

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MISSION  
CREATING AN AUDIT COMMITTEE PURSUANT TO THE CHARTER AMENDMENT  
APPROVED BY VOTERS ON MAY 4, 2024 ESTABLISHING  
AN AUDIT COMMITTEE**

**WHEREAS**, the voters of the City of Mission approved a Charter Amendment on May 4, 2024 to establish an Internal Auditor Office to report to the City Council by means of an Audit Committee to provide independent oversight of the financial reporting processes, internal controls, and audit functions of the municipality; and

**WHEREAS**, it is necessary to implement the provisions of said Charter Amendment;

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Mission, as follows:

**Section 1. Establishment of Audit Committee**

Pursuant to the Charter Amendment approved by the voters on May 4, 2024 the City Council hereby establishes the Audit Committee of the City of Mission.

**Section 2. Purpose**

The purpose of the Audit Committee is to provide independent oversight of the financial reporting processes, internal controls, and audit functions of the municipality, thereby enhancing the accountability and transparency of the municipality's financial operations.

**Section 3. Composition**

The Audit Committee shall consist of five voting members to include two City Council members and three members from the community. Members shall be appointed by the Mayor with the approval and consent of the City Council and shall serve for a term of three (3) years, or until their successors are appointed. The Community committee members shall have expertise in accounting, finance, or auditing. Vacancies shall be filled in the same manner as initial appoints for the unexpired terms of any member whose term becomes vacant.

Three voting members shall constitute a quorum for transaction of business. Any recommendation or decision which does not receive a majority of positive votes shall be deemed a negative report. The Audit committee shall keep minutes of its proceedings, showing the vote, indicating such fact, and shall keep records of its examinations and other official actions, all of which shall be public record.

**Section 4. Meetings**

The Audit Committee shall meet at least once quarterly or as needed to perform its duties. All meetings of the Audit Committee shall be open to the public, except as otherwise provided by law. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business. Any recommendation or decision which does not receive a majority of positive votes shall be deemed a negative report. The Audit committee shall keep minutes of its proceedings, showing the vote, indicating such fact, and shall keep records of its examinations and other official actions, all of which shall be public record.

## **Section 5. Duties and Responsibilities**

The duties and responsibilities of the Audit Committee shall include those as listed below. The Audit Committee shall also carry out other duties and responsibilities as may be assigned by the City Council.

1. Review the City Internal Auditor's audit plan annually.
2. Perform regular evaluations of the City's annual internal audit plan and provide suggestions and comments for the annual audit plan.
3. Review and approve the annual audit plan.
4. Perform evaluations of City audit function, ensure audits are performed in accordance with applicable standards, and make recommendations to the City Council.
5. Review financial statements, audit reports, and management letters.
6. Monitor and follow-up on reported findings to assure corrective action is taken by management.
7. Ensure compliance with applicable laws, regulations, and policies.
8. Report its findings and recommendations to the City of Mission on a regular basis.
9. Make recommendations to the City Council for the selection, compensation, and oversight of the external auditing firm conducting the annual financial statement audits.
10. Perform Audit functions as outlined in the City's Internal Audit Plan
11. Approving decisions regarding the appointment and removal of the City Auditor

## **Section 6. Audit Function, Scope, and Oversight**

The City Council directs the Audit Committee to oversee the City Internal Auditor's financial and performance audits of all departments, offices, boards, activities, outside agencies and programs of the City. Such audits shall be conducted in accordance with recognized government auditing standards. The goals of such audits are to independently and objectively determine whether:

1. Activities and programs being implemented have been authorized by government Charter or Code, state law, or applicable federal law or regulations, and are being conducted and funds expended in compliance with applicable laws;
2. The department, office, or outside agency is acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, and space, economically, efficiently, equitably, and effectively and in a manner consistent with the objectives intended by the authorizing entity or enabling legislation;
3. The entity, programs, activities, functions, or policies are effective, including the identification of any causes or inefficiencies or uneconomical practices;
4. The desired result or benefits are being achieved;
5. Financial and other reports are being provided that disclose fairly, accurately, and fully all information required by law, to ascertain the nature and scope of programs and activities, and to establish a proper basis for evaluating the programs and activities including the collection of, accounting for, and depositing of, revenues and other resources;
6. Management has established adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls;
7. Indications of fraud, abuse or illegal acts are valid and need further investigation; and
8. Any additional audit-related goals as assigned by the City Council or City Manager.

## **Section 7. Audit Schedule**

Audit Committee shall review and comment on the annual City Internal Auditor's one-year audit schedule. The schedule shall include the proposed plan, and the rationale for the selections, for auditing

departments, offices, boards, activities, subcontractors and outside agencies for the period. This schedule may be amended after review with the Audit Committee.

**Section 8. Contract Auditors, Consultants, and Experts**

The Audit Committee may direct the City Internal Auditor to obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform audit work, other than the City’s annual audit. An Audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the City of Mission or its officers. As directed by the Audit Committee, the City Internal Auditor will coordinate and monitor auditing performed by certified public accounting firms or other organizations employed under contract by the City of Mission to assist with the audit related activities. Contracting for the external audit will follow City of Mission’s normal contracting processes except for the participation and oversight by the Audit Committee and City Internal Auditor.

**Section 9. Reporting**

The Audit Committee shall require the City Internal Auditor to prepare and submit an annual report to the City Council indicating audits completed, major findings, corrective actions taken by administrative managers, and significant issues which have not been fully addressed by management. Any preliminary audit findings or other draft documents and work papers of the auditors or Audit Committee shall be confidential and shall not be released.

**Section 10.** Should any section or provision of this ordinance be declared by a court of competent jurisdiction to be invalid, that decision will not affect the validity of the ordinance as a whole or any part thereof, other than the part so declared to be invalid.

**Section 11.** This ordinance will be and remain in full force and effect following its passage, approval and adoption by the City Council.

**Section 12.** The City Council finds and determines that the meetings at which this ordinance was passed, approved and adopted were open to the public and that public notice of the time, place, and purpose of said meetings were duly given as required by the Texas Open Meetings Act.

**CONSIDERED, PASSED, AND APPROVED** this 24th day of June, 2024, at a regular meeting of the City Council of the City of Mission, Texas, at which a quorum was present and which was held in accordance with Chapter 551, Texas Government Code.

CITY OF MISSION

By: \_\_\_\_\_  
Norie Gonzalez Garza, Mayor

ATTEST:

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Anna Carrillo, City Secretary