

CITY COUNCIL POLICY

SUBJECT: SELECTION OF THE EXTERNAL, INDEPENDENT
AUDITOR

NO.: B-6

PURPOSE:

City Charter Section 1106 requires the City Council to annually employ an independent, external auditor to perform an audit of the records of financial transactions at the end of each fiscal year and to report the conclusions of the audit to the Council and other City officers. An independent audit also confirms the adequacy of controls upon and proper accounting for the use of public funds. In addition to the requirements of the City Charter, the independent auditor renders an opinion on whether or not the City's financial statements present fairly the financial position of the City in accordance with generally accepted accounting principles.

This policy specifies the process for selecting the independent auditor, or audit firm, by the City Council. It also requires the independent auditor to present the results of the annual audit and any findings to the Council Finance Committee (CFC) prior to being formally accepted by the City Council.

POLICY:

1. Selection Process:

- a. The CFC will meet with Finance and Administrative Services Department staff to review and approve the evaluation criteria and other components of the Request for Proposals (RFP) to be used in selecting the recommended independent auditor or audit firm. Staff will then finalize and distribute to qualified audit firms a Request for Proposals (RFP) to conduct the annual financial audit and other special procedure reviews.
- b. Staff will evaluate proposals submitted by interested firms and determine those most highly qualified based upon the evaluation criteria approved by the CFC and the comparative merits of each firm. Reference and background checks will be conducted and the most qualified firms forwarded to the CFC along with the reasons for not recommending other proposers.
- c. The CFC and staff will interview the firms forwarded to the Committee. Following interviews, the CFC will determine the firm to be recommended to the City Council to serve as the independent auditor.

CITY COUNCIL POLICY

SUBJECT: SELECTION OF THE EXTERNAL, INDEPENDENT
AUDITOR

NO.: B-6

2. Presentation of Audit Results:

- a. Annually, at the conclusion of the audit, the independent auditor will present their observations, conclusions, and any findings discovered during the course of the audit to the CFC.
- b. The CFC will make a recommendation to the City Council whether to accept the audit results which will then be presented to the City Council for their consideration and formal acceptance.

Revised: November 10, 2020, Resolution No. 18516

Effective Date: December 2, 2003

RFL/CNLPOL
B06-533CP