

Larissa R. Loveless, Council District #1
Mitchell Jordan, Council District #2
Vickey L. Chivers, Council District #3
Joe Baxter, Council District #4
Dana Goolsby, Council District #5
Ann Connor, Council District #6



Michael Hornes, City Manager
Teresa Herrera, City Secretary
Ronald D. Stutes, City Attorney

Steve Presley, Mayor

ADDENDUM

To the Agenda for the Work Session & Regular Meeting
City Council, City of Palestine, Texas
Monday, July 23, 2018
Work Session @ 3:30 p.m.
Regular Meeting @ 5:30 p.m.
504 Queen Street, Palestine, Texas

WORK SESSION

- 4) Discuss a final draft copy of the amended Financial Oversight Advisory Committee ordinance and potential modifications to the draft. Councilmember Joe Baxter

REGULAR AGENDA

- 6) Discuss and take any necessary action regarding proposed amended Financial Oversight Advisory Committee Ordinance. Councilmember Joe Baxter

CLOSED SESSION

- 3) Discussion and update regarding *City of Palestine v. Jerry Laza, Cause No. DCCV 16-359-349, 349th District Court, Anderson County; and Jerry Laza v. City of Palestine, Cause No. 6:17-CV-00533-RWS* in the U.S. District Court, Eastern District of Texas.

Posted Friday, July 20, 2018 at 10:15 a.m.

Teresa Herrera, City Secretary

Agenda Date: June 25, 2018

Due to City Manager: June 20, 2018

Agenda Subject: Revise and Amend Ordinance O-16-18, Financial Oversight Committee

Summary: The recent audit report and commentary by the city's independent auditor emphasize the importance of an independent oversight committee.

Exhibits: Draft ordinance for discussion and action purposes.

Proposed Agenda Item:

Discuss amendments to Ordinance O-16-18, Financial Oversight Committee and take such action as necessary. Councilman Joe Baxter

ORDINANCE NO. 0-16-18

AN ORDINANCE AMENDING ORDINANCE NO. 0-16-18 FINANCIAL OVERSIGHT ADVISORY COMMITTEE OF THE CITY OF PALESTINE, TEXAS; ESTABLISHING ITS MEMBERSHIP, PROCEDURES AND TERMS OF OFFICE; AND PROVIDING AN EFFECTIVE DATE AND EXPIRATION DATE.

WHEREAS, the City Council voted to create an oversight committee at the regular meeting place of the City Council at City Hall, 504 N. Queen St., Palestine, Texas, on the 12th day of February, 2018; and

WHEREAS, the City Council has determined it is in the best interest of the citizens and taxpayers of the City of Palestine to create a financial oversight committee to work closely with the City's Finance Department and City Council in furtherance of its goals of providing accountability, transparency, and responsible stewardship:

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PALESTINE:

I.

That there is created and established ~~an~~ a Financial Oversight Advisory Committee which shall consist of five members who shall be selected as provided in section 6.6 of the City Charter. Members of the committee shall serve without compensation but may be reimbursed for expenses if approved in advance by the city manager.

II.

That each member of the Financial Oversight Advisory Committee shall be a registered voter residing within the City of Palestine. In making application for membership to this committee, the Mayor and Council should consider ~~business-related~~ qualifications, education, and experience that ~~would contribute to the~~ a broad range of disciplines on the committee (~~i.e. Accounting, Auditing, Banking, Citizen Engagement, Non Profit Business Administration, Real Estate, Strategic Planning, Process Improvement and Logistics, Legal, Government Administration, Small Business Administration, Taxation, RISK MANAGEMENT, INSURANCE, SCHOOL ADMINISTRATION, INFORMATION TECHNOLOGY, etc.~~).

The necessities of independence and objectivity, both in fact and in appearance, require limitations on the eligibility of service on this committee, to wit: No member of the committee shall be an employee, member, officer, director, or owner of a vendor or contractor with the City of Palestine or Palestine Economic Development Corporation. No member of the committee shall be currently serving as an appointee to any other board, commission, or committee of the City of Palestine, Palestine Chamber of Commerce, or Palestine Economic Development Corporation. No member of the committee shall be an employee, member, officer, director or owner of any grant recipient or non-profit contractor of the City of Palestine or Palestine Economic Development Corporation. No member of the committee shall have served as an elected official of the City of Palestine within the past three years.

III.

That no members of the committee shall be the Mayor or a city council member. ~~The city manager and city finance director shall be non-voting members of the committee.~~

IV.

That a member of the committee may be removed from his position at any time by the mayor, subject to the approval of the city council.

V.

That the Financial Oversight Advisory Committee shall organize by electing from its membership a chairperson and a vice-chairperson at the first regularly scheduled meeting, that all members, including the chairperson, shall vote in matters considered by the committee, that the committee may elect a secretary or other officers from its membership or appoint the city finance director to serve as secretary, and that a majority of the voting members of the committee shall constitute a quorum for the transaction of business.

VI.

That the Financial Oversight Advisory Committee may adopt rules of procedure for the conduct of its business, including provisions for: regular and special meetings open to the public; records of its proceedings, to be open for inspection by the public; and annual reports to the city council or as initiated by the committee. ~~The basic quarterly agenda is:~~

- ~~a. March—Annual review of Independent Audit, Single Audit and Audit Findings; Mid-Year Financial and Treasury Reports~~
- ~~b. June—Budget review and input, Quarterly Financial and Treasury Reports, Auditor Selection~~
- ~~c. September—Quarterly Financial and Treasury Reports~~
- ~~d. December—Investment Policy review, Quarterly Financial and Treasury Reports.~~

~~The committee may add other items to its agenda at the request of the City Council or City Manager.~~

The Financial Oversight Committee shall meet as often as it deems necessary, but not less than quarterly, and shall review the City's quarterly unaudited financial statements and the annual audited financial statements; the annual compliance audit of Federal grant funds expended by the City; the independent auditor's "management letter" on internal control; the annual program evaluation workplan proposed by the city Manager, and the Manager's reports and recommendations relating thereto; budget reports, budget compliance, budget amendments, and recommendations relating thereto; provide oversight responsibilities for financial matters and internal and external audits; and shall make such written comments and recommendations to the City Council on these matters as it deems necessary, noting any failure to comply with existing budgetary policies, administrative control policies, accounting control policies, internal control policies, purchasing control policies, accountability and

transparency policies, and any need for financial and/or accounting policy guidance from the Council.

VII.

That the purpose of the Committee is to assist the City Council in fulfilling its oversight responsibilities for ~~preserving the fiscal sustainability of the city~~ and recommending standard operating procedures. The Committee shall have the following responsibilities:

- (1) Advise the City Council and management on the selection of the independent auditor;
- (2) Review **and comment on** the City's budgetary controls, financial and treasury controls, internal controls and internal audit function and make policy recommendations to City Council;
- (3) Review **and comment on** the annual independent audit, Single Audit and audit findings;
- (4) Provide an avenue of communication among the independent auditor, Finance Director, City Manager, and City Council;
- (5) Review **and comment on** the City's financial reports and processes and make policy recommendations to City Council;
- (6) Review **and comment on** the City's investments, investment policy and quarterly treasury reports; and
- (7) Provide policy-level advisory input to City Council ~~and City Manager~~ for Strategic Planning, Program Evaluation, Budgeting, and Long-term Financial Planning.
- (8) **conduct and provide written reports on such other inquiry and investigation of the internal control processes and controls, budgetary and accounting practices and controls, or such other matters as may be necessary to provide for the adequate safeguarding of city resources and assets, and to further enhance accountability and transparency.**

VIII.

This ordinance will expire on ~~April 9, 2019~~ September 30, 2023 unless continued by ordinance of the Palestine City Council.

PASSED, APPROVED, and ADOPTED by the City Council of the City of Palestine, Texas, at a regular meeting held on this the _____th day of _____, 2018.

STEVE PRESLEY
MAYOR

ATTEST:

TERESA HERRERA
CITY SECRETARY

APPROVED AS TO FORM:

RONALD STUTES
CITY ATTORNEY