



# City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909

[www.santafenm.gov](http://www.santafenm.gov)

*Javier M. Gonzales, Mayor*

## Councilors:

Peter N. Ives, Mayor Pro Tem, Dist. 2

Patti J. Bushee, Dist. 1

Signe I. Lindell, Dist. 1

Joseph M. Maestas, Dist. 2

Carmichael A. Dominguez, Dist. 3

Christopher M. Rivera, Dist. 3

Ronald S. Trujillo, Dist. 4

Bill Dimas, Dist. 4

April 14, 2015

Santa Fe City Councilors  
400 Lincoln  
Santa Fe, NM 87501

Dear Councilors:

I'm writing to let you know about my meeting with State Auditor, Tim Keller, yesterday afternoon.

I reached out to Mr. Keller last week to discuss how the State Auditor's Office could work with the City of Santa Fe to address the 2008 park bond audit. He agreed to gather his key staff and hear from the special auditor REDW directly and provide advice on how to proceed. I brought along City Manager, Brian Snyder, and Finance Director, Oscar Rodriguez, to provide details and answer any questions that might arise.

After hearing from REDW, Mr. Keller offered to help in the same way they helped the Community College by undertaking a special review of their internal controls this summer. He explained that this would likely be done by the State Auditor's Office engaging REDW to do this work. Alternately, the City could engage REDW to do this work under an agreement they would help craft, and the State Auditor's Office would weigh in on as needed. Mr. Keller and his staff also said it would be acceptable to them if the City simply added special instructions to the upcoming external audit exercise to do this work and let the State Auditor's Office engage in the usual way it reviews all audits. It was clear to everybody in the room that the next steps should be for the City to implement REDW's recommendations and make any other reforms necessary so that there would be sufficient experience under this new regimen for a subsequent audit. REDW explained that indeed they could have spent a lot more time and money doing a more extensive audit, but that the prospects of different conclusions did not justify it. They recommended that, instead of engaging auditors to implement their recommendations or do more testing, the City move expeditiously to make the changes themselves then submit to an external audit to verify if the new controls are working properly. The State Auditor's staff said that, although their role is to oversee all audits, they will make sure focus on such an audit as a matter of protecting the public's trust.

With this information, I have asked the staff to prepare a detailed plan for making the necessary reforms in response to the 2008 parks bond audit, including the institution of an annual capital projects status report that will provide to the Council and the public an accounting of all the capital projects, not just those funded through bond proceeds. I am also calling on staff to take a number of measures to address any and all weaknesses in our project management process, whether accounting or field supervision:

1. Immediate moratorium on force account work on bond projects
2. Posting on the City web site all of the special auditor's notes and work papers
3. Full accounting to the Council by the staff on all of the projects in the 2008 parks bond program by the next Council meeting
4. Instructions to the City's external auditors to provide a special audit of the City's bond projects with a report to the Council no later than September 30, giving staff time to implement the necessary reforms and stand for their review, and
5. The launch of a formal and comprehensive annual capital investment projects budget what will provide regular status reports, including expense accounting, of all the capital projects being undertaken by the City.

Like you and everybody I have heard from on this matter, I too am very concerned that the audit revealed that many of the 2008 parks bonds were carried out without the proper controls. I fully appreciate that public trust is now at stake, although the audit found no evidence of fraud, waste, or abuse, and all of the people now in charge were not here when the 2008 projects were being implemented. I believe the best course to protect that trust is by heeding the auditor's recommendations and taking advantage of the opportunity to make the far reaching reforms I am calling for.

I'm happy to answer any questions you may have.



Javier Gonzales

Mayor