

1 **BILL NO. G-13-02-18- (AS AMENDED)**

2 **GENERAL ORDINANCE NO. G- 5-13**

3 **AN ORDINANCE AMENDING CHAPTER 33:**
4 **DEPARTMENTS, BOARDS AND OTHER**
5 **ADMINISTRATIVE BODIES, SUBCHAPTER**
6 **DEPARTMENT OF INTERNAL AUDIT, OF THE**
7 **CODE OF ORDINANCES OF THE CITY OF FORT**
8 **WAYNE, INDIANA.**

9 **NOW, THEREFORE, BE IT ORDAINED BY THE COMMON**
10 **COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:**

11 **SECTION 1.** That Chapter 33: Departments, Boards and other
12 Administrative Bodies, subchapter Department of Internal Audit, of the Code
13 of Ordinances of the City of Fort Wayne, Indiana, is amended as follows:

14 **CHAPTER 33: DEPARTMENTS, BOARDS AND OTHER**
15 **ADMINISTRATIVE BODIES**

16 **DEPARTMENT OF INTERNAL AUDIT**

17 **§ 33.031 DIRECTOR OF INTERNAL AUDIT. is amended as follows:**

18 (B) The Director of Internal Audit shall be a person knowledgeable
19 in public administration, public financial practices and internal controls, and
20 governmental accounting and auditing procedures. The Director of Internal
21 Audit shall be a Certified Public Accountant (CPA), or a Certified Internal
22 Auditor (CIA), or the equivalent. (CPA and/or CIA certification preferred.)

23 **§ 33.032 AUDIT COMMITTEE ESTABLISHED; RESPONSIBILITIES;**
24 **MEMBERSHIP; TERMS. is amended as follows:**

25 (A) An Audit Committee is hereby established to:

26 (1) Consult with the Department of Internal Audit regarding
27 technical issues;

28 (2) Approve annual audit plans and review individual audit plans;

- (3) Review and approve internal audit reports before final distribution;
- (4) Provide review and oversight of the financial reporting practices and internal financial, compliance and operational controls of the city and city utilities;
- (5) Review the results of annual financial and compliance audits conducted by the Indiana State Board of Accounts and independent auditing firms;
- (6) Follow-up on management's resolution of audit issues;
- (7) Work to assure maximum coordination between the work of the Director of Internal Audit and the needs of the Mayor and the Common Council;
- (8) Recommend to the Mayor an annual budget sufficient to fund the Department of Internal Audit after a comprehensive review of the auditing and consulting needs of the city and city utilities;
- (9) Report annually to Common Council how it has discharged its duties and met its responsibilities.

(B) The Audit Committee shall consist of the following members:

(1) A member of the Allen County Chapter of the Institute of Internal Auditors and recommended to the Mayor by that body for a three-year term;

(2) A chief financial officer, controller, or director of finance of a local governmental unit as recommended to the Mayor by the State Board of Accounts' local office for an initial one-year term (with subsequent terms to be for three years);

(3) A representative from the Mayor's office appointed by the Mayor for a one-year term;

1 (4) One member to be appointed by the Common Council
2 who is licensed as a CPA by the Indiana State Board of Accountancy for a
3 one year term and may not be an employee of a local unit of government.

4 (5) One member to be appointed by the Common Council
5 for a one-year term.

6 (6) One division director to be appointed by the Mayor on a
7 rotating basis for a one calendar year term, to serve as an ad hoc member
8 with no voting privileges.

9 (C) Members may be reappointed.

10 **§ 33.034 RESPONSIBILITIES OF DIRECTOR AND DEPARTMENT. is**
11 **amended as follows:**

12 (A) The Director of Internal Audit and the Department of Internal
13 Audit shall have such assistants and employees as are necessary to perform
14 duties provided by the Audit Committee or Mayor.

15 (B) *Scope of audits.*

16 (1) The Director of Internal Audit shall have responsibility to
17 conduct expanded scope audits of all departments, offices, boards, activities
18 and agencies of the city and city utilities.

19 (2) Audits shall be conducted in accordance with generally
20 accepted government auditing standards applicable to financial and
21 performance audits.

22 (C) *Annual audit plan.*

23 (1) At the beginning of each calendar year, the Director of
24 Internal Audit shall submit an annual audit plan to the Audit Committee for
25 approval. The plan shall include the departments, offices, boards, activities

1 and agencies scheduled for audit during the year. This plan may be
2 amended during the year after review and approval by the Audit Committee.

3
4 (2) In the selection of audit areas, the determination of audit
5 scope and the timing of audit work, the Director of Internal Audit should
6 consult with federal and state auditors, independent auditors, and city and
7 city utilities management so that the desirable audit coverage is provided and
8 audit efforts may be properly coordinated.

9 (3) On an annual basis, the Director of Internal Audit shall
10 hold a training session for Division and Department Heads who are included
11 in the current year's audit plan. Training will cover the audit process.

12 (D) The Mayor, or the Controller may request, or the Common
13 Council by a two-thirds vote of that body, may direct the Director of Internal
14 Audit to perform special audits that are not included in the annual audit plan.
15 After approval of the Audit Committee, a special audit requested by the
16 Mayor Controller shall become an amendment to the annual audit plan. After
17 consultation with the Audit Committee, a special audit property requested by
18 the Common Council shall become an amendment to the annual audit plan.

19 (E) Sufficient funds shall be provided to carry out the
20 responsibilities specified herein. City Utilities will reimburse the Department
21 of Internal Audit for the reasonable expenses of the Department attributed to
22 the conduct of internal audit functions of the City Utilities. The Audit
23 Committee shall recommend a budget to the Mayor for submission to the
24 Common Council.

25 (F) The Department of Internal Audit shall retain for at least six
26 years a complete file of each audit report and each report of other
27 examinations, investigations, surveys and reviews made under legislative
28 authority. The file should include audit work papers and other supportive
29 materials directly pertaining to the audit report.

1 (G) All officers and employees of the city and city utilities shall
2 furnish the Director of Internal Audit with requested information any records
3 within their custody regarding powers, duties, activities, organization,
4 property, financial transaction and methods of business required to conduct
5 an audit or otherwise perform audit duties. In addition, they shall provide
6 access for the Director of Internal Audit to inspect all property, equipment
7 and facilities within their custody.

8 (H) Each audited department shall establish an audit liaison that will
9 serve as the primary point of contact for information through the audit
10 process and will gather and route information including documentation
11 requests and management's responses to audit recommendations.

12 (I) Upon completion of each internal audit, the Director of Internal
13 Audit shall issue a survey to the department manager. The survey shall
14 include instructions for response delivery to the Audit Committee Chair and
15 the Mayoral appointment. Submission of the survey is mandatory.

16 **§ 33.035 AUDIT REPORTS. Is amended as follows:**

17 (C) If appropriate, the audit report shall contain the professional
18 conclusions of the audit regarding the management activities audited.
19 Financial statements issued shall contain the professional opinion of the
20 contract auditor.

21 (E) *Agency response.* A final draft of the audit report will be
22 forwarded to the audited agency and the Mayor for review and comment
23 before it is released. The agency must respond in writing, specifying
24 agreement with audit findings and recommendations or reasons for
25 disagreement with findings and/or recommendations, plans for implementing
26 solutions to identified problems and a timetable to complete such activities.
27 The response shall be forwarded to the Director of Internal Audit within 30
28 days. The Director of Internal Audit will include the full text of the agency's

1 response in the report. **The draft and response will be taken to the Audit**
2 **Committee for approval.** The report shall then be available for public
3 release. If a response is not received, the report will be reviewed for
4 approval and may be issued without a response.

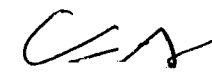
5 **§ 33.036 REPORT OF IRREGULARITIES. Is amended as follows:**

6 If the director of internal audit detects apparent violations of law or
7 apparent instances of misfeasance or nonfeasance by an officer or employee
8 or information that indicates derelictions may be reasonably anticipated, the
9 Director of Internal Audit shall report the irregularities in writing to the Audit
10 Committee and to the Mayor. If the irregularity is suspected to be criminal in
11 nature, the Director of Internal Audit shall notify the appropriate prosecuting
12 authority in addition to those previously cited.

13 **SECTION 2.** That this Ordinance is in full force and effect from and
14 after its passage and any and all necessary approval by the Mayor.

15
16
17 
18 Council Member

19 APPROVED AS TO FORM AND LEGALITY

20
21
22 
23 Carol Helton, City Attorney

Public Hearing Date, if applicable

Read the first time in full and on motion by Councilman *John Crawford*
Read the second time by title and referred to the *Finance Committee*
Committee. Read the third time in full and on motion by Councilman
Crawford, placed on passage by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	7	1		1
BENDER		✓		
CRAWFORD	✓			
DIDIER	✓			
HARPER	✓			
HINES	✓			
JEHL				✓
PADDOCK	✓			
SHOAFF	✓			
SMITH	✓			

DATED: *3-26-13* *Sandra E. Kennedy*
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as
(ANNEXATION) (APPROPRIATION) (GENERAL) (SPECIAL) (ZONING) ORDINANCE
(RESOLUTION) NO. *G-5-13* on the *26th* day of
March, 2013

Sandra E. Kennedy
SANDRA E. KENNEDY,
CITY CLERK

Thomas F. Didier
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the *29th* day
of *March*, 2013, at the hour of *10:00* o'clock *A.M.* . E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this *29th* day of *March*

2013, at the hour of *3:30* o'clock *P.M.* . E.S.T.

Thomas C. Henry
THOMAS C. HENRY, MAYOR

BILL NO. G-13-02-18

REPORT OF COMMITTEE ON REGULATIONS

MARCH 26, 2013

GLYNN HINES – CHAIR
RUSSELL JEHL – CO-CHAIR
ALL COUNCIL MEMBERS

WE, YOUR COMMITTEE ON REGULATIONS TO WHOM WAS REFERRED AN ORDINANCE AMENDING CHAPTER 33: DEPARTMENTS, BOARDS AND OTHER ADMINISTRATIVE BODIES, SUBCHAPTER DEPARTMENT OF INTERNAL AUDIT, OF THE CODE OF ORDINANCES OF THE CITY OF FORT WAYNE, INDIANA. HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE

DO PASS

DO NOT PASS

ABSTAIN

NO REC

[Handwritten signatures under "DO PASS"]
James Hines
Russell Jehl
[Other illegible signatures]

[Handwritten signature under "DO NOT PASS"]
[Illegible signature]

SANDRA E. KENNEDY
CITY CLERK

BILL NO. G-13-02-18

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2012*

REPORT OF COMMITTEE ON REGULATIONS

MARCH 5, 2013

**GLYNN HINES - CHAIR
RUSSELL JEHL - CO-CHAIR
ALL COUNCIL MEMBERS**

WE, YOUR COMMITTEE ON REGULATIONS TO WHOM WAS REFERRED AN ORDINANCE AMENDING CHAPTER 33: DEPARTMENTS, BOARDS AND OTHER ADMINISTRATIVE BODIES, SUBCHAPTER DEPARTMENT OF INTERNAL AUDIT, OF THE CODE OF ORDINANCES OF THE CITY OF FORT WAYNE, INDIANA. HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE

DO PASS

DO NOT PASS

ABSTAIN

NO REC

SANDRA E. KENNEDY
CITY CLERK

Amendment for G-13-02-18

MEMORANDUM

**FROM: Mitch V. Harper, Member
Fort Wayne Common Council – Fourth District**

RE: G-13-02-18 -- An Ordinance regarding Chapter 33 – Internal Audit

Amendment to Composition of the Internal Audit Committee

ENSURING A CPA MEMBER AND A PUBLIC MEMBER

There is a recommendation to be more specific in ensuring that there is an accountant from the community on the Internal Audit Committee.

An ideal process would allow for Indiana licensed CPAs to recommend a qualified Fort Wayne resident to serve in this position. However, while I produced a draft proposal, there are some practical considerations that have been a shared part of the discussion.

Out of that shared discussion are two of the amendments before. They accomplish the three goals of: 1) having a licensed CPA assured as part of the Committee; 2) involving the professional community of CPAs in choosing that member; and, 3) ensuring that there is private citizen representation on the Committee.

Two years ago, I directed that the process of appointing a designated member be made more public. The Council communicated that process through several means and we ended up with several persons submitting applications for consideration of appointment. The Council even conducted a public question session of the applicants. In the end, the Council appointment was a well-regarded and qualified person who worked for the Fort Wayne Community Schools and had previously served with high regard in Fort Wayne city government.

However, the public response was gratifying and I have often mentioned at the Council table that a true public member would be valuable.

The CPA member would be chosen in a public process in which licensed CPAs are invited to submit nominees for the CPA position.

PUBLIC MEMBER

As I have noted in the past, the Council appointment to the Internal Audit Committee has almost uniformly been someone who occupies a controller or financial director's role at another local unit of government.

The amendment ensures that an appointment include a citizen member "who may not be employed by a local unit of government."

SPECIAL AUDITS

This amendment to the ordinance as proposed preserves the prerogative of the Common Council in relation to a special audit. The language provides for a 2/3rds vote of the Common Council. The Council has not, to my knowledge, ever exercised this provision. Council can only take such an extraordinary vote after an open, public discussion.

FUNDING

The prior Common Council discussion resulted in remarks that perhaps City Utilities should be apportioned the expenses relating to its audit. That proposal has merit and is included in the amendments presented.

MISC. CORRECTIONS

Also included are several minor corrections I noted during my examination of the ordinance as introduced that correct syntax or make the ordinance more uniform.

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FINAL EDITED
Amendments to Bill No. G-13-02-18
submitted by
Mitch Harper
Fourth District Council

AMENDMENT A

PROPOSED AMENDMENT TO Chapter 33.032

Amend 33.032 (B)

Strike 33.032 (B) (2) of Bill No. G-13-02-18

Re-number 33.032(B)(3) as 33.032(B)(2)

Re-number 33.032(B)(4) as 33.032(B)(3)

Insert a NEW 33.032.(B)(4) to read as follows:

*(4) One member to be appointed by the Common Council
who is licensed as a CPA by the Indiana State Board of Accountancy for a
one year term and who may not be an employee of a local unit of
government.*

AMENDMENT B

Amend 33.034 (D) Special Audits (Delete heading)

The Mayor or the Controller may request, or the Common Council by a two-thirds vote of that body, may direct the Director of Internal Audit to perform special audits that are not included in the annual audit plan. After the approval of the Audit Committee, a special audit requested by the Mayor or Controller shall become an amendment to the annual audit plan. *After consultation with the Audit Committee, a special audit properly requested by the Common Council shall become an amendment to the annual audit plan.*

AMENDMENT C

Amend 33.034(E)

Sufficient funds shall be provided to carry out the responsibilities specified herein.

City Utilities will reimburse the Department of Internal Audit for the reasonable expenses of the Department attributed to the conduct of internal audit functions of the City Utilities. The Audit Committee shall recommend a budget to the Mayor for submission to the Common Council.

AMENDMENT D

Miscellaneous corrective amendments:

Change instances of "City Council" to "Common Council" to be consistent with the nomenclature of the remainder of the ordinance.

33:032 (9)

Change to read "Report annually to Common Council ..." rather than City Council.

33:035 (B)

Change the term "City Council" to "Common Council"

Change Capitalization to be consistent.

33.32(A) (1) Change to "Consult with the Department of Internal Audit"

Amendment F