

RESOLUTION NO. 2022-15

A RESOLUTION OF HEBER CITY CREATING AN AUDIT COMMITTEE CHARTER.

Therefore, the Heber City Council intends to reduce the risk of fraud by creating an independent Audit Committee as recommended by the state auditor's office and in the Annual Risk Assessment reviewed by the governing body on an annual basis; and

Therefore, the Heber City Council establishes an Audit Committee to provide independent advice, assistance and provide recommendations to the governing body in the oversight of the internal and external audit functions of the City; and

Therefore, the audit committee is an advisory committee only with the authority to review and make recommendations to the governing body; and

BE IT RESOLVED by the City Council of Heber City, Utah, hereby establishes an audit committee charter to read as follows:

Audit Committee Charter

1. Appointment and Organization

There is hereby established an advisory committee to be known as the Heber City Audit Committee, which shall consist of not less than three (3) voting members, but not more than five (5) voting members, appointed by the mayor with the advise and consent of the Council. Members shall include, insofar as possible:

- a. One (1), or two (2) Council members;
- b. One (1) member who is a financial expert, preferably with an understanding of generally accepted account principles (GAAP) and financial statements, experience in preparing or auditing governmental financial statements, and an understanding of internal controls, and who is not a member of the administration;
- c. One (1) or two (2) community members who collectively should possess the knowledge in accounting, auditing, and financial reporting needed to understand and evaluate financial statements, the external audit, and the City's internal audit activities.
- d. The committee will also be supported by Two (2) ex officio members

consisting of the City Manager/Chief Administrative Officer and the Chief Financial Officer/Finance Manager for the City. They will be non-voting members of the committee;

2. Terms and Vacancies

- a. *Terms.* Terms of office shall be as follows:
 - i. For Council members, two (2) years or until a successor is appointed.
 - ii. For the financial expert, four years (4) years or until a successor is appointed.
 - iii. For residents at large, four (4) years or until a successor is appointed.
 - iv. For ex officio members, until replaced.
 - v. Removal from Office. The council may remove any member of the committee for cause.
- b. *Vacancies.* Any vacancy occurring during the term of any member of the committee by reason of death, resignation, removal or disqualification shall be promptly filled by appointment from the mayor with the advise and consent of the council for the unexpired portion of the term.

3. Meetings

- a. *Frequency.* The committee shall meet as deemed appropriate, but not less than two (2) times per year. Additional meetings may be required as warranted.
- b. *Minutes.* An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance, for reasonable review and consideration.

The Audit Committee shall create meeting minutes which include the meeting: agenda, time, date, location, attendance, findings requiring further investigation and items to report to the governing body.
- c. *Chair and Vice Chair.* The committee shall bi-annually elect a chair and vice chair. The officers shall serve for two-year terms or until their successors are elected.
- d. *Adopt Rules of Procedure.* The committee shall adopt rules and procedures, not inconsistent with state law or city ordinance, for conducting its business and may amend such rules from time to time.

4. Powers and Duties

- a. *Independent/External Auditors:*
 - i. *Appointment.* The committee shall make a recommendation

to the council regarding appointment of the city's independent auditor after soliciting bids for services through the City's procurement process. The independent auditor shall be recommended for appointment for not less than three (3) years, but not more than five (5) consecutive years.

- ii. *Evaluation.* The committee shall review and evaluate the performance of the independent auditors and review with the council any recommendations for discharge.
- iii. Meet with the external auditor prior to commencement of the audit to, among other things, review the engagement letter.
- iv. Review and discuss with the external auditor any risk assessment of the entity's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
- v. Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the entity's system of internal controls, and, working directly with the external auditor, assist the governing body in interpreting such documents.
- vi. Make a recommendation to the governing body on accepting the annual audit report.
- vii. Review corrective action plans developed by Heber City management.

b. *Review of Policies and Procedures:*

- i. The committee may review and recommend policies and procedures relating to internal controls and use of government assets.
- ii. Make recommendations regarding internal control reviews, what is to be reviewed, frequency of review and responsibilities for review.
- iii. Assist in the oversight of the internal audit review, including reviewing the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested, and reviewing the results of internal audit activities.
- iv. Review significant recommendations and findings of the internal control reviews.
- v. Monitor management's implementation of the outcomes of the internal control reviews.
- vi. Oversee complaints received.

c. *Other Responsibilities;*

- i. The Committee has the duty and responsibility to report its activities to the governing body as needed, but not less than annually. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the governing body on key decisions and responsibilities. The Audit Committee's reporting requirements are to:
 1. Report on the scope and breadth of committee activities so that the governing body is kept informed of its work.
 2. Provide minutes or a summary of minutes of meetings which clearly record the actions and recommendations of the Committee.
 3. Report on their review of the City's draft annual audit report and accompanying management letter and their review of significant findings.
 4. Report on suspected fraud, waste or abuse, or significant internal control findings and activities of the internal control function.
 5. Report on indications of material or significant non-compliances with laws or City policies and regulations.
 6. Report on any other matters that the committee believes should be disclosed to the governing body.
- ii. Review the committee's own effectiveness and recommend changes as appropriate.
- iii. Other functions as assigned by law, bylaws, or governing body;

If any provisions of the resolution heretofore resolved are inconsistent herewith they are hereby repealed.

To the extent that any ordinances, resolutions, or policies of Heber City materially conflict with the provisions of this Resolution, they are hereby amended to comply with the provisions hereof.

ADOPTED and PASSED, BY THE HEBER CITY COUNCIL this 16th day of August 2022.

	AYE	NAY	ABSENT	ABSTAIN
Michael Johnston	<u>X</u>	_____	_____	_____
Rachel Kahler	<u>X</u>	_____	_____	_____
Ryan Stack	<u>X</u>	_____	_____	_____
Yvonne Barney	<u>X</u>	_____	_____	_____
Scott Phillips	<u>X</u>	_____	_____	_____

APPROVED:

Heidi Franco
Mayor Heidi Franco

ATTEST:

Mina Woolie Date: 8/16/2022
RECORDER