



# Agenda

CITY OF SANTA FE AUDIT COMMITTEE MEETING  
CITY COUNCILORS' CONFERENCE ROOM  
Tuesday, May 13, 2014 - 2:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
  - April 9, 2014
5. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:
  - Status of Audits (Internal Audit) (send in advance & attach);
    - Lodger's Tax Audit Update;
  - Gross Receipts Tax Report, (monthly);
  - Lodger's Tax Report;
7. SUB-COMMITTEE REPORTS:
  - Internal Audit,
    - Policies and Procedures,
    - Budget.
  - External Audit
    - Auditor selection for Financial Audit, SWMA, and BDD, update
    - RFP – Lodger's Tax, update
8. OLD BUSINESS
  - Fraud, Waste, and Abuse Hotline Update, Finance Committee Meeting, April 21, 2014
  - Audit Committee Achievements, summary
  - Park Bond Audit
    - Mayor and council appointments for task force, Wednesday April 30, 2014
9. NEW BUSINESS
  - Resignation of Randy Randall, Audit Committee Chair
  - Election of a new Audit Committee Chairman
10. OTHER MATTERS FROM THE COMMITTEE
11. ITEMS TO REPORT TO THE CITY MANAGER
12. NEXT MEETING DATE:
  - Next meeting scheduled – June 7, 2014
13. ADJOURNMENT

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to the meeting date.

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9. NEW BUSINESS		
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b. Election of new Chair	Mr. de Schweinitz elected	2
10. OTHER MATTERS FROM THE COMMITTEE	None	8
11. ITEMS TO REPORT TO THE CITY MANAGER	None	8
12. NEXT MEETING DATE: June 4, 2014	Announced	8
13. ADJOURNMENT	Adjourned at 3:12 p.m.	8

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**MINUTES OF THE**  
**CITY OF SANTA FÉ**  
**AUDIT COMMITTEE**

May 13, 2014  
2:00 p.m. – 4:00 p.m.

**1. CALL TO ORDER**

A regular meeting of the City of Santa Fé Audit Committee was called to order by Ms. Liza Kerr in the absence of a Chair on this date at approximately 2:00 p.m. in the City Councilors' Conference Room at City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

**2. ROLL CALL**

Roll call indicated the presence of a quorum as follows:

**Members Present:**  
Hazeldine Romero, Vice Chair  
Clark de Schweinitz, J.D.  
Marc A. Tupler

**Members Absent:**  
Cheryl Pick-Sommer [excused]  
One Vacancy

**Others Attending:**  
Liza Kerr, Internal Auditor  
Carl Boaz, Stenographer  
Randy Randall, former Chair

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Audit Committee packet is on file in the Finance Department.

**3. APPROVAL OF AGENDA**

**Mr. de Schweinitz moved to approve the agenda with the resignation and election of new Chair moved to the beginning of the meeting. Mr. Tupler seconded the motion and it passed by unanimous (3-0) voice vote.**

**8. NEW BUSINESS**

**a. Resignation of Randy Randall, Audit Committee Chair**

92 Mr. Randall announced his resignation and recommended a possible new member who was formerly  
93 the purchasing manager for LANL.

94  
95 He commented on how much fun he had being on the committee. It was also enlightening to see the  
96 detail the Committee got into. Because of the Audit Committee much progress had been achieved. He  
97 thanked the Committee for letting him be a part of it and for chairing for a while. He recommended having  
98 Mr. de Schweinitz chair the Committee. There was something to be said about experience. He asked the  
99 Committee to keep their focus on their target which was not being a junior finance committee.

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101  
102 **b. Election of a new Audit Committee Chair**

103  
104 **Ms. Romero nominated Mr. de Schweinitz to be the Committee Chair. Ms. Romero seconded the**  
105 **motion and it passed by unanimous voice vote.**

106  
107 Mr. de Schweinitz chaired the remainder of the Committee.

108  
109  
110 **4. APPROVAL OF MINUTES - April 9, 2014**

111  
112 **Mr. Tupler moved to approve the minutes of April 9, 2014 as presented. Ms. Romero seconded**  
113 **the motion and it passed by unanimous voice vote.**

114  
115  
116 **5. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:**

117  
118 **a. Status of Audits (Internal Audit)**

119  
120 Ms. Kerr said she met with the evaluation team for consideration of an auditor and they selected  
121 Accounting and Consulting Group to do the audit. She believed they accepted.

122  
123 Ms. Romero thought their proposal was good, reasonable and the selection team unanimously agreed  
124 on them.

125  
126 Ms. Kerr said they were based in Albuquerque. She couldn't remember the specific auditor's name but  
127 he had past experience with the City and understood the City's system.

128  
129 Ms. Kerr recommended they meet with Audit Committee soon regarding the CAFR.

130  
131 Ms. Romero said they felt they could meet the deadlines on the schedule.

132  
133 Chair de Schweinitz thought the time line chart process worked well this past year.

134  
135 Ms. Kerr thought Ms. Garcia would want to use the time line again this year.

136

137 Ms. Kerr agreed to follow up on the entrance conference. Last year and the year before, she was  
138 invited as well as Audit Committee members. It would also be appropriate to invite them to meet with the  
139 Audit Committee but that wouldn't be an entrance conference.

140  
141 Chair de Schweinitz said they should set up that kind of relationship again. He asked Ms. Kerr to notify  
142 the members when the entrance conference got scheduled.

143  
144

145 • **Lodgers' Tax Audit Update**

146

147 Ms. Kerr put an email in the packet regarding the Lodgers' Tax audit. They had completed 27 lodgers,  
148 three were in progress for the 30 long-term audits and there were 7 short-term audits completed to date.  
149 They experienced a little trouble with 3 of them and were trying to determine if they needed to pick a new  
150 auditee based on the circumstances which was a change of ownership.

151

152 Ms. Romero said that should not keep them from being audited.

153

154 Ms. Kerr said there was no money generated during that period so there was nothing to audit. (It was  
155 Casa Mas Que Todo). She added that two casitas were not located in a commercial zoned area. The  
156 subtlety of the code was not well understood. She felt it was a legitimate finding. She had not heard back  
157 from David Tapia on Nomad Investments. The deadline was set for June 30.

158

159 Ms. Romero said there were two new audits on the list. She asked if the auditors from FAA would come  
160 in June.

161

162 Ms. Kerr wasn't sure but hoped they would come because it would help her in her job. Jon Bulthuis was  
163 Francey Jesson's supervisor and did a good job and she would like to have Ms. Jesson here also as airport  
164 manager. Chair de Schweinitz agreed.

165

166 Chair de Schweinitz asked about the agreed upon procedure and asked if Ms. Kerr did that.

167

168 Ms. Kerr said the FAA did that. She agreed to provide a copy of it to the Committee for next month.

169

170 Mr. Tupler thought it was a safety audit.

171

172 Ms. Kerr agreed. They did not have adequate training but their emergency drill last month went very  
173 well.

174

175 Mr. Tupler noted there were 13 findings which would warrant a review. He thought it would be best to  
176 review the audit before the meeting. The more prepared we are for the meeting the better.

177

178 Ms. Kerr agreed to email them. Chair de Schweinitz agreed.

179

180 Chair de Schweinitz asked if Ms. Kerr would decide whether their action was sufficient.

181

182 Ms. Kerr said the auditors would do that. She agreed to add the findings to the database and bring  
183 them to the meeting next month.

184  
185 Chair de Schweinitz asked if there was a process for dealing with the findings.

186  
187 Ms. Romero said there was.

188  
189 Ms. Kerr said the external auditors looked at last year's findings to make sure they were cleared from  
190 the previous year but that was the auditor's job. She could get quarterly updates from Ms. Garcia.

191  
192 Chair de Schweinitz assumed the new auditor would continue follow up on the findings.

193  
194 Ms. Kerr agreed. Some of them went back several years.

195  
196 Mr. Snyder had been asking why they weren't cleared up.

197  
198  
199 **b. Gross Receipts Tax Report (monthly)** [handout]

200  
201 The Gross Receipts Tax Report was included in the packet and Mr. Tapia was not present.

202  
203 Chair de Schweinitz recalled Mr. Tapia said the next report would be a key report and suggested  
204 discussing it next month.

205  
206 Mr. Tupler said the report appeared to be showing the revenues were a million dollars over the budget.

207  
208  
209 **c. Lodgers' Tax Report**

210  
211 The Lodgers' Tax Report was discussed earlier in the meeting.

212  
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214 **6. SUB-COMMITTEE REPORTS:**

215  
216 **a. Internal Audit**  
217 • **Policies and Procedures**

218  
219 Ms. Kerr said the policies and procedures were reviewed by Ms. Romero and Ms. Sommer. It was  
220 pretty much ready to go. But she added that she attended the conference and went to the small audit  
221 workshops. There were very good suggestions on things that should be in the policies and procedures that  
222 she didn't have in her draft policies and procedures. She wanted to have the right verbiage to meet the  
223 standards. All were minor changes. They might need to add some non-audit services like fraud  
224 investigations.

225  
226 Ms. Romero said she would go over it once more but thought it looked good.

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Ms. Kerr said it would include some forms we could use. This would help her with her work. It was the groundwork she needed before bringing on any staff members. It was hard to train someone without having policies and procedures.

Mr. Tupler asked what it would take to turn it into actual approved policy.

Ms. Kerr said if the Committee would approve the draft, subject to minor changes, then it could be signed by the City Manager and the City Attorney and then signed off by the Audit Committee. She would prepare a cover memo to Mr. Snyder and Ms. Brennan explaining what was in the document. Then it would be posted on the website. The City has no policy on how to write policies. There were lots of questions on that.

Chair de Schweinitz said he had not reviewed it yet. Mr. Tupler said he had not reviewed it either.

Chair de Schweinitz asked if the Committee could approve it at the next meeting.

Ms. Kerr agreed. She would change the dates to reflect that. And she would do a summary of the changes she was making. She suggested the Committee review it for form. It didn't need to be tied into source material but if anyone saw that content was missing to comment on them right away.

Chair de Schweinitz said this would be very important because now that Ms. Kerr was beginning to flow them, city officials could look here to follow it.

Ms. Kerr added that she would request a peer review of her work to make sure it was consistent with the standards. These were the city's standards that tie in with the region.

Chair de Schweinitz asked for it to be on the next agenda for action.

Ms. Kerr said she did this in compliance with the city ordinances and Government Auditing Office Standards. The chart on page 7 was particularly helpful. She thanked Ms. Romero for all of her help.

- **Budget**

Ms. Kerr said she couldn't report on it yet because it wasn't finalized yet. She said no expansion was approved but she did get her own budget. And it might not be finalized by the next meeting. She said the budget would cover the things she really needed including the fraud abuse hotline.

- b. External Audit**

- **Auditor selection for Financial Audit, SWMA and BDD - update**

This item was already discussed.

272 Mr. Tupler clarified that it was one proposal for all three audit purposes.

273

274 • **RFP – Lodger’s Tax, update**

275

276 Ms. Kerr said the update had been posted in the paper. It was official and it could be for up to four  
277 years using the optional multi-year criteria so it was good for up to four years. She said Ms. Shirley  
278 Rodriguez in purchasing was a big help.

279

280

281 **7 OLD BUSINESS**

282

283 **a. Fraud, Waste, and Abuse Hotline Update, Finance Committee Meeting April 21, 2014**

284

285 Ms. Kerr said she gave an update at the April 21<sup>st</sup> Finance Committee meeting. She had asked for  
286 \$6,000 in the budget for the hotline. The resolution was approved but all it said was the City Auditor would  
287 request funds for budget. It probably didn't need an RFP.

288

289 Ms. Romero clarified it was for city employees.

290

291 Ms. Kerr said it might make sense to go out as an RFP since it was so new to us. Selecting a vendor  
292 was the next step. She knew several auditors who did fraud audits. There was one at UNM that was very  
293 user friendly so she would lean toward that company.

294

295 Mr. Tupler said the Committee would trust her to make those decisions. Given the small budget, it  
296 should not be delayed.

297

298 Chair de Schweinitz said his only concern was that it was dependent on Ms. Kerr's auditing time. They  
299 had no idea how much it would be used.

300

301 Ms. Kerr said if they got one hit a month it would be a legitimate project. That might be where we make  
302 the case for the extra person.

303

304 Chair de Schweinitz said she should proceed.

305

306

307 **b. Audit Committee Achievements, summary**

308

309 Chair de Schweinitz said Ms. Romero did a great job of listing them last year and over the weekend he  
310 prepared a draft. Mr. Randall sent him an email saying he thought it was fine. Chair de Schweinitz asked if  
311 there were any thoughts about it.

312

313 Chair de Schweinitz reviewed the highlights on it. He asked if the risk assessment document was done  
314 as a particular document for the Committee.

315

316 Ms. Kerr said it was in the document and was on the website too.



317  
318 Chair de Schweinitz requested if his report was not accurate, to let him know. He added that he  
319 reiterated the two sub-committees.

320  
321 Mr. Tupler asked who this went to.

322  
323 Chair de Schweinitz said it would go to Council and he would report on changes to membership.

324  
325 Ms. Kerr had a couple of revisions and would send them to Chair de Schweinitz.

326  
327 Mr. Tupler said formatting was a critical element. The first sentence should be bolded and slightly  
328 larger than the rest of the paragraph.

329  
330 Chair de Schweinitz agreed to do that.

331  
332 **Ms. Romero moved to approve the report with the changes mentioned. Mr. Tupler seconded the**  
333 **motion and it passed by unanimous voice vote.**

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335  
336 **c. Park Bond Audit**

337  
338 • **Mayor/Council appointments for Task Force, April 30, 2014**

339  
340 Ms. Kerr said the Parks Bond Task Force was official and the first meeting was scheduled for  
341 Thursday. Mr. Tupler and Ms. Romero were on it.

342  
343 Ms. Kerr said the bond arbitrage agreement was 333 pages long so she couldn't send it out. She had  
344 pulled relevant items from all the minutes of POSAC, BTAC, Council, Finance and Public Works.

345  
346 Chair de Schweinitz asked if it was an informal audit.

347  
348 Ms. Kerr said no. The Task Force was to determine the scope. There was a lot of confusion about what  
349 was to be done. It was to determine the scope for the RFP. She could talk about the resolution but this was  
350 not the audit. She would also go through 700 pages of the arbitrage from the ordinance.

351  
352 Chair de Schweinitz thought it sounded like a lot of work.

353  
354 Ms. Kerr said there were lots of questions posed and a 300 page document to respond to those  
355 questions. She would scan that material and they would determine the scope. But in determining the  
356 scope, they had to take into consideration all of the concerns. The scope needed to be distilled down to a  
357 few bullet points for the auditors to use.

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359 **8. NEW BUSINESS**

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361 **a. Resignation of Randy Randall, Audit Committee Chair**

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This matter was considered earlier in the meeting.

**b. Election of a new Audit Committee Chair**

This matter was considered earlier in the meeting.

**9. OTHER MATTERS FROM THE COMMITTEE**

Ms. Kerr said the next meeting would be on June 4, not on June 7.

**10. ITEMS TO REPORT TO THE CITY MANAGER**

There were no items to report to the City Manager.

**11. NEXT MEETING DATE – June 4, 2014**

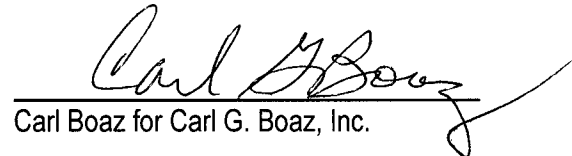
**12. ADJOURNMENT**

The meeting was adjourned at 3:12 p.m.

Approved by:

  
Clark de Schweinitz, Chair

Submitted by:

  
Carl Boaz for Carl G. Boaz, Inc.