

ORDINANCE 47-2013

ORDINANCE OF THE BOROUGH OF MADISON ESTABLISHING A STANDING ADVISORY AUDIT COMMITTEE

WHEREAS, the Mayor and Council wish to establish an advisory audit committee to provide oversight and advice to the Borough Council, Chief Financial Officer, Borough Administrator and Assistant Borough Administrator regarding the auditing of financial records and recordkeeping procedures; and

WHEREAS, the Council has determined that it is in the best interest of the Borough of Madison to establish such a committee.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Borough of Madison, in the County of Morris and the State of New Jersey as follows:

SECTION 1: The Madison Borough Code is amended to include the following Chapter 9-9 entitled "Advisory Audit Committee":

Chapter 9-9: Advisory Audit Committee.

§9-9-A. Establishment.

The Advisory Audit Committee is hereby established to be known as "the Advisory Audit Committee of the Borough of Madison" (hereafter referred to as "the Committee"). The Committee shall consist of no more than five members, excluding the ex-officio members.

§9-9-B. Purpose and Responsibilities.

- (1) To make recommendations to the Mayor and Council regarding records and record keeping procedures
- (2) The Committee will review the financial reporting and disclosure process.
- (3) The Committee will monitor accounting policies and principles.
- (4) The Committee will recommend the hiring of an auditor with the consent of the Mayor and Council.
- (5) The Committee will evaluate the performance and independence of external auditors.
- (6) The Committee will discuss risk management policies and practices with the CFO, Borough Administrator, and the Assistant Borough Administrator.
- (7) The Committee will review the auditor's findings and recommendations

and ensure that timely action is taken to remediate any material issues mentioned.

- (8) The Committee will hold a minimum of three (3) public meetings annually which shall be open to the public and shall take place at the Madison Municipal Building unless otherwise noted.

§9-9-C Membership

All members of the Committee shall be residents of the Borough of Madison. All members shall serve without compensation. The Committee shall be comprised of the following persons, up to a maximum of five members appointed by the Mayor with the advice and consent of Council:

- (1) One (1) finance Chairperson or Co-Chairperson member of the Council,
- (2) Up to four (4) Madison residents who have accounting and/or auditing expertise and experience. In addition to direct practitioners, individuals who have been involved in an audit, or are familiar with audits are also eligible for appointment.
- (3) The CFO, Borough Administrator and Assistant Borough Administrator shall be ex-officio members of the committee.

§9-9-D. Terms of Office.

- (1) The Council Finance Chairperson or Co-Chairperson shall serve annually.
- (2) The resident members shall serve for a term of three years (staggered terms). The terms of office shall commence upon the day of each members appointment, unless otherwise specified at the time of appointment, and be for the initial respective periods of one, two, and three years. The term of each appointee shall be designated in his or her appointment. All subsequent appointments, except to fill vacancies, shall be for the full three-year term, to take effect on January 1 next succeeding such appointment.
- (3) The Mayor shall designate the Council Finance Chairperson or Co-chairperson, on a rotation basis, as Committee Chairperson, and the Committee shall select a Secretary to record minutes. The Committee shall establish its meeting schedule, which shall be duly published. The committee will meet at least three times a year. A first meeting each year

should have as an agenda item a discussion concerning the identification and appointment of an audit firm, which will have to be approved by a majority of the Council. A second meeting should take place with the auditors when they are on-site, but prior to completing their audit. Ideally this second meeting will occur shortly after, if not prior to, the start of the audit. The third meeting will again include the auditors to review their findings. The Committee is responsible for an annual report to the Council concerning the audit and any recommendations with regard to financial reporting, recordkeeping and risk management. Such report shall be written, oral or both depending on the preferences of the Council.

§9-9-E. Vacancies

Any vacancy occurring by reason of the death, resignation or removal of any member shall be filled for the unexpired term by the Mayor with advice and consent of the Council.

§9-9-F. Indemnification

Members of the Standing Advisory Audit Committee shall be indemnified pursuant to Chapter 14 (Defense and Indemnification of Municipal Officials and Employees) of the Madison Borough Code.

SECTION 2: This ordinance shall take effect as provided by law.

ADOPTED AND APPROVED
December 9, 2013

ROBERT H. CONLEY, Mayor

Attest:

ELIZABETH OSBORNE, Borough Clerk

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