

City of Providence

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 2011-23

No. 389

AN ORDINANCE AMENDING THE CODE OF ORDINANCES TO ADD A SECTION TO CHAPTER 21, ENTITLED: "ANNUAL AUDIT."

EFFECTIVE ~~APPROVED~~ July 18, 2011

Be it ordained by the City of Providence:

SECTION 1. Chapter 21 of the Code of Ordinances of the City of Providence is hereby amended to add ~~a section~~ Section 21-22 Entitled: "Annual Audit," as follows:

(a) Purpose.

The purpose of this ordinance is to improve the City's ability to efficiently and effectively monitor its financial system and ensure the highest standards of transparency in the annual audit.

(b) Audit Committee.

(1) Composition

There shall be ~~an~~ an Audit Committee which shall consist of ~~two (2)~~ five (5) members appointed by the City Council, ~~of the Providence City Council, appointed by the Council President to serve terms of four (4) years concurrent with their terms on the City Council, and three (3)~~ four (4) who shall be Certified Public Accountants (CPAs), ~~appointed by the City Council~~ each to serve three (3) year terms, except that of the members initially appointed, two (2) shall serve a term of one (1) year, two (2) shall serve a term of two (2) years, and one (1) shall serve a term of three (3) years. The CPA members must hold professional qualifications in public finance. Members ~~and~~ shall not be officers or employees of the City of Providence or of any quasi-city agencies or organizations.

(2) Mission

The Audit Committee shall oversee financial reporting practices, internal control procedures, assure compliance with laws and regulations relating to financial controls and related matters with the goal of improving financial transparency, improving the city council's oversight of City finances, and providing the public with a better understanding of the City's financial situation.

(3) Authority and Responsibilities

The Audit Committee shall work with the Office of the Internal Auditor and the City's independent external auditor to ensure audits are completed on time, that information and financial data is provided on a timely basis, and that independence is maintained between the independent external auditor and those responsible for the management of the City. The Audit Committee shall have the authority to obtain records from the Director of Finance, Director of Administration, and the independent external auditor. The committee shall issue an annual report to the city council with recommendations on ways to improve financial practices and reporting, to protect against fraud, to enhance the internal and external audit functions, and achieve reforms. It shall also review the City's Accounting Procedures Manual.

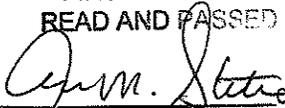
(c) *Annual Management Letter*

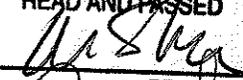
As part of the Annual Audit conducted in accordance with Section 817 of the Providence Home Rule Charter, the independent external auditor shall issue an annual management letter. The annual management letter shall contain but is not limited to the auditor's conclusions regarding the City's accounting policies and procedures, internal controls, and operating policies. The annual management letter shall be issued within thirty (30) days after the release of the annual audit report.

(d) *Accounting Procedures Manual*

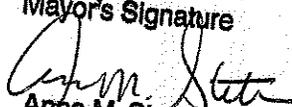
It shall be the duty of the Director of Finance to develop a comprehensive accounting procedures manual.

SECTION 2. This ordinance shall take effect upon passage.

IN CITY COUNCIL
JUN 16 2011
FIRST READING
READ AND PASSED

CLERK

IN CITY
COUNCIL
JUL 07 2011
FINAL READING
READ AND PASSED

PRESIDENT

CLERK

Effective without the
Mayor's Signature

Anna M. Stetson
City Clerk