



COUNCIL REPORT

DATE: January 28, 2025
CATEGORY: Consent
DEPT.: Human Resources
TITLE: **Appointment of City Auditor**

RECOMMENDATION

Appoint Derek Rampone to the position of City Auditor pursuant to Sections 701 and 710 of the City Charter. (Five votes required)

BACKGROUND

With the retirement in 2023 of the former City Auditor (and Finance and Administrative Services Director), Jesse Takahashi, the City Council needs to formally appoint a City Auditor to fill the vacancy per the City Charter.

City Charter Section 701, Appointment and Removal, provides:

“The City Manager, City Clerk, City Auditor and City Attorney shall be appointed by and may be removed by the affirmative votes of at least five members of the Council. All other officers and department heads of the City shall be appointed by the City Manager and shall serve at the pleasure of the City Manager.”

Section 710 of the City Charter specifies:

“The City Auditor shall be an experienced accountant, preferably with municipal accounting experience, and shall have the power and be required to perform such duties consistent with this Charter as may be required by the City Council. This position may be combined with any other officer of the City as designated by the City Council. Council, in its discretion, may retain the professional accounting services of an independent audit firm to serve as City Auditor from time to time. The City Council shall also annually employ an independent auditor as required by Section 1106 of this Charter.”

In addition, Council Policy A-12 establishes a policy of compliance regarding the appointment of the Auditor and is attached for reference (Attachment 1).

Historically, the Finance and Administrative Services Director has served as the City Auditor, and has conducted, or caused to be conducted, a variety of audits, reviews, and agreed-upon procedures, primarily through the use of consultants or other specialists who are under the oversight and direction of the City Auditor role. In some cases, the City's external audit firm was engaged to perform some of the work in conjunction with their normal annual audit of the City. Some examples of areas that were addressed in past years are as follows:

- Sales tax review;
- Property tax review;
- Lessee compliance reviews;
- Cash receipts/handling reviews;
- Transient Occupancy Tax compliance audits;
- Utility Users Tax compliance audits; and
- Purchasing card transactions review.

ANALYSIS

It is important to note that the work of the City Auditor differs from that of the City's outside third-party independent auditors who annually review the City's financial condition and policies, and also differs from a "performance auditor."

The current Finance and Administrative Services Director, Derek Rampone, replaced former Director Jesse Takahashi in January 2023. Mr. Rampone spent over 16 years as an auditor with the accounting firm of Moss, Levy & Hartzheim, LLP, where he attained the level of Audit Manager and oversaw numerous governmental audits, including the City of Arcata, City of Fort Bragg, City of Healdsburg, City of La Mirada, City of Pacifica, City of Winters, City of Yuba City, Town of San Anselmo, Town of Windsor, and departments of the County of Los Angeles and the County of San Diego as well as various special districts throughout the State of California. After leaving the CPA firm, he spent over six years at the City of Redwood City, where he was originally hired as the Financial Services Manager and was then promoted to the Assistant Director of the Administrative Services Department. He is a member of the Government Finance Officers Association of the U.S. and Canada and the California Society of Municipal Finance Officers, where he has served as the Chair of the Peninsula Chapter since 2019.

Mr. Rampone is a recognized financial professional with significant audit experience, who possesses the requisite skills and abilities to function as the City Auditor per Sections 701 and 710 of the City Charter.

On December 6, 2024, the Council Finance Committee met to discuss the filling of this vacancy and potential alternatives for the appointment. During discussion of this item, Mr. Rampone left the meeting to allow the Committee time to deliberate and ask questions of staff from the City

Manager's Office and the Finance and Administrative Services Department. After further discussion, the Committee voted unanimously (3-0) to recommend to the City Council that it appoint Derek Rampone as City Auditor.

FISCAL IMPACT

There is no fiscal impact associated with the appointment of the City Auditor as recommended.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html.

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

General policy and legislative actions

For more information about the Levine Act, please see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html.

ALTERNATIVES

1. Consider scheduling a Closed Session to discuss the appointment of the City Auditor.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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AA/DR/6/CAM
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Attachment: 1. Council Policy A-12