

CITY ATTORNEY IMPARTIAL ANALYSIS

Background. Before the trial period of the Mayor-Council (Strong Mayor) form of government, the City Council selected the City Auditor and Comptroller, the City's chief fiscal officer, who acted as the City's accountant and audited City departments. The Auditor and Comptroller provided financial information both to the Council and to the City Manager. The Council appointed the Manager, who acted as chief budget officer, proposing the City's budget and other financial reports, and implementing financial plans when the Council approved them. The Council relied on information supplied by both officers for its fiscal decisions. The Manager appointed, with Council confirmation, the City Treasurer, the custodian of the City's money.

During the 5-year trial period of the Mayor-Council form of government, the elected Mayor assumes the responsibilities of the Manager, including budgeting, and has the authority to appoint most City fiscal officers with Council confirmation (the Manager, the Auditor and Comptroller, and the City Treasurer). The Council has temporary authority to establish an Office of Independent Budget Analyst (IBA) to provide it with independent analysis on budget and policy issues it must decide. The Mayor's supervision of the Auditor and Comptroller's duty to audit fiscal departments under Mayoral control raised concerns about the independence of internal audits. An Audit Committee, comprised of three Councilmembers, was created by ordinance to provide legislative oversight for the City's internal and external audit work.

Proposal. Through this ballot measure, the Council seeks to amend the Charter to more clearly separate the City's internal auditing function from supervision of the Manager (Mayor) by creating the new office of City Auditor, which would be supervised by a restructured Audit Committee. These changes would remain even if the Mayor-Council form of government ends as scheduled on December 31, 2010. The Auditor would perform the City's internal audits and investigations and would be appointed for a 10-year term by the Manager, in consultation with the Audit Committee, with Council confirmation. The Audit Committee would oversee the City's internal auditing and control practices; direct the Auditor's work; and recommend the City's outside auditor, monitoring its work. The Audit Committee would consist of two Councilmembers, one of whom would chair the Committee, and three public members. The public members must have at least 10 years of professional financial experience, and would be appointed from candidates recommended by a screening committee comprised of the Chief Financial Officer (CFO), the IBA, a Councilmember, and two outside financial experts.

The measure also provides that the Manager (Mayor) would appoint, with Council confirmation, the new CFO, who would assume the City's accounting responsibilities and oversee the City Treasurer. Appointment of the Treasurer would no longer require Council confirmation.

The measure would make permanent the Office of the IBA, which otherwise would expire at the end of the trial period of the Mayor-Council form of government. The measure also would establish that certain subordinates of the IBA and Auditor are members of the unclassified service.

FISCAL IMPACT STATEMENT

The approval of this ballot measure would have no fiscal impact to the City.