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ORDINANCE _____

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AN ORDINANCE establishing an Audit Committee to give guidance to, and be a resource for, the City Auditor; stating the committee's purpose and duties, and establishing its membership; enacting new Sections 3.40.100, 3.40.110, and 3.40.120 of the Seattle Municipal Code; and providing that the Audit Committee shall terminate automatically unless provided otherwise by ordinance.

WHEREAS, the position of City Auditor is created by the Seattle City Charter, article VIII, section 2; and

WHEREAS, the Office of City Auditor is part of the legislative branch of government, and focuses in large part on performance audits of City departments and functions with a mission to "help the City of Seattle achieve honest, efficient management and full accountability throughout City government"; and

WHEREAS, the City Council wants the Office of City Auditor to be forward-thinking and innovative; to help bring about more open, accountable, performance-driven, and results-oriented government; to be insulated from political pressures and influences; and to provide an independent opinion on the performance of City departments and programs; and

WHEREAS, one strategy to help strengthen the Office of City Auditor and promote the City Auditor's independence is to provide a group of advisors who can give guidance to, and be a resource for, the City Auditor; and

WHEREAS, the City Council has decided to establish an Audit Committee to perform these functions for a trial period of three years, with the intent that if the Audit Committee is successful and proves to be a valuable resource, the City Council will act by ordinance to extend the life of the Audit Committee; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. New Sections 3.40.100, 3.40.110, and 3.40.120 of the Seattle Municipal Code are added as follows:

SMC 3.40.100 Audit Committee established – Purpose and Duties

There is established an Audit Committee to give guidance to, and be a resource for, the City Auditor. The Audit Committee is only advisory. The duties of the Audit Committee



1 include the following:

2 A. Be a sounding board and resource for, and counsel and give guidance to, the
3 Office of City Auditor;

4 B. Help maintain the City Auditor's independence from the City Council and the
5 Mayor;

6 C. Review and comment on the City Auditor's work program. The City Auditor
7 retains authority to make the final decisions regarding the content of the work program, to decide
8 when and how frequently to revise the work program, and to conduct any audit;

9 D. Monitor the City Auditor's audit results, and monitor follow-up activity by
10 departments to implement audit recommendations;

11 E. If desired, comment on the annual report that the City Auditor makes to the
12 Mayor and the City Council under the City Charter, article XXII, section 12 (Annual Reports of
13 Department Heads);

14 F. Review the written report from the every-three-years peer review of the Office of
15 City Auditor;

16 G. When nearing the end of the term of the City Auditor, review and provide input to
17 the City Council regarding reappointing the Auditor. Input from the Audit Committee will be
18 just one source of information that the City Council will use in deciding whether to reappoint the
19 Auditor;
20 Auditor;

21 H. If requested by the City Council when it is seeking a new City Auditor, recruit,
22 evaluate, and/or screen candidates, and/or make a recommendation to the City Council for
23 appointment of a new City Auditor; and
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1 I. If requested by the City Council, provide input to the Council as to suggested
2 contents of an “expectations” letter that would be included in the appointment Clerk File when
3 the Auditor is appointed or reappointed.
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5 **SMC 3.40.110 Audit Committee – Membership**

6 A. The Audit Committee consists of five members: the City Councilmember who
7 chairs the City Council standing committee with oversight responsibility for the City Auditor;
8 one representative of the Executive branch, appointed by the Mayor subject to confirmation by
9 the City Council; and three public members, none of whom is a current City employee. One of
10 the public members shall be appointed by the Mayor subject to confirmation by the City Council,
11 and two of the public members shall be appointed by the City Council. The appointing
12 authorities for the public members shall consider candidates who have relevant expertise (e.g.,
13 program evaluation, law, specialized quantitative analysis), relevant experience (e.g.,
14 government or private sector performance audit experience), or other relevant skills.
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16 B. The term of membership on the Audit Committee is two years, and a member
17 may serve a maximum of two full terms, not counting any portion of a preceding member’s
18 unexpired term; except that the term of membership on the Audit Committee for the City
19 Councilmember who is a member of the Audit Committee shall last as long as that person chairs
20 the City Council standing committee with oversight responsibility for the City Auditor. To
21 achieve staggered terms, for the first term for initial members of the Audit Committee, the
22 representative of the Executive branch and one of the Council-appointed public members shall
23 be appointed to two-year terms, and the second Council-appointed public member and the
24 Mayor-appointed public member shall be appointed to three-year terms. At the expiration of a
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1 member's term, the member shall serve until his or her replacement is appointed and, if required,
2 confirmed.

3 C. When a vacancy occurs, the appointing authority who appointed the member most
4 recently filling that position shall appoint a new member to fill the vacancy. If a vacancy occurs
5 during a term, the new appointee shall serve the remainder of the preceding member's unexpired
6 term.

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8 D. An Audit Committee member who misses three consecutive meetings is
9 automatically removed from the committee.

10 E. Public members serve without compensation for their membership on the Audit
11 Committee.

12 F. Each member of the Audit Committee shall comply with the City Code of Ethics
13 applicable to advisory committees.

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15 G. The City Councilmember who is a member of the Audit Committee is the chair of
16 the Audit Committee.

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18 **SMC 3.40.120 Audit Committee – Meetings**

19 A. The Audit Committee shall meet at least twice a year, or more frequently as
20 needed and as called by the chair.

21 B. A quorum of the Audit Committee to convene a meeting is three members.

22 C. Meetings of the Audit Committee are open to the public, unless an executive
23 session is called pursuant to the state Open Public Meetings Act, RCW chapter 42.30.

24
25 D. Staff support for the Audit Committee is provided by the Legislative Assistant(s)
26 to the chair of the committee, or as the chair otherwise arranges.



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	Martha Lester / 4-8149	N/A

Legislation Title:

AN ORDINANCE establishing an Audit Committee to give guidance to, and be a resource for, the City Auditor; stating the committee's purpose and duties, and establishing its membership; enacting new Sections 3.40.100, 3.40.110, and 3.40.120 of the Seattle Municipal Code; and providing that the Audit Committee shall terminate automatically unless provided otherwise by ordinance.

Summary of the Legislation: This ordinance establishes an Audit Committee to give guidance to, and be a resource for, the City Auditor. The committee is established for a trial period of three years, with the intent that if the Audit Committee is successful and proves to be a valuable resource, the City Council will act by ordinance to extend the life of the Audit Committee. Members of the committee will serve without compensation. Staff support for the Audit Committee will be provided by the Legislative Assistant(s) to the chair of the committee, or as the chair otherwise arranges.

Background: (Include a brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable.)

The City Council wants the Office of City Auditor to be forward-thinking and innovative; to help bring about more open, accountable, performance-driven, and results-oriented government; to be insulated from political pressures and influences; and to provide an independent opinion on the performance of City departments and programs. One strategy to help strengthen the Office of City Auditor and promote the City Auditor's independence is to provide a group of advisors who can give guidance to, and be a resource for, the City Auditor. This ordinance establishes an Audit Committee to perform these functions.

Please check one of the following:

This legislation does not have any financial implications.

(Stop here and delete the remainder of this document prior to saving and printing.)

Does this legislation affect any departments besides the originating department?

(If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.)

This ordinance affects the Office of City Auditor as well as the Legislative Department. City Auditor David Jones has participated in discussions leading up to this legislation.

Is the legislation subject to public hearing requirements? No.

