



Staff Report

TO: City Council
FROM: Elizabeth Gibbs, City Manager
DATE: December 6, 2022
SUBJECT: Discussion on the Finance and Audit Committee

Description Discuss and possible direction on the Finance and Audit Committee.

Background and Analysis:

At the request of Council Member Fenn, this item is presented tonight to discuss the Finance and Audit Committee in detail and possibly provide direction to staff.

The Finance and Audit Committee was originally created in 2015 with the adoption of Ordinance 1062 (Attachment A); and subsequently amended in 2016 with the adoption of Ordinance 1076 (Attachment B). The ordinances were codified into Chapter 2.35 of the Beaumont Municipal Code (Attachment C).

The primary purpose of the Committee is to act in an advisory capacity to City Council and work to promote enhanced fiscal responsibility, accountability, integrity, transparency, and to recommend fiscal and investment policies for City Council consideration. The specific powers and duties include making recommendations to City Council on City investment policies and practices, long-term financial planning, and such other matter as the City Council may request from time to time.

The Committee consists of nine members, with at least two City Council members, the City Treasurer, the City Manager (or designee), and five residents of the City. The ninth member can either be a resident or own a business operating within the City. The City Manager is a non-voting member. Committee members may be removed from the Committee after three consecutive unexcused absences from meetings and a majority vote of the Committee. Committee members are appointed by Council for a term of two years and serve without compensation.

The Committee is required to appoint a chair who shall conduct the Committee meetings in compliance with the Brown Act and other applicable laws and report quarterly to the City Council on Committee activities and recommendations.

The Committee currently meets on the second Monday of each month and by ordinance, must meet at least once every 60 days.

The current committee members include Council Member Fenn, Council Member Santos, City Treasurer Ginnetti, City Manager Gibbs, Vicechair David Vanderpool, Member Dennis Garcia, and Member Dameon Butler. Former Chair Steve Cooley resigned his position in October, leaving the chairmanship vacant. There are currently two vacancies and no alternate members on the Committee. Additionally, three members' terms will expire in December 2022, two of which are the vacant positions. The application process is underway now and will close December 8th; however, the City Clerk has not received any applications for appointment at this time.

In 2022, the following meetings were scheduled:

January 10th

February 14th

March 14th

April 11th

May 9th – No quorum, informational meeting held.

June 13th – Meeting cancelled due to lack of quorum.

August 8th

September 12th

October 20th – Meeting cancelled due to lack of quorum.

November 28th

During the seven meetings held in 2022, the Committee reviewed quarterly investment reports, monthly budget to actual reports, the draft FY2021 report of internal control over financial reporting, the pension funding policy and investment strategy for PARS 115 Trust, accounts payable automation services, request for proposal procedures, the FY2021 single audit report, cost allocation plans, a recycled content paper and recovered organic waste product procurement requirements/purchasing policy, and reviewed the draft FY2022 annual comprehensive financial report.

The Committee also created sub-committees on internal controls, financial training, CFD training and FAQs, reserve policy, CalPERS liability, long-term financial sustainability, and bond accountability. Each sub-committee was assigned various tasks to accomplish and bring back to the full committee.

It is important to note that with the current vacancies, each existing member must attend each meeting in order to have a quorum and conduct the business of the Committee. Any absence results in a lack of quorum.

An inquiry was sent out to other cities with similar committees to determine how they play a role within those prospected cities. The following questions were proposed:

1. How often does your committee meet?
2. How many voting members are on the committee?
3. What is the committee's role?

Any responses will be compiled and brought forth during the City Council meeting.

Fiscal Impact:

None.

Recommended Action:

Discussion and direction to staff.

Attachments:

- A. Ordinance 1062
- B. Ordinance 1076
- C. BMC Chapter 2.35