City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2015-___

Parks Bond Review - JM

SPONSOR(S): Councilor Maestas

SUMMARY: The proposed resolution directs that a financial audit of the 2008 Park Bond Project funding, to include modifications, allocations, and reallocations of bond funds, be conducted by an external, independent, and qualified accounting firm in accordance with accepted accounting standards; incorporate adequate funding for the audit in the FY 2015/2016 budget

PREPARED BY: Rebecca Seligman, Legislative Liaison

FISCAL IMPACT: Yes

DATE: May 14, 2015

ATTACHMENTS: Resolution
FIR

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2015-____

INTRODUCED BY:

Councilor Joseph M. Maestas

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 EXTERNAL, INDEPENDENT, AND QUALIFIED ACCOUNTING FIRM IN ACCORDANCE WITH ACCEPTED ACCOUNTING STANDARDS; 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 ("Resolution") authorizing a special external audit of 2008 Bond expenditures ("Audit") upon completion of the Bond Projects, excluding only the trail project at St. Francis Drive and Cerrillos Road; and

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

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

WHEREAS, the Auditor did not conduct an audit per accepted accounting standards, and, therefore, did not render an expression of an opinion on accounting records, expenditures or internal controls; and

WHEREAS, the Auditor, instead, performed an independent financial review based on agreed upon procedures that was primarily a review of sampled records and projects; and

WHEREAS, on April 13, 2014 the Auditor presented its draft report titled "Independent Accountant's Report on Applying Agreed-Upon Procedures" ("Draft Report") to the City of Santa Fe Finance Committee; and

WHEREAS, the Draft Report generally concluded that the D4 Plan was not materially implemented where changes were not approved, bond project budgets were significantly exceeded, bond project completion could not be verified, documentation was incomplete, procurement policies were not followed, policies and procedures were lacking, internal controls were not adequate, and the review could not assert that all laws were followed; and

WHEREAS, the Finance Committee concluded that additional information was needed about the City's expenditures under the 2008 Bond.

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

1. Consult with the City's Audit Committee to identify additional areas recommended by the Auditor in the report that would likely result in a more complete review of 2008 Bond fund expenditures under the agreed upon procedures and undertake additional work by amending the existing contract of the Auditor, specifically the recommendations for further tests as outlined in the Draft Report – Changes to Work Plan on Pages 13-14, items 1-6.

2. Work with the City's Audit Committee, POSAC (or successor commission), and the Auditor to develop the scope for and procure a financial audit of the 2008 Bond project funding to be performed by an external, independent auditor and in accordance with accepted accounting standards.

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

4. Work with the City's Audit Committee to coordinate and consult with the State Auditor throughout the course of the financial audit and refer any potential criminal issues identified during the course of the financial audit to the Attorney General's Office for further investigation.

5. Report to the Governing Body on the costs associated with the foregoing tasks, including staff time.

6. Draft a contract for an independent auditor to complete a full financial audit of the 2008 Bond, and award such contract within 60 days of adoption.

PASSED, APPROVED AND ADOPTED this _____day of _____, 2015.

_____

JAVIER M. GONZALES, MAYOR

ATTEST:

_____

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/ Resolutions 2015/Parks Bond Review_JM

FIR No. 2661

City of Santa Fe
Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. **General Information**

(Check) Bill: _____ Resolution: ___X___

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): **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 EXTERNAL, INDEPENDENT, AND QUALIFIED ACCOUNTING FIRM IN ACCORDANCE WITH ACCEPTED ACCOUNTING STANDARDS; INCORPORATE ADEQUATE FUNDING FOR THE AUDIT IN THE FY 2015/2016 BUDGET.**

Sponsor(s): Councilor Maestas

Reviewing Department(s): City Attorney's Office /Finance Department

Persons Completing FIR: Rebecca Seligman / Oscar Rodriguez Date: 05/08/15 Phone: 955-6501 / 955-6530

Reviewed by City Attorney: _____ (Signature) Date: 5/12/15

Reviewed by Finance Director: _____ (Signature) Date: 5-11-2015

Section B. **Summary**

Briefly explain the purpose and major provisions of the bill/resolution:

The proposed resolution directs that a financial audit of the 2008 park bond project funding, to include modifications, allocations, and reallocations of bond funds, be conducted by an external, independent, and qualified accounting firm in accordance with accepted accounting standards; incorporate adequate funding for the audit in the FY 2015/2016 budget.

Section C. **Fiscal Impact**

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)

b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)

c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)

b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required

c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs

d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns

e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: _____

_____ Check here if no fiscal impact. **There will be fiscal impact, but a cost estimate cannot be established at this time because the scope and level of effort have not yet been defined by the named parties.**

Column #: 1	2	3	4	5	6	7	8
Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
Personnel*	$_____	_____	_____	$_____	_____	_____	_____
Fringe**	$_____	_____	_____	$_____	_____	_____	_____
Capital Outlay	$_____	_____	_____	$_____	_____	_____	_____
Land/ Building	$_____	_____	_____	$_____	_____	_____	_____
Professional Services	$_____	_____	_____	$_____	_____	_____	_____
All Other Operating Costs	$_____	_____	_____	$_____	_____	_____	_____
Total:	$_____			$_____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

a. To indicate new revenues and/or

b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #: 1	2	3	4	5	6
Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
_____	$_____	_____	$_____	_____	_____
_____	$_____	_____	$_____	_____	_____
_____	$_____	_____	$_____	_____	_____
Total:	$_____		$_____		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The resolution calls for the City Audit Committee, Parks and Open Spaces Advisory Committee, and others to prospectively arrive at a scope and work plan for the audit. Until these parties meet and provide this information, the cost for the audit will not be known.

Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

An audit by an external, independent, and qualified accounting firm in accordance with accepted accounting standards would not be conducted.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

No

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08