

**RESOLUTION 2019-11-11 TO ESTABLISH AN AUDIT  
COMMITTEE FOR THE TOWN OF GORDONSVILLE**

**WHEREAS**, Tennessee Code Annotated Section 9-3-405, encourages local governments to establish an independent Audit Committee; and

**WHEREAS**, the Town of Gordonsville Board of Aldermen realize the need for increased accountability of public funds, and that the Board of Aldermen is ultimately responsible for ensuring that management is meeting its internal control and financial reporting responsibilities; and

**WHEREAS**, the Board of Aldermen find it to be in the best interests of the Town of Gordonsville to establish an Audit Committee;

**NOW THEREFORE BE IT RESOLVED** by the Board of Aldermen of the Town of Gordonsville, meeting this 11 day of November, 2019, that:

**SECTION 1.** Pursuant to the provisions of Tennessee Code Annotated § 9-3-405, the Board of Aldermen of the Town of Gordonsville does hereby establish an Audit Committee to provide independent review and oversight of the town's financial reporting processes and the town's internal controls, a review of the external auditor's report and follow up on management's corrective action, and compliance with laws, regulations, and ethics.

**SECTION 2.** The Audit Committee with consist of three (3) members, to be compromised of members of the Board of Aldermen, citizens of the Town of Gordonsville, or a combination of both. To insure the committee's independence and effectiveness, no Audit Committee member will be an elected official (with the exception of elected Board of Aldermen), employee, spouse of an official/employee, or person that commingles assets with an official/employee of the Town of Gordonsville. While committee members need not be accountants, they should possess sufficient knowledge and experience in finance, business and accounting to discharge the committee's duties. The members of the Audit Committee shall be appointed by the Board of Aldermen to staggered three (3) year terms. To establish staggered terms, the initial members of the committee shall be appointed so the first member serves a one (1) year term, the second member serves a two year term, and the third member serves a three (3) year term. Thereafter, all members shall be appointed to serve three (3) year terms.

**SECTION 3.** Meetings of the Audit Committee shall be held in accordance with the provisions of Tennessee Code Annotated § 9-3-405. Meetings shall be subject to the open meetings provisions of Tennessee Code Annotated, Title 8, Chapter 44, except that upon a majority vote of those members in attendance for the public portion of a meeting, the Audit Committee may hold confidential, nonpublic executive sessions to discuss the following items as authorized in Tennessee Code Annotated § 9-3-405;

- (1) Items deemed not subject to public inspection under Tennessee Code Annotated §§ 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged;
- (2) Current or pending litigation and pending legal controversies;
- (3) Pending or ongoing audits or audit related investigations;
- (4) Information protected by federal law, and
- (5) Matters involving the reporting of illegal, improper, wasteful, or fraudulent activity under Tennessee Code Annotated § 9-3-406, where the informant has requested anonymity.

The Audit Committee will follow Roberts Rules of Order. Each year at its first meeting the committee will elect a chairman, vice-chairman, and secretary. Meeting agendas will be prepared by the chairman and provided in advance to members along with appropriate briefing materials. Minutes of the Audit Committee meeting will be filed in the Office of the Town Recorder.

**SECTION 4.** The committee shall have access to the services of a financial expert, either through a committee member or an outside party engaged by the committee for this purpose. Such financial experts should, through both education and experience, and in a manner specifically relevant to the town government sector, possess (1) an understanding of generally accepted accounting principles and financial statements; (2) experience in preparing or auditing financial statements of comparable entities; (3) experience in applying such principles in connection with the accounting for estimates, accruals, and reserves; (4) experience with internal accounting controls; and (5) an understanding of Audit Committee functions.

**SECTION 5.** The duties and responsibilities of the Audit Committee are:

(a) To carefully review, upon completion of the town's annual audit, all audit findings in audit report and consult with the external auditors regarding any irregularities and deficiencies disclosed in the annual audit. The Audit Committee is empowered to meet with management to discuss audit findings and/or disagreements with the external auditors. The committee should satisfy itself that appropriate and timely corrective action has been taken by management to remedy any identified weakness. The committee should determine what corrective action, if any, should be recommended to the Board of Aldermen.

(b) To consider the effectiveness of the internal control system, including information technology security and control, review the effectiveness of the system for monitoring compliance with laws and regulations, and review the process for communicating the town's ethics policies to town personnel and monitoring compliance therewith.

(c) To establish a process by which employees, taxpayers, or other citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity under provisions of Tennessee Code Annotated § 9-3-406.

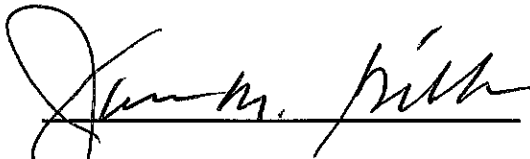
(d) To annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full Board of Aldermen.

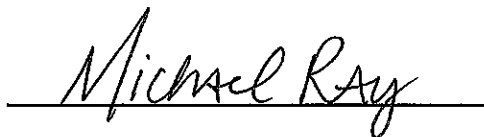
**SECTION 6.** The Audit Committee will be adequately funded to carry out the duties and responsibilities as set out in this Resolution and under applicable law.

**SECTION 7.** This resolution creating the duties and responsibilities of the Audit Committee has been submitted to the Comptroller prior to approval by this legislative body, and this resolution conforms with the report issued by the Comptroller.

Adopted this 11 day of November, 2019.

APPROVED:

  
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Mayor

  
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Town Recorder