it as deemed necessary to perform the functions, powers, and duties of the office. The City Auditor shall have the power to appoint, employ, and remove staff following the same administrative processes established for City personnel practices. The City Auditor shall be a resident of the City of Chattanooga.

(E) The existing functions, personnel, funds, equipment, facilities and records of the Internal Audit Division established as an executive office of the Mayor shall be transferred to the Office of Internal Audit as established herein.

Sec. 3.112. Appointment and Removal of City Auditor.

The City Auditor shall be appointed by the Audit Committee and approved by the Council. If a vacancy occurs in the City Auditor position, a replacement shall be appointed within six months. The City Auditor shall receive a salary set by the Audit Committee using established market data. The City Auditor may be removed from office for just cause by the affirmation vote of two-thirds of the entire membership of the Audit Committee and approval by the Council. The current Director of Internal Audit on August 11, 2011 shall serve as City Auditor as if appointed under the terms of this section.

Sec. 3.113. Qualifications of City Auditor.

The City Auditor shall be a Certified Public Accountant knowledgeable in governmental auditing, public administration, and government financial and fiscal practices.

Sec. 3.114. Scope.

The Office of Internal Audit shall have authority to conduct audits, special projects, inspections, investigations, or audit-related functions of all departments, offices, boards, activities and agencies of the City of Chattanooga or chartered under the City of Chattanooga. The Office of Internal Audit shall conduct audits in accordance with government auditing standards promulgated by the Comptroller General of the United States. The City Auditor shall not be denied independent legal counsel. The Office of Internal Audit shall assert no direct responsibility or authority over City activities reviewed. Its review and appraisal of activities does not relieve other persons in the City of any responsibilities assigned to those activities.

Sec. 3.115. Access to Employees, Records, and Property.

(A) All officers and employees of the City of Chattanooga, its agencies or any entity chartered under the City of Chattanooga shall cooperate with and furnish the Office of Internal Audit unrestricted access to employees and information regarding powers, duties, activities, organization, assets, financial transactions, contracts, and methods of business, as well as all facilities, property, and records including automated data and digital information.

(B) All contracts with outside contractors and subcontractors shall provide for the Office of Internal Audit to have access to all financial and performance related records, property and equipment related to City of Chattanooga contracts.

Sec. 3.116. Irregularities.

The Office of Internal Audit shall be informed of any special investigation, fraud, theft, or other suspected cases of misappropriation occurring within the City government.

Sec. 3.117. Audit Committee Responsibilities.

(A) The Audit Committee shall review the annual audit plan provided by the City Auditor and recommend additional audits it deems advisable. The Audit Committee shall monitor follow-up reports on audit findings and recommendations and may require any manager who has not successfully completed corrective

actions to appear before the committee. Any employee of the City shall appear before the Audit Committee when summoned.

(B) The Audit Committee shall meet with the external auditor at least three times per year: During the planning stage, during the field work stage, and after completion of the audit.

(C) The Audit Committee shall provide for and oversee the annual external audit. The Audit Committee shall administer and manage a request for proposal process to select the external auditor.

(D) The Audit Committee should ensure the continuing independence of the external auditor and review the external auditor's peer review report.

(E) The Audit Committee shall review the Office of Internal Audit's peer review report that shall be conducted as required by government auditing standards referenced in Section 3.114.

(F) The Audit Committee shall report to the Council and Mayor on problems or problem areas as deemed appropriate.

(G) The Audit Committee shall maintain and have oversight of the City's fraud, waste and abuse prevention program.

(H) The City Auditor shall provide staff resources as needed by the Audit Committee to fulfill its responsibilities.

Sec. 3.118. Orientation.

The City Auditor shall develop and provide an orientation training program for all newly elected City officials. The training shall be provided within 60 days of the date such officials take office. All newly elected City officials shall attend. The training shall include, but not be limited to, an overview of the City's administrative code and relevant sections of state law.

Item 2. By deleting Section 8.15 and subsection (c) of Section 8.33 referring to an Internal Auditor in their entirety.

Item 3. By adding a new Section 8.15 as follows:

Sec. 8.15. Management Analyst.

A management analyst shall be appointed by the council, and may be removed and replaced at any time by affirmative vote of a majority of the council. The management analyst's responsibilities will include, but not be limited to, reviewing contracts submitted to council for approval and providing the council with financial and budget analysis reports. The management analyst shall have access to all records of the City of Chattanooga and upon request

of the council shall examine and report to the council the details of any requested documents.

FOR THE AMENDMENT { }

AGAINST THE AMENDMENT { }

SECTION 2. BE IT FURTHER ORDAINED, That all laws constituting the present Charter of the City of Chattanooga, not in conflict with this amendatory home rule ordinance, be and the same are continued in full force and effect, and all laws or parts of laws in conflict therewith are hereby repealed.

SECTION 3. BE IT FURTHER ORDAINED, That if any clause, sentence, paragraph, section, or part of this ordinance shall be held to be unconstitutional or void, it shall not affect the remaining parts of this Ordinance, it being hereby declared to be the legislative intent to have passed the remainder of this Ordinance notwithstanding such part, if any, as may be held to be invalid.

SECTION 4. BE IT FURTHER ORDAINED, That this Ordinance shall be published in full by the Clerk of the City Council in the daily newspaper in the City of Chattanooga after the passage thereof on second and final reading.

SECTION 5. BE IT FURTHER ORDAINED, That the Clerk of the City Council shall certify the passage of this Ordinance to the Hamilton County Election Commission and request that the proposed amendment to the home rule Charter of the City of Chattanooga, Tennessee, be placed on the ballot to be used in the general county election to be held on or about August 2, 2012.

SECTION 6. BE IT FURTHER ORDAINED, That the City Finance Officer is authorized and directed to pay the *pro rata* cost of this special City election.

SECTION 7. BE IT FURTHER ORDAINED, That the Hamilton County Election Commission shall certify to the Clerk of the City Council of the City of Chattanooga, Tennessee, the result of said election, and the said Clerk shall cause said certification to be made a part of the minutes of the City Council.

SECTION 8. BE IT FURTHER ORDAINED, That Section 1 of this Ordinance shall take effect sixty (60) days after its approval by a majority of the qualified voters of the City voting thereon, as provided by Article XI, Section 9, Constitution of Tennessee, the public welfare requiring it.

SECTION 9. BE IT FURTHER ORDAINED, That this Ordinance shall take effect, except for Section 1, immediately upon its passage.

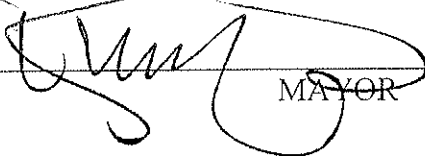
PASSED on Second and Final Reading

January 24, 2012


CHAIRPERSON

APPROVED: DISAPPROVED:

DATE: 1/27, 2012


MAYOR

SS/MAM/mms