

RESOLUTION NO. 41-26

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, PROVIDING FOR THE CREATION OF AN AUDIT COMMITTEE AND ESTABLISHING SUCH POWERS AND DUTIES OF THE COMMITTEE; REPEALING ALL PRIOR RESOLUTIONS IN CONFLICT HERewith; PROVIDING AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

WHEREAS, in 2016, the electors of the City of Delray Beach, by referendum, approved a Charter amendment to provide for the appointment of an Internal Auditor to review the business practices, procedures, internal controls and procurement practices of the City of Delray Beach; and

WHEREAS, the City Commission desires to establish an audit committee comprised of qualified members who possess knowledge and understanding of financial statements, generally accepted accounting principles, internal controls, etc. in order to properly advise the City's Internal Auditor; and

WHEREAS, the City Commission of the City of Delray Beach has determined that it is in the best interest of the City of Delray Beach for the City Commission to establish an Audit Committee.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AS FOLLOWS:

Section 1. The foregoing recitals are hereby confirmed and ratified.

Section 2. The City Commission of the City of Delray Beach establishes an Audit Committee to safeguard the independence of the audit function, to provide functional oversight of the audit function, to monitor internal controls and compliance with respect to the City of Delray Beach operations and related laws and regulations, to oversee the risk management process, the accounting and financial reporting processes, and the audits of the City of Delray Beach financial statements by an independent audit firm.

Section 3. The Audit Committee shall be comprised solely of the five voting members: one (1) member of the City Commission, designated by majority vote of the City Commission, and four (4) independent at-large members. Independent at-large members shall be selected through an open and competitive application process. Applicants shall submit qualifications demonstrating education, relevant experience, and independence. The City Attorney may serve in an advisory, non-voting capacity to ensure legal sufficiency.

Section 4. *Qualifications.* The audit committee members shall, through education and experience, possess the following attributes: knowledge of governmental operations; an understanding of Generally Accepted Accounting Principles (GAAP) and governmental financial reporting; experience in auditing; an understanding of internal controls; and experience in business and financial risk management. At least one member of the audit committee shall be a Certified Public Accountant (CPA) or Certified Internal Auditor (CIA).

Section 5. *Term.* The at-large members shall serve for terms of two (2) years, except that the members of the first committee to serve shall be appointed so that two members shall serve for one-year

terms and two members shall serve for two-year terms. No members may serve more than two successive terms on the Audit Committee.

Section 6. *Powers and Duties.* The audit committee shall meet, at least quarterly, to perform its duties and shall:

- a. Provide functional oversight of the internal audit function.
 1. Reviewing the auditor's annual audit plan, providing advisory input and recommendations; and reviewing any material changes thereto.
 2. Reviewing and approving the auditor's reports before the final reports are made available to the City Commission and the general public, without alteration of audit conclusions, and ensuring management responses are included as appropriate;
 3. Monitoring follow-up on reported findings to ensure corrective action is taken by management;
 4. Reviewing any difficulties the auditor and his or her staff encounter such as conflicts or delays;
 5. Reporting to the City Commission on problems or problem areas at such times as deemed appropriate;
 6. Evaluating the findings and recommendations resulting from external peer reviews or quality assurance assessments of the internal audit function, including reviewing management's and the Internal Auditor's responses and monitoring any agreed-upon corrective actions.
- b. Conduct and oversee the requests for proposal and selection process for an independent audit firm required to complete the city's annual financial statement audit;
- c. Provide oversight to the independent audit firm by:
 1. At least annually, meeting separately with the city manager, the Internal Auditor, the finance director, and the independent audit firm, to evaluate the condition of the entity's controls, systems and risk, and to discuss other matters staff and the independent audit firm desire or are required to bring to the audit committee's attention such as fraud, illegal acts, and financial and control weaknesses;
 2. Reviewing with management and the independent audit firm the effect of any new regulatory and accounting initiatives;
 3. Reviewing with management and the independent audit firm all critical accounting policies and practices used by the City of Delray Beach, all alternative treatments of financial information, and all material written communications between the

independent audit firm and management, such as any management letter or schedule of unadjusted differences;

4. Reviewing with management and the independent audit firm the City of Delray Beach annual financial statements and related footnotes, the independent audit firm's audit of the financial statements and their report, any significant changes required in the independent audit firm's audit plan and any serious difficulties or disputes with management encountered during the audit;
5. Reviewing with the auditor and the independent audit firm the adequacy of the City of Delray Beach internal controls including computerized information system controls and security, and any related significant findings, recommendations and management responses of the independent auditors and internal audit;
6. Review the corrective actions taken by management to address any management letter comments; and
7. Evaluating the independent audit firm.

Section 7. All meetings shall be open to the public and the order of business and procedures shall be prescribed by the rules and regulations to be formulated by the Audit Committee and adopted by the City Commission.

Section 8. The members of the Audit Committee shall be subject to the provisions of Chapter 32 of the City of Delray Beach Code of Ordinances, Florida's Sunshine Law, and Florida Statute Chapter 119. The Internal Auditor shall be protected from retaliation for performing duties in accordance with professional standards and applicable law.

Section 9. All resolutions or parts of resolutions in conflict herewith be, and the same are hereby repealed.

Section 10. This Resolution shall become effective immediately upon passage.

PASSED AND ADOPTED in regular session on the ____ day of _____, 2026.

ATTEST:

Alexis Givings, City Clerk

Thomas F. Carney, Mayor

Approved as to form and legal sufficiency:

Lynn Gelin, City Attorney