

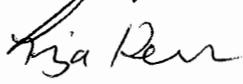


City of Santa Fe – Internal Audit

200 Lincoln Ave, Santa Fe, NM 87504-0909

(505) 955-5728, cell (505) 490-3372

Liza A. Kerr, Internal Auditor

Date: October 14, 2015
To: City Council
Via: Oscar Rodriguez, Finance Director 
From: Liza Kerr, Internal Auditor 
RE: Audit Contract with Atkinson & Co. Ltd. to Conduct 2008 Park Bond Examination

ITEM AND ISSUE:

Requesting approval of 1) Contract, in the amount of \$148,000 plus applicable gross receipts tax of \$12,303 = \$160,303, with Atkinson & Co., Ltd. to conduct 2008 Park Bond Examination Engagement, and 2) Budget Adjustment Request (BAR) to fund the audit.

BACKGROUND AND SUMMARY:

On March 27, 2015, the Office of the State Auditor (OSA) notified the Mayor and City Council (the "Governing Body") that the OSA was designating the City for a special audit focused on the 2008 parks and trails bond projects. It is the determination of the OSA that an examination will be performed by an Independent Public Accountant (IPA).

The City has gone through the established procurement process and selected Atkinson & Co., Ltd. as the Independent Public Accountant (IPA) to conduct this examination engagement. The examination will result in an opinion on the use of the bond funds. The delivery date of the report is February 15, 2015. There are 18 IPA's on the State Auditor's Office approved list. Each of the IPA's was sent a Request for Proposal. Atkinson & Co. LTD. was the only IPA to submit a packet.

In order to expedite the examination engagement the packet is being brought directly to City Council with the City Manager's authorization.

FUNDING:

Funding will be available from Business Unit / Line Item 12015.510330 upon approval of the BAR.

ACTION RECOMMENDED:

- Approval of Contract
- Approval of BAR moving money from the general fund to Business Unit / Line Item 12015.510330 to fund the audit.

**STATE OF NEW MEXICO
CONTRACT FOR ATTESTATION ENGAGEMENT - EXAMINATION**

This CONTRACT is made and entered into this 29th day of October, 2015, by and between the City of Santa Fe hereinafter referred to as the “Agency”, and Atkinson and Co. Ltd., hereinafter referred to as the “Contractor”, and is effective as of the date upon which it is approved by the Office of the State Auditor, hereinafter referred to as “State Auditor”.

IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

1. SCOPE OF WORK

The Contractor shall perform the following work:

The City of Santa Fe (City) presented a general obligation bond issue to the voters on March 8, 2008. The \$30,300,000 bond was to be used to acquire land for, and to improve, public parks, trails and open spaces for recreational purposes. The Contractor shall provide an examination which will result in an opinion on the City's compliance with legal, regulatory and policy constraints for expenditures charged to the bond issue. The examination must comply with: The Audit Act (12-6 NMSA 1978), Audit Rule (2.2.2. NMAC), and American Institute of Certified Public Accountants (AICPA) standards relevant to an examination engagement requiring an opinion by the Independent Public Accountant (IPA).

The contractor must:

- A. Obtain a legal opinion which is necessary to establish the governing hierarchy (including, but not limited to, a detailed analysis of the City plans and policies that were authorized and properly approved) on which the contractor will rely on

in rendering its opinion, and to define the types of expenditures that are allowable;

B. Identify all projects funded by the 2008 General Obligation Bond;

C. Identify by project the total amount expended from bond funds;

D. Test, on sample basis, expenditures for every project identified (sample size must be sufficient to support the contractor's opinion provided by the engagement);

a. The testing must examine the expenditures for compliance with the governing hierarchy, which should include at a minimum the following:

i. Compliance with all bond document restrictions and covenants;

ii. Compliance with Federal, State, and local laws;

iii. Compliance with the City's ordinances;

iv. Compliance with the City's policies and procedures (procurement, personnel, budget, fixed-assets, etc.);

E. Identify and verify the source documentation to be utilized for the examination;

F. The report shall contain the minimum following elements:

a. The legal opinion obtained from subcontracted legal

- counsel which is necessary to establish the governing hierarchy (including, but not limited to, a detailed analysis of the City plans and policies that were authorized and properly approved) on which the contractor will rely in rendering its opinion, and to define the types of expenditures that are allowable;
- b. An auditor's opinion on the City's compliance with legal, regulatory and policy constraints for expenditures charged to the bond issue;
 - c. An executive summary;
 - d. A listing of the governing hierarchy of all laws, regulations, ordinances, policies, procedures and documents that relate to the bond expenditures;
 - e. A listing of all types of expenditures that are allowable per the governing hierarchy;
 - f. A listing of all projects funded by the bond issue;
- G. A summarized listing of bond funds expended including payroll and non-payroll expenditures;
- H. A schedule of findings which includes the following elements as required by 2.2.2.15 B and 2.2.2.10 I (3) (c)
- NMAC:
- a. Condition;
 - b. Criteria;

- c. Cause;
 - d. Effect;
 - e. Recommendation; and
 - f. Management's response to findings;
- I. Will comply with the review and release requirements of
2.2.2.15 B NMAC.

2. DELIVERY AND REPRODUCTION

A. In order to meet the delivery terms of this Contract, the Contractor shall deliver an organized and bound examination report to the State Auditor no later than April 25, 2016 and in accordance with Section 2.2.2.15 NMAC.

B. After its review of the examination report pursuant to Section 2.2.2.15 NMAC, the State Auditor will authorize the Contractor to print and submit the final examination report. Within two business days from the date of the authorization to print and submit the final examination report, the Contractor shall provide the State Auditor with **TWO** copies of the report and an electronic version of the examination report, in PDF format. After the State Auditor officially releases the examination report by issuance of a release letter, the Contractor shall deliver fifty (50) copies of the examination report to the Agency. Every member of the Agency's governing authority shall receive a copy of the report.

3. COMPENSATION

A. The Agency shall pay to the Contractor in full payment for services satisfactorily performed at the rate of:

- a. Mixed rate for Atkinson & Co., Ltd. at one hundred and eighty five dollars (\$185) per hour, not to exceed \$100,000;
- b. Legal Counsel Services – three hundred to three hundred thirty dollars (\$300 to \$330) per hour, not to exceed \$48,000.
- c. If fraud were found an increased fee might be indicated, otherwise this is a capped fee engagement. If expended hours at the quoted rate are less than the ceiling amount, the lesser will be the final billing.

Such compensation not to exceed one hundred and forty-eight thousand dollars (\$148,000), excluding gross receipts tax. The New Mexico gross receipts tax levied on the amounts payable under this Agreement totaling \$12,303 shall be paid by the Agency to the Contractor. **The total amount payable to the Contractor under this Agreement, including gross receipts tax and expenses, shall not exceed \$160,303. This amount is a maximum and not a guarantee that the work assigned to be performed by Contractor under this Agreement shall equal the amount stated herein. The parties do not intend for the Contractor to continue to provide services without compensation when the total compensation amount is reached. Contractor is responsible for notifying the Agency when the services provided under this Agreement reach the total compensation amount. In no event will the Contractor be paid for services provided in excess of the total compensation amount without this Agreement being amended in writing prior to those services in excess of the total compensation amount being provided.**

B. Contractor agrees not to, and shall not, perform any services in furtherance of this contract prior to approval by the State Auditor. In accordance with Section 12-6-14(A), NMSA, 1978 and Section 2.2.2.8.N(1), NMAC, Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this contract prior to approval by the State Auditor.

C. Pursuant to Section 12-6-14, NMSA 1978 and Section 2.2.2.8.N, NMAC, the State Auditor may authorize progress payments to the Contractor by the Agency; provided that the authorization is based upon evidence of the percentage of audit work completed as of the date of the request for partial payment. Progress payments up to 70% do not require State Auditor approval, provided that the Agency certifies receipt of services. The Agency must monitor audit progress and make progress payments only up to the percentage that the audit is completed prior to making such payment. Progress payments from 70% to 90% require State Auditor approval after being approved by the Agency. If requested by the State Auditor, the Agency shall provide a copy of the approved progress billings. The State Auditor may allow only the first 50% of progress payments to be made without State Auditor approval if the Contractor's previous audits were submitted after the due date. Final payment for services rendered by the Contractor shall not be made until a determination and written finding is made by the State Auditor in the release letter that the audit has been made in a competent manner in accordance with the provisions of this Contract and applicable rules of the State Auditor.

4. TERM

A. THIS CONTRACT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED BY THE STATE AUDITOR. Unless terminated pursuant to Paragraphs 5 or 19, infra, this Contract shall terminate one calendar year after the date on which it is signed by the State Auditor.

5. TERMINATION, BREACH AND REMEDIES

A. This Contract may be terminated, without cause, by either of the parties upon written notice delivered to the other party at least ten (10) days prior to the intended date of termination. This Contract may be terminated immediately by either of the parties upon written notice

delivered to the other party if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the examination report in accordance with Paragraph 2, supra, shall constitute a material breach of this Contract. The Agency may immediately terminate this Contract upon written notice to the Contractor pursuant to Paragraph 19, infra. Pursuant to Section 2.2.2.8.S, NMAC, the State Auditor also may immediately terminate this Contract upon written notice to the Contractor after determining that the examination has been unduly delayed, or for any other reason. By termination pursuant to this Paragraph, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. THIS PROVISION IS NOT EXCLUSIVE AND DOES NOT WAIVE OTHER LEGAL RIGHTS AND REMEDIES AFFORDED THE STATE CAUSED BY THE CONTRACTOR'S DEFAULT OR BREACH OF THIS CONTRACT.

B. If the Agency terminates this Contract under this paragraph, the Contractor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any, that the State Auditor has authorized as provided in Paragraph 3(E), supra. If the Contractor terminates this Contract under this paragraph, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. If the Agency or the Contractor terminates this Contract pursuant to this paragraph, the party that terminates the Contract shall immediately send the State Auditor written notice of the termination.

D. The State Auditor may disqualify the Contractor from eligibility to contract for audit services with the State of New Mexico if the Contractor knowingly makes false statements, false assurances or false disclosures under this Contract. The State Auditor on behalf of the Agency or the Agency may bring a civil action for damages or any other relief against a Contractor for a material breach of this Contract.

6. STATUS OF CONTRACTOR

The Contractor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the Agency. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the Agency as a result of this Contract. The Contractor agrees not to purport to bind the State of New Mexico to any obligation not assumed under this Contract unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

7. ASSIGNMENT

The Contractor shall not assign or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

8. SUBCONTRACTING

The Contractor shall not subcontract any portion of the services to be performed under this Contract without the prior written approval of the Agency and the State Auditor. An agreement between the Contractor and a subcontractor to subcontract any portion of the services under this Contract shall be completed on a form prescribed by the State Auditor. The agreement shall be an amendment to this Contract and shall specify the portion of the examination to be performed by the subcontractor, how the responsibility for the examination will be shared between the Contractor and the subcontractor, the party responsible for signing the examination report and the method by which the subcontractor will be paid. Pursuant to Section 2.2.2.8.L, NMAC, the Contractor may subcontract only with independent public accounting firms that are on the State Auditor's List of Approved Firms pursuant to Section 2.2.2.8.B, NMAC, and that are not otherwise restricted by the Office from entering into such a contract pursuant to Section 2.2.2.8.E, NMAC.

9. RECORDS AND AUDIT

The Contractor shall maintain detailed time records that indicate the date, time and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of five (5) years from the date of final payment under this contract. The records shall be subject to inspection by the Agency and the State Auditor. The Agency and the State Auditor shall have the right to audit billings both before and after payment. Payment under this Contract shall not foreclose the right of the Agency or the State Auditor on behalf of the Agency to recover excessive or illegal payments.

10. RELEASE

The Contractor, upon receiving final payment of the amounts due under the Contract, releases the State Auditor, the Agency, its officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liabilities, claims or obligations whatsoever arising from or under this Contract.

11. CONFIDENTIALITY

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the Agency and the State Auditor.

12. PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post the examination report on their respective websites.

13. CONFLICT OF INTEREST

The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. The Contractor certifies that the requirements of the Governmental Conduct Act, Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee have been followed.

14. INDEPENDENCE

The Contractor affirms and represents its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards 2011 Revision*, issued by the Comptroller General of the United States, and Section 2.2.2.8.M, NMAC. The Contractor shall immediately notify the State Auditor and the Agency in writing if any impairment to the Contractor's independence occurs or may occur during the period of this Contract.

15. AMENDMENT

This Contract shall not be altered, changed or amended except by prior written agreement of the parties and prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978.

16. MERGER

This Contract incorporates all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. **The engagement letter between the Contractor and Agency and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this contract. Conflicts between the engagement letter and this contract are governed by this contract, and shall be resolved accordingly.**

17. APPLICABLE LAW

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor acknowledges and agrees to the jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising under or out of any term of this Contract.

18. AGENCY BOOKS AND RECORDS

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. APPROPRIATIONS

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. This section of the Contract does not supersede the Agency's requirement to have an annual audit pursuant to Section 12-6-3(A) NMSA 1978.

20. PENALTIES FOR VIOLATION OF LAW

The Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. EQUAL OPPORTUNITY COMPLIANCE

The Contractor agrees to abide by all Federal and State laws, rules and regulations, and executive orders of the Governor of the State of New Mexico pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations and orders, the Contractor assures that no person in the United States shall, on the grounds of race, age, religion, color, national origin, ancestry, sex, physical or mental handicap or serious medical condition, spousal affiliation, sexual orientation or gender identity be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Contract. If the Contractor is found not to be in compliance with these requirements during the life of this Contract, the Contractor agrees to take appropriate steps to correct these deficiencies.

22. WORKING PAPERS

The Contractor shall retain the working papers of the Agency's examination conducted pursuant to this Contract for a period of five (5) years from the date shown on the examination report, or longer if requested by the federal cognizant agency for audit, oversight agency for audit, pass through-entity or the State Auditor. The State Auditor shall have access to the working papers at the State Auditor's discretion. When requested by the State Auditor, the Contractor shall deliver the original or clear, legible copies of all working papers to the State Auditor.

23. DESIGNATED ON-SITE STAFF

The Contractor's on-site individual auditor responsible for supervision of work and completion of the examination is Sarah Brack, CPA CGFM. The Contractor shall notify the Agency and the State Auditor in writing of any changes in staff assigned to perform the examination.

24. INVALID TERM OR CONDITION

If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected.

25. OTHER PROVISIONS

Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

AGENCY:
City of Santa Fe:
Attn: Internal Audit
P.O. Box 909
Santa Fe, NM 87504

CONTRACTOR:
Atkinson & Co. LTD.
6501 Americas Parkway NE
Suite 700
Albuquerque, NM 87110

IN WITNESS WHEREOF, the parties have executed this Contract as of the date first written above.

AGENCY

CONTRACTOR

NAME: _____

NAME: _____

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

This Contract has been approved by:

STATE AUDITOR

BY: _____

TITLE: DEPUTY STATE AUDITOR

DATE: _____

State Auditor Contract No. 15 -

AGENCY:

CONTRACTOR:

JAVIER M. GONZALES, MAYOR

NAME AND TITLE

DATE: _____

DATE: _____

CRS# 01-759487-00-1

City of Santa Fe Business

Registration # 14-00116308

ATTEST:

YOLANDA Y. VIGIL
CITY CLERK

APPROVED AS TO FORM:

 10/6/15
KELLEY A. BRENNAN, CITY ATTORNEY

APPROVED:

 10-7-2015
OSCAR RODRIGUEZ, FINANCE DIRECTOR

12015.510330
Business Unit Line Item

CITY OF SANTA FE PROCUREMENT CHECKLIST

Contractor Name: Atkinson & CO., LTD

Procurement Title: 2008 Park Bond Examination Engagement

Solicitation RFP/RFB#: RFP#16/05/P

Other Methods: State Price Agreement **Cooperative** **Sole Source** **Exempt** **Other**

Department Requesting/Staff Member Internal Audit / Liza Kerr

Procurement Requirements:

A procurement file shall be maintained for all contracts, regardless of the method of procurement. The procurement file shall contain the basis on which the award is made, all submitted bids and proposals, all evaluation materials, score sheets, quotations and all other documentation related to or prepared in conjunction with evaluation, negotiation, and the award process. The procurement shall contain a written determination from the Requesting Department, signed by the procurement officer, setting forth the reasoning for the contract award decision before submitting to the Committees. .

SOLICITATION*

- | YES | N/A | |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Project Beginning History (council requests etc) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Determination (FIR) attach |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Solicitation document (RFP, IFB), |
| <input type="checkbox"/> | <input type="checkbox"/> | * Screen print of legal solicitation published in newspapers, web sites, etc.: |
| <input type="checkbox"/> | <input type="checkbox"/> | * Screen print of addendum(s) published on the IPB/RFP: |
| <input type="checkbox"/> | <input type="checkbox"/> | * Pre-Bid/Pre-Offer Conference attendance sheet and other documents |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | If canceled, screen print of cancellation of solicitation notice |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other: _____ |

EVALUATION* *on file in purchasing*

- | YES | N/A | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | * Blank evaluation form |
| <input type="checkbox"/> | <input type="checkbox"/> | Evaluator's names and profiles |
| <input type="checkbox"/> | <input type="checkbox"/> | Evaluation procedures or evaluation instructions |
| <input type="checkbox"/> | <input type="checkbox"/> | Conflict/Confidentiality Forms signed by all Evaluators, Technical Advisors, Reviewers, and any person who assists in regard to the bid/proposal, evaluation and/or award |
| <input type="checkbox"/> | <input type="checkbox"/> | Bid or Offer opening sheet(s) (If RFP, then two offer opening sheets, one for technical and one for cost) |
| <input type="checkbox"/> | <input type="checkbox"/> | Screen print of Bidder/Offeror's detailed information |
| <input type="checkbox"/> | <input type="checkbox"/> | Responsiveness review sheet or other sheet documenting responsiveness for each Bidder/Offeror, attach requests for additional information to cure items |
| <input type="checkbox"/> | <input type="checkbox"/> | Non-Responsive/Non-Responsibility Form and correspondence or letters from Department to vendor regarding disqualifications |
| <input type="checkbox"/> | <input type="checkbox"/> | Oral presentations (sign-in sheets, presentation materials, etc.) |
| <input type="checkbox"/> | <input type="checkbox"/> | Documentation sent to Bidders/Offerors and responses received regarding clarifications, decisions, negotiations, and/or best and final offers, etc. |
| <input type="checkbox"/> | <input type="checkbox"/> | Reference Reviews/Reference Check Questionnaires |
| <input type="checkbox"/> | <input type="checkbox"/> | Individual evaluations included for each RFP. |
| <input type="checkbox"/> | <input type="checkbox"/> | Pricing evaluation |
| <input type="checkbox"/> | <input type="checkbox"/> | Final overall evaluation matrix or summary of evaluator scores |
| <input type="checkbox"/> | <input type="checkbox"/> | Other: _____ |

* *on file purchasing*

AWARD*

YES N/A

- Fully executed Memo to Committees from the Department with recommendation of award
- Winning proposal (this is a copy that has all confidential/proprietary information excluded)
- Screen print of Contract Award Notice
- Screen print of Award Notice published on agency website
- Email or notification sent to all Bidders/Offerors that award was made
- Waiver or "No Action Taken" from Procurement Office
- Correspondence with Procurement Office regarding waiver
- If IFB and not awarded to lowest responsive, responsible bidder; written explanation
- Other: _____

DISCLOSURES

YES N/A

- Contractor Disclosures & Conflicts of Interest**
- Disclosures & Conflicts of Interest Form(s) (winning bidder(s)/offeror(s))
- Contractor –Conflicts of Interest**
- Purchasing Office Letter or e-mail to designated individual regarding potential conflict
- Conflict of Interest Form signed by all parties
- Letter from Procurement Office regarding the potential conflict
- Subcontractor Disclosures**
- Disclosures & Conflicts of Interest form of Subcontractor(s)
- Subcontractor –Conflicts of Interest**
- Purchasing Officer Letter or email to designated individual regarding potential conflict
- Conflict of Interest form signed by all parties
- Letter from Legal Office regarding the potential conflict
- Other: _____

CONTRACT

YES N/A

- Copy of Executed Contract
- Copy of all documentation presented to the Committees
- Finalized Council Committee Minutes
- Other: _____

MISCELLANEOUS FILE*

YES N/A

- Local Preference Form
- New Mexico Residence Form *in Packet*
- Veterans Exemption
- Sole Source determination form approved by Procurement Officer**
- Exempt determination memo approved by Procurement Officer**
- Other: _____

Include all other substantive documents and records of communication that pertain to the procurement and any resulting contract.

PROTEST (If applicable)*

- | YES | N/A | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Documentation from protester filed with the Purchasing Office |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Letter from Department to Purchasing Office Providing response to protest |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Letter from Purchasing Officer to protester and Department on final outcome |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other: _____ |

Create a separate file folder which may contain any documents with trade secrets or other competitively sensitive, confidential or proprietary information.

- | YES | N/A | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Original bid(s) or proposal(s) with no redactions. |
| <input type="checkbox"/> | <input type="checkbox"/> | Documentation exempt - Proprietary, Confidential, Competitively Sensitive, or Trade Secret (i.e. e-mails, proposals, letters) |

Liza Herr, Internal Auditor
Department Rep Printed Name and Title

[Signature]
Department Rep Signature attesting that all information included

[Signature]
Purchasing Officer attesting that all information is reviewed

City of Santa Fe, New Mexico

BUDGET ADJUSTMENT REQUEST (BAR)

DEPARTMENT / DIVISION / SECTION / UNIT NAME				DATE	
Internal Audit / City Manager				10/19/2015	
ITEM DESCRIPTION	BU / LINE ITEM	<--(Finance Dept Use Only)-->		INCREASE	DECREASE
		SUBLEDGER / SUBSIDIARY	DR / (CR)		
Audit	12015.510330			160,303	
JUSTIFICATION: <i>(use additional page if needed)</i>				TOTAL	\$ 160,303
--Attach supporting documentation/memo					\$ -

Source of funding is available cash in the general fund.

The above amount includes \$148,000 plus GRT \$12,303 = \$160,303

Liza Kerr	09/28/2015	CITY COUNCIL APPROVAL			
Prepared By	Date	City Council Approval Required	<input type="checkbox"/>		Budget Officer
		City Council Approval Date	<input style="width: 100px; height: 20px;" type="text"/>		Date
Division Director	Date	Agenda Item #:	<input style="width: 100px; height: 20px;" type="text"/>		Date
Department Director	Date				Date

10-7-2015

[Signature]



City of Santa Fe Summary of Contracts, Agreements, & Amendments

Section to be completed by department for each contract or contract amendment

1 **FOR:** ORIGINAL CONTRACT or CONTRACT AMENDMENT

2 Name of Contractor Atkinson and Co. Ltd.

3 Complete information requested Plus GRT
 Inclusive of GRT

Original Contract Amount: 160,303.60

Termination Date: June 30, 2016

Approved by Council Date: _____

or by City Manager Date: _____

Contract is for: The 2008 Park Bond Audit

Amendment # _____ to the Original Contract# _____

Increase/(Decrease) Amount \$ _____

Extend Termination Date to: _____

Approved by Council Date: _____

or by City Manager Date: _____

Amendment is for: To increase amount of contract to pay auditors for additional hours incurred.

4 **History of Contract & Amendments:** (option: attach spreadsheet if multiple amendments) Plus GRT
 Inclusive of GRT

Amount \$ 160,303.00 of original Contract# _____ Termination Date: 06/30/2016

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Total of Original Contract plus all amendments: \$ _____



**City of Santa Fe
Summary of Contracts, Agreements, & Amendments**

5 Procurement Method of Original Contract: (complete one of the lines)

RFP# 16/05/P Date: September 18, 2015

RFQ _____ Date: _____

Sole Source _____ Date: _____

Other _____

6 Procurement History: Original contract
example: (First year of 4 year contract)

7 Funding Source: money to be transferred by BAR **BU/Line Item:** 12015.510330

8 Any out-of-the ordinary or unusual issues or concerns:
This is to fund an audit of the 2008 Park Bonds as designated by the State Auditor's Office
(Memo may be attached to explain detail.)

9 Staff Contact who completed this form: Liza Kerr

Phone # (505) 955-5728

10 Certificate of Insurance attached. (if original Contract)

Submit to City Attorney for review/signature
Forward to Finance Director for review/signature
Return to originating Department for Committee(s) review or forward to City Manager for review
and approval (depending on dollar level).

To be recorded by City Clerk:

Contract # _____

Date of contract Executed (i.e., signed by all parties): _____

Note: If further information needs to be included, attach a separate memo.

Comments:

On March 27, 2015, the Office of the State Auditor (OSA) notified the Mayor and City Council (the "Governing Body") that the OSA was designating the City for a special audit focused on the 2008 parks and trails bond projects.

It is the determination of the OSA that an examination will be performed by an Independent Public Accountant (IPA).

The City has gone through the established procurement process and selected Atkinson and Co., Ltd. as the IPA to conduct this examination engagement. The examination will result in an opinion on the use of park bond funds.



City of Santa Fe, New Mexico

BUSINESS LICENSE

City Of Santa Fe
PO BOX 909
Santa Fe NM, 87504

Official Document
Please Post

Business Name: **ATKINSON & CO LTD**

Location: **LINCOLN AVE**

Class: **BUSINESS REGISTRATION-STANDARD PSA W/CTY**

Comment:

Control Number: 0057544

License Number: 14-00116308 •

Issue Date February 17, 2014

Expiration Date December 31, 2014

ATKINSON & CO LTD
6501 AMERICAS PKWY NE STE 700

ALBUQUERQUE NM 87110

THIS IS NOT A CONSTRUCTION PERMIT OR SIGN PERMIT. APPROPRIATE PERMITS MUST BE OBTAINED FROM THE CITY OF SANTA FE BUILDING PERMIT DIVISION PRIOR TO COMMENCEMENT OF ANY CONSTRUCTION OR THE INSTALLATION OF ANY EXTERIOR SIGN.

THIS REGISTRATION/LICENSE IS NOT TRANSFERABLE TO OTHER BUSINESSES OR PREMISES.

PIN 23A3

Renewed 2015 on 9/15/15

DECLARATIONS
ACCOUNTANTS PROFESSIONAL LIABILITY POLICY

PRODUCER BRANCH PREFIX POLICY NUMBER

003613 970 APL 140447814

INSURANCE IS PROVIDED BY
CONTINENTAL CASUALTY COMPANY
CNA PLAZA, CHICAGO, IL 60685
A STOCK INSURANCE COMPANY
REFERRED TO IN THIS POLICY AS WE, US, OR OUR.

1. Named Insured and Mailing Address
Atkinson & Co, Ltd.
6501 Americas Pkwy NE, Ste: 700
Albuquerque, NM 87110

* * * * * NOTICE * * * * *

THIS IS A CLAIMS-MADE AND REPORTED POLICY AND
COVERS ONLY CLAIMS FIRST MADE AGAINST AN INSURED
AND REPORTED IN WRITING TO THE COMPANY DURING
THE POLICY PERIOD. PLEASE READ THIS POLICY
CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR
INSURANCE AGENT.

2. POLICY PERIOD: FROM: 8/23/15 TO: 8/23/16 at 12:01 A.M.
Standard time at your address shown above.

3. PRIOR ACTS DATE: NO PRIOR ACTS DATE LIMITATION APPLIES at 12:01 A.M.

4. DEDUCTIBLE: Per Claim Deductible _____ or Aggregate Deductible \$25,000

5. LIMITS OF LIABILITY: (If Item 7 below indicates that endorsement G-17734-B30 is attached, then the
limits of liability will be reduced, and may be completely exhausted, by payment
of claim expenses)

<u>\$2,000,000</u>	PER CLAIM
<u>\$2,000,000</u>	AGGREGATE

6. FOR NON-RENEWAL: 30 days notice will be given you in accordance with policy conditions.

7. PRINTED ENDORSEMENTS ATTACHED AT POLICY ISSUANCE INCLUDE:

G-127136-A (7/12) Policy	G-127145-A Definition of You and Your
G-127137-A30 (7/12) Declarations Page	G-127146-A Professional Services Under Another Name
G-127157-A(6/97) Nuclear Energy & Pollution Exclusion	G-127151-A Prior Acts Date - Predecessor
G-127164-A30 (6/97) Amend. Termination Provision- NM	G-127151-A Prior Acts Date - Predecessor
G-17734-B(8/94) Amend. Endorsement-NM	G-127151-A Prior Acts Date - Predecessor
G-141584-A(6/03) Policyholder Notice	G-127158-A Gap In Coverage
G-127152-AC(5/06) Claims Expenses Outside Limits	CNA75704XX Privacy and Network Security Risk
G-127139-A Excl Named Individuals or Entities	
G-127139-A Excl Named Individuals or Entities	

8. \$84,730.00 ANNUAL PREMIUM

9. WHO TO CONTACT TO REPORT A CLAIM OR POTENTIAL CLAIM:

Director of Claims
Accountants Professional Liability
CNA Insurance Companies
333 South Wabash Street
Chicago, IL 60604
APLNewLoss@CNA.com

THIS POLICY IS NOT VALID UNTIL SIGNED BY OUR AUTHORIZED REPRESENTATIVE.

Nicholas C. Behm
Authorized Representative



Timothy M. Keller
State Auditor

Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Deputy State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR

July 24, 2015

VIA EMAIL AND REGULAR MAIL

Javier M. Gonzales, Mayor
City Council Members
City of Santa Fe
PO Box 909
Santa Fe, New Mexico 87504-0909

Re: Designation for City of Santa Fe 2008 Parks Bond Special Audit

Dear Mayor and City Councilors:

On March 27, 2015, the Office of the State Auditor (OSA) notified the Mayor and City Council (the "Governing Body") that the OSA would designate the City for a special audit focused on the 2008 parks and trails bond projects. This letter serves as the official designation for the special examination.

The examination will be performed by an Independent Public Accountant (IPA) recommended by the City after an RFP process and approved by the State Auditor. Please be advised that the City is required to bear the cost of the engagement pursuant to Section 12-6-4 NMSA 1978.

The previous agreed upon procedures (AUP) engagement conducted by REDW, LLC, which was completed without the involvement of the OSA, did not require the IPA to give an opinion on the use of the funds. The OSA has determined that in the interest of accountability it is important to have the City contract for an *examination* engagement, in adherence with the applicable American Institute of Certified Public Accountants (AICPA) standards, requiring an *opinion* by the IPA. Attachment A explains the different types of engagements that IPAs may perform.

The Audit Rule provides that the State Auditor may specify the scope and any procedures required for the audit. The OSA has developed a scope of work for the special audit RFP, which is attached as part of Attachment B. Since the IPA will be required to provide an opinion based on his or her professional judgement, the IPA will be responsible for the sufficiency of audit procedures. As previously indicated, the OSA will consider input of the Governing Body regarding the scope.

The City will be required to follow the procedures set forth in Section 2.2.2.15(B) NMAC to solicit and request proposals for a special audit or examination to be performed pursuant to the AICPA Statements on Standards for Attestation Engagements (SSAEs), AT Section 101. The City's RFP shall include the scope of work and other elements outlined in Attachment B. In addition, the OSA will require that the City provide, for our review, the proposal evaluation criteria, prior to the

2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507
Phone (505) 476-3800 * Fax (505) 827-3512
www.osanm.org * 1-866-OSA-FRAUD

publication of the request for proposal. The OSA also requires that the City notify the OSA of all evaluation committee meetings, no later than 48 hours prior to the meeting, so that the OSA may attend and observe the selection process and be available to answer any questions. Attachment C to this letter is the timeline that OSA is requiring to expeditiously complete the examination and provide answers to management and the public.

In order to conduct the examination, the IPA must have unrestricted access to all documents pertaining to the issues outlined above as well as access to City of Santa Fe staff that may have knowledge and information about these areas.

Please do not hesitate to contact Deputy State Auditor Sanjay Bhakta, CPA, CGFM, CFE, CGMA at (505) 476-3800 if you have any questions regarding the designation or this correspondence.

Thank you for your attention to this very important matter.

Respectfully,

A handwritten signature in cursive script that reads "Timothy Keller". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Timothy Keller
State Auditor

cc: Brian Snyder, City Manager
Oscar S. Rodriguez, Director of Finance

Attachments: RFP Scope of Work, Engagement Type Overview, Timeline



State of New Mexico
OFFICE OF THE STATE AUDITOR

Attachment I
SCOPE OF WORK

The City of Santa Fe (City) presented a general obligation bond issue to the voters on March 8, 2008. The \$30,300,000 bond was to be used to acquire land for, and to improve, public parks, trails and open spaces for recreational purposes. The City is requesting a proposal for an examination which will result in an opinion on the City's compliance with legal, regulatory and policy constraints for expenditures charged to the bond issue. The examination must comply with: The Audit Act 12-6 NMSA 1978, 2.2.2. NMAC Requirements for Contracting and Conducting audits of State Agencies and AICPA standards relevant to an examination engagement requiring *an opinion* by the IPA.

- A. The contractor must understand the governing hierarchy of all laws, regulations, ordinances, policies, procedures and documents that relate to the bond expenditures. The contractor must detail its approach to identifying the hierarchy.
- B. The contractor must identify the in-house or subcontracted legal counsel and the approach to selection of the legal counsel that the contractor will utilize to provide the legal opinion necessary to establish the governing hierarchy (including, but not limited to, a detailed analysis of what City plans and policies were duly authorized and properly approved) and to define the types of expenditures that are allowable.
- C. The contractor must detail its approach to identifying what types of expenditures are allowable per the governing hierarchy.
- D. The contractor and any subcontractor(s) must demonstrate a strong knowledge in governmental auditing and local government bond issues.
- E. The contractor must detail its plan to:
 - a. Identify all projects funded by the 2008 General Obligation Bond.
 - b. Identify by project the total amount expended from bond funds.
 - c. Test, on sample basis, expenditures for *every* project identified (sample size must be sufficient to support the contractor's opinion provided by the engagement).
 - i. The testing must examine the expenditures for compliance with the governing hierarchy, which should include at a minimum the following:
 1. Compliance with all bond document restrictions and covenants.
 2. Compliance with Federal, State, and local laws.
 3. Compliance with the City's ordinances.
 4. Compliance with the City's policies and procedures (procurement, personnel, budget, etc).
 - d. Identify and verify the source documentation to be utilized for the examination.

OTHER REQUIRED RFP ELEMENTS

The contractor must affirmatively acknowledge that they:

- a. Possess the qualifications necessary to perform the work to the standards identified.
- b. Possess an understanding of the RFP and the scope of work sufficient to complete the work required.
- c. Will provide an examination report with an opinion on the City's compliance with the governing hierarchy, consistent with the standards issued by the AICPA, pertaining to an examination engagement and the audit rule. The report will contain, at a minimum, the following:
 - i. An opinion on the City's compliance with legal, regulatory, and policy constraints for expenditures charged to the bond issue.
 - ii. An executive summary.
 - iii. A listing of the governing hierarchy of laws, regulations, ordinances, and duly approved policies, procedures and documents that govern the 2008 parks bond expenditures.
 - iv. A listing of the types of expenditures that are allowable per the governing hierarchy.
 - v. A listing of all projects funded by the bond issue.
 - vi. A listing of bond funds expended by project.
 - vii. A schedule of findings which includes the following elements as required by 2.2.2.15 B and 2.2.2.10 I (3) (c) NMAC.
 1. Condition
 2. Criteria
 3. Cause
 4. Effect
 5. Recommendation
 6. Management's response to findings
- d. Will comply with the review and release requirements of 2.2.2.15 B NMAC.

CPA

Agenda Item SA

Comparison of Various Types of Services

Type of Service Engagement Type	Auditing		Attestation -assertion based			Type of Service Engagement Type		Proposed Attestation -non assertion based		Consulting Engagements
	Audit	Examination	Review	Agreed-Upon Procedures	Engagement Type	Specified Procedures	Direct Engagements	Consulting Engagements		
What are the applicable professional standards for this engagement? Is the responsible party required to provide a written assertion?	AICPA Statements on Auditing Standards AU-C 580 requires written representation that management has fulfilled its responsibilities ... for preparation and fair presentation of financial statements in accordance with U.S. GAAP.	AICPA Clarified Statements on Standards for Attestation Engagements (under development)	Yes	Practitioner is required to request a written assertion. If the assertion is not provided, practitioner indicates that in the report	What are the applicable professional standards for this engagement? Is the responsible party required to provide a written assertion?	No	New proposed section of AICPA Statements on Standards for Attestation Engagements	AICPA- Statement on Standards for Consulting Services	No	No
Who may develop the subject matter information?	Usually the responsible party	Usually the responsible party	Usually the responsible party	Responsible party	Who develops the subject matter or subject matter information?	Practitioner or responsible party	Practitioner or responsible party	Practitioner or responsible party	Practitioner or responsible party	Practitioner or responsible party
Who is the initial measurer or evaluator of the subject matter information?	Often the engaging or responsible party, except for small and medium entities (SMEs) where it may be the auditor subject to	Often the engaging or responsible party, except for SMEs where it may be the practitioner subject to independence rules	Often the engaging or responsible party, except for SMEs where it may be the practitioner subject to independence rules	Often the engaging or responsible party, except for SMEs where it may be the practitioner subject to independence rules	Who is the initial measurer or evaluator of the subject matter information?	Usually the practitioner	Usually the practitioner	Usually the practitioner	Practitioner or responsible party	Practitioner or responsible party

New Services: Comparison of Various Types of Services
ASB Meeting, May 2015

Type of Service Engagement Type	Attestation - assertion based			Type of Service Engagement Type	Proposed Attestation - non assertion based		Consulting Engagements
	Auditing Audit	Examination	Review		Agreed-Upon Procedures	Specified Procedures	
Who selects the criteria?	independence rules Usually the engaging party but auditor may suggest the criteria to be used	Usually the engaging party but practitioner may suggest the criteria to be used	Usually the engaging party but practitioner may suggest the criteria to be used	Who selects the criteria?	Practitioner or engaging party (Report may need to state who selected the criteria)	Practitioner or engaging party	No specified criteria are required but the client would inform the practitioner of the client's objectives for the engagement
Who is responsible for the sufficiency of the procedures?	Practitioner	Practitioner	Practitioner	Who is responsible for the sufficiency of the procedures?	Engaging party or practitioner with agreement by the engaging party	Practitioner	Practitioner and the engaging party
What level of assurance does the practitioner obtain?	Reasonable	Reasonable	Limited	What level of assurance does the practitioner obtain?	None	[TBD]	None
What is the primary communication in the report?	Opinion	Opinion	Conclusion	What is the primary communication in the report?	Description of procedures and findings	Description of procedures and findings. (No decision yet on whether a conclusion would be required.)	Written report is optional. May include findings, conclusions and recommendations
Is the concept of materiality relevant to the engagement? May the auditor/practitioner use the work of internal auditors?	Yes	Yes	Yes	Is the concept of materiality relevant to the engagement? May the auditor/practitioner use the work of internal auditors?	Only if specified by the specified parties	Yes	No
Is management/the RP required to provide written representations?	Yes	Yes	Yes	Is management/the RP required to provide written representations?	Not permitted	Not permitted	No restrictions
		Yes, but when the RP is not the EP, the RP may provide oral responses to the practitioner's	Yes, but when the RP is not the EP, the RP may provide oral responses to the practitioner's		Yes, but when the RP is not the EP, the RP may provide oral responses to the practitioner's	Optional (The practitioner makes this determination.)	Not required

New Services: Comparison of Various Types of Services
ASB Meeting, May 2015

Type of Service Engagement Type	Auditing Audit	Attestation -assertion based			Type of Service Engagement Type	Proposed Attestation -non assertion based		Consulting Consulting Engagements
		Examination	Review	Agreed-Upon Procedures		Specified Procedures	Direct Engagements	
		inquiries and the practitioner restricts use of the report	inquiries and the practitioner restricts use of the report.	practitioner's inquiries			more stringent than they are in the attestation standards	
Is use of the report restricted?	Generally not, but permitted.	Generally not, but permitted. Specified circumstances require restriction on use of the report	Generally not, but permitted. Specified circumstances require restriction on use of the report.	Yes, to the specified parties.	Is use of the report restricted?	Generally not, except when the circumstances specified in the standard are applicable.	Generally not, except when the circumstances specified in the standard are applicable.	Generally restricted to the engaging party.



Timothy M. Keller
State Auditor

Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Deputy State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR

Attachment 3
Timeline
Parks Bond 2008 Special Audit

- | | |
|---|----------------------|
| 1. Office of the State Auditor (OSA) notification to the City | July 27, 2015 |
| 2. City response to OSA regarding scope of work | July 30, 2015 |
| 3. Final scope of work sent to City | August 5, 2015 |
| 4. Draft RFP evaluation criteria sent to OSA by City | August 7, 2015 |
| 5. OSA review and approval of evaluation criteria | August 12, 2015 |
| 6. RFP advertisement | August 17 - 21, 2015 |
| 7. Receipt of proposals | September 18, 2015 |
| 8. Evaluation of proposals | September 24, 2015 |
| 9. Interviews with finalists | September 30, 2015 |
| 10. Negotiations with selected contractor | October 5, 2015 |
| 11. Approval by Finance Committee | October 12, 2015 |
| 12. Approval of award by City Council | October 19, 2015 |
| 13. Contractor recommendation to OSA | November 2, 2015 |
| 14. OSA contract review and approval | November 4, 2015 |
| 15. Contractor field work | November 9-30, 2015 |
| 16. Submission of audit report to OSA | December 15, 2015 |
| 17. Review of audit report by OSA | December 31, 2015 |
| 18. Release of audit report | January 15, 2016 |

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CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2015-51

INTRODUCED BY:

Councilor Joseph Maestas

Councilor Patti Bushee

Councilor Bill Dimas

Councilor Christopher Rivera

Councilor Carmichael Dominguez

A RESOLUTION

DIRECTING THAT A FINANCIAL AUDIT OF THE 2008 PARK BOND PROJECT FUNDING, TO INCLUDE MODIFICATIONS, ALLOCATIONS, AND REALLOCATIONS OF BOND FUNDS, BE CONDUCTED BY AN INDEPENDENT PUBLIC ACCOUNTANT APPROVED BY THE OFFICE OF THE STATE AUDITOR; AND INCORPORATE ADEQUATE FUNDING FOR THE AUDIT IN THE FY 2015/2016 BUDGET

WHEREAS, on March 4, 2008 City of Santa Fe voters approved a \$30,300,000 general obligation bond (“2008 Bond”) to acquire land for, and to improve, public parks, trails and open spaces for recreational purposes; and

WHEREAS, on June 25, 2008, the Governing Body approved a draft implementation plan dated October 31, 2007 and identified as “Draft 4” (“D4 Plan”) for the 2008 Bond, together with certain amendments thereto;

WHEREAS, the D4 Plan identified proposed improvements and related cost estimates at City parks (collectively, “Bond Projects”); and

WHEREAS, on February 26, 2014 the Governing Body adopted Resolution No. 2014-17

1 (“Resolution”) authorizing a special external audit of 2008 Bond expenditures (“Audit”) upon
2 completion of the Bond Projects, excluding only the trail project at St. Francis Drive and Cerrillos
3 Road; and

4 **WHEREAS**, the Resolution provided for the City’s Internal Auditor to collaborate with staff
5 from the Public Works And Finance Departments and with members of the Bicycle and Trail
6 Advisory Committee (BTAC), the Parks and Open Space Advisory Commission (POSAC) or
7 successor commission, and the City Audit Committee to develop procedures for the conduct of the
8 Audit and to select an external auditor to perform the Audit; and

9 **WHEREAS**, the Resolution called for the selected auditor to present the Audit to the
10 Governing Body no later than December 31, 2014, which was extended by Resolution No. 2015-2 to
11 March 31, 2015; and

12 **WHEREAS**, pursuant to the procedures for the conduct of the Audit, REDW, LLC was
13 selected to perform the Audit; and

14 **WHEREAS**, REDW, LLC did not conduct an audit per accepted accounting standards, and,
15 therefore, did not render an expression of an opinion on accounting records, expenditures or internal
16 controls; and

17 **WHEREAS**, REDW, LLC, instead, performed an independent financial review based on
18 agreed upon procedures that was primarily a review of sampled records and projects; and

19 **WHEREAS**, on April 13, 2014 REDW, LLC presented its draft report titled “Independent
20 Accountant’s Report on Applying Agreed-Upon Procedures” (“Draft Report”) to the City of Santa Fe
21 Finance Committee; and

22 **WHEREAS**, the Draft Report generally concluded that the D4 Plan was not materially
23 implemented where changes were not approved, bond project budgets were significantly exceeded,
24 bond project completion could not be verified, documentation was incomplete, procurement policies
25 were not followed, policies and procedures were lacking, internal controls were not adequate, and the

1 review could not assert that all laws were followed; and

2 **WHEREAS**, the Finance Committee concluded that additional information was needed about
3 the City’s expenditures under the 2008 Bond.

4 **WHEREAS**, by letter of May 27th, 2015 the Office of the State Auditor (“OSA”) advised the
5 Governing Body that it will designate the City for a special audit concerning the 2008 Parks and
6 Trails Bond projects and related internal control issues to ensure that the audit process is independent,
7 and that the audit receives a quality review by the OSA; and

8 **WHEREAS**, the OSA intends to have an approved Independent Public Accountant (“IPA”)
9 conduct a special audit in accordance with a scope that includes input from the Governing Body.

10 **NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
11 **CITY OF SANTA FE** that the City Manager shall direct staff to:

12 1. Consult with the City’s Audit Committee to identify additional areas recommended
13 by REDW, LLC in the report that would likely result in a more complete review of 2008 Bond fund
14 expenditures under the agreed upon procedures, specifically the recommendations for further tests as
15 outlined in the Draft Report – Changes to Work Plan on Pages 13-14, items 1-6, and report the results
16 to the Governing Body.

17 2. Work with the chairs of the City’s Audit Committee, BTAC, POSAC (or successor
18 commission), the State Auditor, and REDW, LLC, to make recommendations to the Governing Body,
19 through the Finance Committee, regarding the scope for the audit of the 2008 Bond project funding to
20 be performed by an IPA approved by the OSA.

21 3. Incorporate the necessary estimated funding for the financial audit into the FY
22 2015/2016 budget.

23 4. Cooperate with the OSA throughout the course of the financial audit and refer any
24 potential criminal issues identified during the course of the financial audit to the Attorney General’s
25 Office for further investigation.

