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CITY OF SANTA FE AUDIT COMMITTEE MEETING
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM
Wednesday, October 8, 2014 - 2:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
 - Wednesday September 10, 2014.
5. CAFR AND OTHER FINANCIAL AUDIT(S) UPDATE:
 - Report from External Auditors - Update on Timeline and Benchmarks;
 - Report from Finance – Update on Timeline and Benchmarks;
 - Final Accounting Promised to POSAC;
 - Status of S.T.O.P. audit and False Alarm reporting.
6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:
 - Quarterly Investment Report from Helene Hausman;
 - Status of Audits (Internal Audit);
 - ITT Follow-Up Audit;
 - Public Utilities Audit.
7. SUB-COMMITTEE REPORTS:
 - External Audit Subcommittee;
 - Status of Review of City's Financial Reports;
 - Internal Audit Subcommittee.
 - Amend Audit Plan to include actuals for 1st quarter
8. UNFINISHED BUSINESS
 - Park Bond Audit – contract has been signed, and is with the City Clerk's Office;
 - Fraud and Abuse Hotline – Vendor Selected – in the process of negotiating the contract;
 - Review and Discussion of Ordinance Duties (No. 2013-35);
 - Review and Discussion of *'Rules and Procedures for City Committees'*
9. NEW BUSINESS
 - Update on tracking of audit findings;
 - (11) AAA Findings Cleared;
 - (4) FMO Transit Findings Cleared – Pending – i.e. management has sent everything in to clear the findings, this has been acknowledged by Grantor, but not officially cleared;
 - New Format for Agenda;
10. OTHER MATTERS FROM THE COMMITTEE
11. ITEMS TO REPORT TO THE CITY MANAGER
12. NEXT MEETING DATE:
 - Next meeting scheduled – November 5, 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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MINUTES OF THE
CITY OF SANTA FÉ
AUDIT COMMITTEE

October 8, 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 Mr. Clark de Schweinitz, Chair on this date at approximately 2:09 p.m. in the Convention Center Administrative Conference Room, Santa Fé, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Clark de Schweinitz, Chair
Hazeldine Romero, Vice Chair [arriving later]
Cheryl Pick-Sommer
Marc A. Tupler [arriving later]
Loretta Valencia

Members Absent:

Others Attending:

Liza Kerr, Internal Auditor
Teresita Garcia, Finance Department
Helene Hausman, Investment Officer.
Carl Boaz, Stenographer
Morgan Browning, Auditor
Bette Booth, POSAC Chair
Anna Hansen, POSAC

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.

Chair de Schweinitz asked everyone to introduce themselves to the group and they did.

3. APPROVAL OF AGENDA

Chair de Schweinitz requested a change to the agenda to consider the CAFR report first, then the Investment Quarterly Report by Ms. Hausman and then the Park Bond Audit and POSAC.

Ms. Pick-Sommer moved to approve the agenda as amended. Ms. Valencia seconded the motion and it passed by unanimous voice vote. Mr. Tupler and Ms. Romero were not present for the vote.

4. APPROVAL OF MINUTES

- **September 10, 2014**

Approval of the minutes was delayed until later in the meeting when all members were present.

5. CAFR AND OTHER FINANCIAL AUDIT(S) UPDATE:

a. **Report from External Auditors - Update on Timeline and Benchmarks;**

Ms. Garcia reported that the packet had the listing of the present status. The Trial Balance was submitted and ready for the Financial Statements.

Mr. Morgan Browning said the Trial Balance will be completed by October 15th. They have finished most of the capital assets and this week they focused on risk management and a little punch list. The statement prep is already begun which is encouraging, and they had a good handle on the rest.

Chair de Schweinitz asked what the next major step is.

Mr. Browning said the final trial balance is next and making sure it ties to City's Trial Balance to support the auditor's opinion. Ms. Garcia will have a timeline for them on what is posted and what is yet to be posted. We have good communication and the whole Finance Department gets involved putting the statements together with each having their own section to do. Mr. Browning was helping out to catch things beforehand and do what he could to expedite it.

Mr. Tupler joined the meeting and Chair de Schweinitz explained the changes in the agenda.

Ms. Valencia asked if once Mr. Browning had all of the adjusting entries the City required if he saw a needed adjustment whether it would be the auditor's task or the city's task.

Mr. Browning said it would be his. Usually the quality control process is not yet done on Ms. Garcia's end. There is an element of judgment but he didn't anticipate many adjustments.

Ms. Garcia said they usually come in with the statements. After further review, maybe not all entries are made and there might be an account receivable change between two entries to record it in the correct fund.

Ms. Valencia understood the City might have adjusting journal entries (AJEs) after October 15th. Ms. Garcia agreed.

Ms. Kerr asked what the final date was for AJEs.

Ms. Garcia said it was when they get through them.

Ms. Kerr recalled the date was set at November 1.

Ms. Garcia said if it is material enough, they could go to December. The State Auditor requires the City to do the adjustments until the date we issue statements and include that in the letter to the Auditor, e.g., if we didn't catch one.

Ms. Romero arrived at 2:30.

Mr. Browning explained that the City is so big that when they are auditing at a detail level they can't see something wrong so Ms. Garcia catches most of them when the statements are put together.

Ms. Kerr referred to item O on the third to last page and asked if they had received those yet.

Ms. Garcia said that was part of the financial statement so that was given when we did the presentations.

Ms. Kerr asked if reconciliation was presentations. Ms. Garcia agreed.

Ms. Kerr was curious about the date of final budget adjustments being set at 7/15 and they didn't have that yet.

Ms. Garcia affirmed that it was complete. Mr. Browning agreed.

Mr. Browning said the budget is done and the budget to actual for compliance is being finished, making sure it was a balanced budget. That is part of CAFR process. They have all their adjustments to DFA for BARs. He could see them in the system.

Ms. Kerr noted on the last page nothing has been filled out yet - nor the fund balance on the previous page.

Ms. Garcia said that was part of the Financial Statement.

Ms. Kerr reasoned that the dates are wrong. The City hasn't sent out confirmations.

Mr. Browning said the auditor sends those out.

Ms. Garcia agreed. This was the last year the City was required to send out confirmations.

Mr. Browning said he had sent off many confirmations already.

Ms. Kerr understood but it just isn't marked off.

Ms. Garcia said this auditor doesn't require the City to sign those like the previous auditors.

Ms. Valencia said at last month's meeting, Erica explained this to the Committee and that you used an internal tool that was developed under Atkinson. One question the Committee had was on the chart "Completed Date by City" and were told that if it was not a current date or had no date, it still had to be done.

Ms. Garcia said she was only working part time at present so she hadn't reviewed it. She said when the staff hands it off, it is ready for the auditors. Some of these are out of her control. It is just a mechanism for the City - to determine what is lacking. The previous auditor required that but this one doesn't. She agreed to clean it up for the next meeting. Most of these are at a point of completion.

Ms. Kerr asked then, if both Ms. Garcia and Mr. Browning were saying there were no problems or delays from finishing this one time. Mr. Browning agreed.

Chair de Schweinitz said the Committee got email from Patrick Lucero about staff being included in the CAFR.

Mr. Browning as soon as Ms. Garcia decides how to handle it, he would do a risk analysis on it and determine how to handle it.

Ms. Garcia said right now the Council has decided to not go forward with the contracting stuff. Based on that decision, she would go back and evaluate whether or not to include it. We just need to make sure we don't mis-state the revenues and expenditures in the financial statements for the year. She agreed to discuss it further with Ms. Kerr.

b. Report from Finance – Update on Timeline and Benchmarks;

This item was considered as part of the CAFR report.

Ms. Garcia's document is called Audit Benchmarking and Time line - Exhibit 1.

Chair de Schweinitz thanked Mr. Browning for coming and he was excused from the meeting.

c. Final Accounting Promised to POSAC;

Chair de Schweinitz said he was lost about what was promised to POSAC and asked whoever knew to speak up.

Ms. Kerr recapped the status that they selected a vendor and were still in the contract signing phase so she could not release the name of the contractor. Everyone had signed it except for Ms. Garcia. When that signature is done would determine the start date. Part of the issue with POSAC and the audit was that Accounting had said six months ago that they would have the final accounting ready by September 1. But circumstances beyond our control were impacting that.

Ms. Garcia said she assumed both the City Manager and the previous Finance Director had determined where the funding would come from for the audit but they didn't identify the source. Her responsibility was to assure the funding was identified for it. So she talked with Mr. Snyder and he didn't remember identifying the source. Consequently, she had to get a budget adjustment request approval to increase the budget for this. She asked if it should come under the realm of Internal Auditor. She would ask Mr. Snyder to make that decision. But right now she had to get authorized funding for it to move forward.

Ms. Romero asked when that would likely happen.

Ms. Garcia said it would be within the next two weeks.

Chair de Schweinitz asked if there wasn't funding identified if the contracting wouldn't happen.

Ms. Garcia said there is a directive to include it so they will find the money. It was just due to lack of a Finance Director and she didn't know where the identification of funds stopped. Probably it would have to be pulled out of cash balance in the General Fund and need to make sure that it didn't jeopardize the one twelfth minimum balance for the State.

Ms. Valencia asked how much the contract cost was.

Ms. Garcia said it was under \$50,000 so Mr. Snyder could sign off on it.

Mr. Tupler asked if anything else was holding it up.

Ms. Garcia said no, but she couldn't sign it if she didn't have budget for it.

Ms. Kerr said time was an issue. There was no Finance Director and Ms. Garcia has been sick. They can finish it if they can start by November 1. Otherwise it will have to wait to 1/1/2015.

Mr. Tupler asked if there was any way to expedite it since time was of the essence.

Ms. Garcia said one problem was that they were using the same staff people to do those audits as well as their regular duties and also preparing the Financial Statements. Adding a third audit on top of that meant she didn't have enough staff for that, plus requests for holidays. And the City Manager requires them to use their leave or lose it because he will not allow them to roll it over. So adding the Park Bond Audit will jeopardize the conclusion of this audit. Right now the CAFR is top priority.

Ms. Kerr said she had talked to the vendor about the start date and he agreed to change the date to November 1. She wasn't sure he could change it again.

Mr. Tupler said the Park Bond Audit may be at risk then.

Ms. Valencia asked who required it.

Ms. Hansen said City Council required it.

Ms. Valencia asked at what meeting they made that decision.

Ms. Garcia said it went to Finance and was a Council resolution asking for this audit. Events have happened since then. The City Manager retired who knew more about the distribution. There were two Park Supervisors taking control of the Bond who since retired. The Office Manager who kept the time sheets has resigned. The only stable staffing is Finance and Payroll. If the staffing had remained consistent, we could have done it. But the only people who have understanding of the Park Bond are in Finance.

Ms. Valencia said the City Manager is aware of that and he has to report to the Finance Committee. Ms. Garcia agreed.

Ms. Kerr agreed to send the resolution to Ms. Valencia. The resolution assigned the task to Ms. Kerr.

Mr. Tupler suggested that Plan A might still work but the vendor might think it could be done but staff thought not.

Ms. Kerr said if the vendor would be able to start 1/1/15 then it would go to March 31, 2015.

Ms. Hansen asked if Plan B is 1/1/15 to 3/31/15.

Ms. Garcia said that was not what was first decided.

Ms. Kerr added that the contractor is a public firm so they will be busy at the first of the year with other work.

Ms. Garcia said the deadline for using leave time is December 31 so January 1 would probably be the best time.

Ms. Valencia asked if Ms. Kerr would discuss this with the City Manager tomorrow.

Ms. Kerr said she would and she would update the Internal Sub-committee and POSAC as well as this Committee.

Ms. Hansen asked if with Plan B the audit could start sooner if they get into a crunch and if the final accounting was done or was something they were still waiting for.

Ms. Garcia thought the final accounting could probably be done as they were finishing the CAFR audit.

Ms. Kerr said the final accounting has not been started yet and this is October.

Ms. Garcia said it is audited numbers so it would just add another year of auditing numbers.

Ms. Booth said we've talked about it before and the format of final accounting is the big question. What we heard last time was a promise that we would be showed a sample of what final accounting would look like. That is what POSAC had been asking for all along. This is what it said would be done in the Master Plan that Council approved in the resolution. "This is how much money was spent and what was actually done." What started this need for an audit was that POSAC began getting reports on accomplishments including some very odd things. Ms. Hansen, as Chair, called for a financial accounting over a year ago.

Ms. Kerr said she would bring that to Mr. Snyder tomorrow. She asked if they could even get a sample.

Ms. Garcia said she lost a whole month of work and the loss of the Finance Director made it worse. And we have critical things to deal with now so she was working with what was critical. She would rather have organized audit complete rather than dumping information with the auditor. With loss of staff, it is fragmented. She offered to go back and get that one fund and present a report.

Ms. Kerr said that would be very helpful.

Ms. Valencia asked if that fund was still active.

Ms. Booth said it has remaining funds that are committed but frozen.

Ms. Garcia said there were adjustments to be made.

Ms. Hansen said the only thing moving forward is the St. Francis underpass and that is the only thing that could possibly move forward. No reallocations have taken place until the audit is done.

Mr. Tupler asked who froze it.

Ms. Booth said the reallocation is frozen and won't be reallocated until after the audit.

Ms. Garcia said the money was divided between trails and parks and the trails projects are still moving forward but the money from the Park Bond has not been reallocated. They will audit to know that each park is complete and funds left could then be reallocated.

The questions are: 1) Were the funds used correctly? 2) Were the projects done that were approved? 3) Is there money left to reallocate?

The last report she saw had a \$5,000 difference and they found that \$200,000 came from the Water Company.

So they were able to identify that funding source but she couldn't tell the Committee now where it is at. She hadn't looked at it.

Mr. Tupler asked if that was commingled with the General Fund or if there was a separate Park Bond account.

Ms. Garcia said each park has its own fund with its own fund number. The physical dollars were not just sitting there waiting but all is accounted for.

Ms. Kerr offered to meet with Ms. Valencia and go over what had transpired.

Ms. Booth said POSAC asked for who actually got paid out of the bond.

Ms. Garcia said that will be included as information given - payroll and allocation from the payroll time sheets. Actual names probably won't be in the report but would be in the auditor's documentation.

Ms. Booth asked how the auditors would know who was a regular employee (parks maintenance staff) and who wasn't.

Ms. Garcia didn't know what the scope of the audit was so she couldn't answer that. But she would provide the information to the auditor.

Chair de Schweinitz asked if Plan B was having Ms. Kerr do the audit.

Ms. Garcia said no.

Ms. Kerr said her role in Plan B would be to change the delivery date and would have to ask permission from Council to change it.

Chair de Schweinitz asked if that leave time required would affect the CAFR.

Ms. Garcia said it would not. Most of the audit work is done and she had backup staff to do that. She briefly explained the leave time accrual policy that was enforced when Mr. Romero came on as City Manager.

d. Status of S.T.O.P. audit and False Alarm reporting.

This item was considered as part of Unfinished Business later in the meeting.

6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:

a. Quarterly Investment Report from Ms. Helene Hausman;

Ms. Hausman referred to her printed report [attached as Exhibit 2].

She said this report is as of June 30th and a little longer report. There were a lot of changes in financial markets and the way she handled City investments. Cash was kept higher because they couldn't get more return than a savings account for two years out.

The City had \$38 million debt that was repaid. That gap in short-term securities had everything to do with the market.

The strategy she used a couple of years ago has changed, using callable bonds and could reinvest for lot of things. So they didn't lose anything but this year the market changed - increasing rate bonds are mostly gone and back interest less callable bonds - go to maturity.

Everything was bought for specific laddering and now the City was finally moving back to that stability. It takes a whole lot less time this way. In the back of the report was the strategy used and had the basic guidelines. The City ended the year with 0.54% on the portfolio and it has gone up and down.

She referred to the tables on page 4 of portfolio by maturity and assumed they wouldn't get called early. In April they had \$11 million and in June had \$87 million because the debt service got paid.

Ms. Garcia said there was a critical need for a new bond issue now. And with new requirements of underwriters the City has to do more justification on them.

Ms. Hausman briefly explained who the bond raters changed their rules to do annual updates and much more detailed.

Ms. Garcia said that update had all kinds of information and went well. They held the City's ratings where they were at AA+, one step below AAA. They identified what we needed to look like and included how the City deals with cash. We haven't laid off staff or curtailed services. But we've done it by using cash balances. They are doing a 3- year comparison and only gave us a few days to do it.

Ms. Hausman said the bond raters want the City to change how we use cash balances. They want us to use other tools like how important it is to do this project this year. So it would take more time. She also had the problem with regulation of underwriters and had to be clear about keeping them at arm's reach. The SEC passed some highly contested rules about self- reporting for continuing disclosure items. It has gotten far more complex to do and she wanted to ask that it be contracted out.

She asked to change the report date to April so she could get it off of the audit time line.

Ms. Garcia pointed out that municipal bond market was short so the City's bonds were snapped up and the City did very well issuing them in August and September but it is much more work to do.

Ms. Hausman said it put a bigger burden on Public Works for how they keep track of things in the new requirements of the IRS code.

Chair de Schweinitz asked if the debt policy was completed.

Ms. Hausman said it was and agreed to send it to Ms. Kerr so she could distribute it to the Committee.

Chair de Schweinitz thanked her for the report.

Ms. Hausman was excused from the meeting.

7. SUB-COMMITTEE REPORTS:

a. External Audit Subcommittee;

- **Status of Review of City's Financial Reports;**

Ms. Romero said she had called Ms. Garcia several times for these reports.

Ms. Garcia said she would do them ASAP.

Ms. Romero asked if they could have them by the November meeting.

Ms. Garcia agreed. She said she was going to take one section of special revenue and roll it up to the CAFR as much as she could and then report on all funds and be able to break it out. There are lots of misleading items like the bond issue - when we budget and then don't spend anything - it is a very positive basis until paid.

She was going to prepare something on a temporary basis but wanted to make sure we don't misinterpret it. What is important are the names of the reports and definition of them so that third party people don't misinterpret those reports. It became very confusing to them because of misinterpreting what the report is.

Ms. Valencia explained the sub-committee was trying to zero on which type of report they could present to the Committee and follow the ordinance.

Ms. Garcia didn't know what kind of report that was.

Ms. Kerr asked Ms. Garcia if she didn't book accruals on a monthly basis.

Ms. Garcia said she didn't. The only one was Utilities. It was not worth the time and energy and the City budgeted on a cash basis. Most of the department managers are doing it on a cash basis.

Ms. Kerr said that seemed unusual.

Ms. Garcia said most cities don't even know the difference between cash and accrual basis. We do the accruals on June 29th. The managers are using it correctly.

Ms. Valencia asked if she booked interest on a monthly basis.

Ms. Garcia said it was done on a quarterly basis.

Ms. Valencia explained that once the Audit Committee understands Ms. Garcia's system, we can make our reports work.

Ms. Kerr asked if she booked expenditures on a monthly basis.

Ms. Garcia said expenditures were booked as they were paid.

Ms. Valencia asked if the federal revenue was by reimbursement.

Ms. Garcia agreed but the departments don't know how to treat receivables.

Ms. Kerr concluded that they wouldn't have Accounts Receivable on the report.

Ms. Garcia agreed. If they did accruals they would always be two months behind.

Ms. Pick-Sommer asked how she reported to the Finance Committee.

Ms. Garcia said she included GRT and Lodgers' revenue only and the Finance Committee looks at overall instead of specific funds. She briefly explained how the system worked in their reporting to Finance.

Mr. Tupler agreed that was easier but it doesn't show an accurate picture until the end of the year.

Ms. Garcia agreed.

Mr. Tupler asked about the Finance Director status.

Ms. Garcia said the City says there is no update.

Mr. Tupler said there had to be candidates out there.

Ms. Garcia said Mr. Snyder is looking for a stable finance director that is not close to retirement. He is under pressure to find someone but hampered by the approved salary range and someone with local government experience.

Ms. Kerr pointed out that the savings from no Finance Director salary would almost cover the Parks bond audit costs.

Mr. Tupler said they had to get the position filled soon.

Ms. Kerr said Mr. Snyder thought it was better to have the right person and in the long range that will pay off.

Chair de Schweinitz thanked Ms. Garcia for attending. Ms. Garcia departed the meeting at 3:45.

4. APPROVAL OF MINUTES

- **September 10, 2014**

Ms. Valencia requested the following changes to the minutes:

On page 4, third paragraph, it should say, "Ms. Valencia said it should say..."

On page 6, fourth paragraph, "completed city" should be capitalized.

On page 8, third paragraph, "issued audits" should be capitalized.

On page 10, first paragraph, the quotation marks should be removed.

On page 10, seventh paragraph, "get behind" should be "gets behind."

Ms. Romero moved to approve the minutes of September 10, 2014 as amended. Ms. Pick-Sommer seconded the motion and it passed by unanimous voice vote.

The Committee went back to Status of Audits.

6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:

b. Status of Audits (Internal Audit);

Ms. Kerr said she got good suggestions from Ms. Valencia and provided colored reports for the Committee [attached to the minutes as exhibits]. She added a field on open findings and would try to keep track of it. She explained she had to do them manually.

Ms. Valencia wanted a 4-year history.

Mr. Tupler said the Committee followed it through and once it falls off she should file it.

Ms. Kerr said it had been suggested that she would keep it on the report if it has open findings.

Mr. Tupler agreed on that and asked to put the due date on it as separate field and change criteria to greater than zero on it if it had open findings.

Ms. Pick-Sommer noted there were 18 findings from the 2011 audit.

Ms. Kerr agreed and there were nine for Parking and required a full-blown audit. Once ITT and Public Utilities were done she would get that done.

Ms. Kerr described the format changes. She has been deleting last month's comments but agreed to include them with a date.

Ms. Pick-Sommer said it seem that the Park Bond Audit has problems because of the way the City handles the transactions.

Ms. Kerr agreed and it is endemic. Financial statements should use the standard format. Ms. Garcia had first told them that the final accounting for Park Bond would be completed by August 1 and had said that in May. And she still didn't have an example done. She was concerned that it would keep being pushed out later and later and she would talk with Mr. Snyder about it.

Mr. Tupler was concerned because the press was involved and they needed to make sure it didn't look like the City was just stalling.

Ms. Kerr agreed. They needed to make a strong stand on this one.

The Committee members agreed.

Ms. Romero found it surprising that the financial report wasn't being provided to the Finance Committee. She thought that might be why the Audit Committee had to look at it because no one else was.

Ms. Pick-Sommer pointed out that oversight was impossible without having the information.

The Committee discussed the processes that were being used.

Mr. Tupler suggested asking the Councilors what they would like to see in the reports.

Ms. Kerr agreed to follow up on that.

- **ITT Follow-Up Audit;**

Ms. Kerr met with Ms. Romero as part of the Internal Sub-committee to set it up as a follow-up review but decided to call it an audit. She was meeting with the new IT Director tomorrow to go over that list. And at peer review, it is one more audit to look at. That will move up to the front and it would get done at the same time as the CAFR.

- **Public Utilities Audit.**

Ms. Kerr reported that this is still on the back burner until the engagement letter for ITT is finished. The IT audit is about half finished.

Ms. Valencia asked what the engagement letter included.

Ms. Kerr agreed to send one to her. It is in the policies and procedures with an example. An engagement letter is required for every audit she did. They are performance audits.

The Committee went back to Sub-Committee Reports.

7. SUB-COMMITTEE REPORTS:

b. Internal Audit Subcommittee.

- **Amend Audit Plan to include actuals for 1st quarter**

Ms. Kerr said she met with the Internal Audit Subcommittee and she couldn't find in the minutes where she was to audit her own time. Ms. Romero had asked that she amend the Annual Audit Plan to do this tracking on a regular basis and report on it quarterly. She included a legal sized worksheet in the packet [attached as an exhibit] to show how she was tracking her time. She would take it to Council to make it official. Then when she met with Ms. Valencia they noted there was so much time spent in administrative. And she noticed that tracking of audit findings was included in administration but should be put in audit hours.

Ms. Kerr said the original workload percentages were 45% for audit and 45% for administration. That was pretty close until she put in tracking of audit hours in administration and it came out to be about 62% and 27%.

In this quarter's report, the actual hours were 38.45% in audit and 49% in administration. And in the next quarter she would spend 47.92% in audit and 33.52% in Administration. The third quarter is the follow up review on parking for which she only allocated 40 hours and how had 100 hours. So if she amended it on a quarterly basis it would help.

She thanked Ms. Romero for that suggestion. She would give it to Mr. Snyder and show the amended side by side with the original and also give it to City Council. It is to be approved by them but last time it was on the discussion agenda but not approved. She didn't intend to report the audit plan again.

Ms. Kerr said she really appreciated the subcommittee feedback and recommendations. Tracking is helpful to see where she was spending her time.

Ms. Pick-Sommer moved to approve the annual audit plan recommendation. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

Ms. Kerr will take this to Mr. Snyder and report it as approved and request that it be on Council agenda as a consent item.

8. UNFINISHED BUSINESS

a. Fraud and Abuse Hotline – Vendor Selected – in the process of negotiating the contract;

Ms. Kerr said the proposal is going through approvals and now is at Legal.

b. Review and Discussion of the Proposed Agenda Format

Ms. Kerr said the document was in the packet [attached as an exhibit]. The Committee reviewed the document.

Chair de Schweinitz thought it did track the duties of the Committee very well.

Ms. Romero said when Ms. Kerr issued an Audit Report, it would be good to have it like the External Audit Report. The Committee looks at the findings and follows up with the City's department status, implementing the recommendations or what they would do regarding the findings. When the Committee gets the audit report it would be good to have the same breakout. She said Section 5-b is to actually have a review of that audit report and review the findings and the completed audit report.

Ms. Pick-Sommer clarified that section b is to review the status of the audit report and c would be what b was labeled now.

Ms. Romero agreed - the report itself and then the findings.

Chair de Schweinitz said Agenda item 6 looked okay.

Ms. Pick-Sommer asked that they switch 6 and 5 because 6 sometimes brings people in.

Ms. Kerr agreed.

Ms. Pick-Sommer thought they should consider Financial Reports from the City earlier too.

Ms. Romero agreed. It should be before 5 also so 6 and 7 would be placed before 5 for people who would come to the meeting.

Ms. Valencia asked what the policy was on having these other reports. The report from Ms. Hausman was good today.

Chair de Schweinitz noted that she made her report quarterly. The cash balance issue was big one a couple of years back. It is worth spending that time for it. He also noted that the Rules for Committees has

Unfinished Business and that Adjournment is required at the end of the agenda.

The Committee thanked Ms. Pick-Sommer for this proposed agenda.

Ms. Valencia moved to adopt the Meeting Format with the modifications discussed today which is in compliance with city rules. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

c. Review and Discussion of *'Rules and Procedures for City Committees'*

A discussion on the rules and procedures was not needed.

9. NEW BUSINESS

a. Update on tracking of audit findings;

- **(11) AAA Findings Cleared;**

Ms. Kerr said this was included in the report in the packet [attached as an exhibit].

- **(4) FMO Transit Findings Cleared – Pending** – i.e. management has sent everything in to clear the findings, this has been acknowledged by Grantor, but not officially cleared;

Ms. Kerr agreed to report to the Audit Committee as findings are cleared. She now had a format to use. She said FMO thanked her that they got everything they requested.

Ms. Valencia added that the number of findings would go down.

- **New Format for Agenda;**

This item was considered earlier in the meeting.

10. OTHER MATTERS FROM THE COMMITTEE

There were no other matters from the Committee.

11. ITEMS TO REPORT TO THE CITY MANAGER

There were no items to report to the City Manager.

12. NEXT MEETING DATE: Next meeting scheduled – November 5, 2014

The December meeting was moved to Tuesday, December 2, 2014.

13. ADJOURNMENT


Ms. Romero moved to adjourn the meeting. Ms. Pick-Sommer seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 4:42 p.m.

Approved by:


Clark de Schweinitz, Chair

Submitted by:


Carl Boaz for Carl G. Boaz, Inc.

	Estimated Completion Date	Responsible Department	Responsible Person	Completed City	Completed SIMAMA	Completed BDD
Copies of the cash reconciliations and supporting documentation (i.e. bank statements) for all cash accounts. Also, please provide us with a listing of current authorized signers for each account.	07/31/2014	Accounting	Michelle Montoya/Jennifer Peabody	09/24/2014	08/31/2014	08/31/2014
listing of current authorized signers for each account.	06/15/2014	Cash Investment	Helene Hausman	06/15/2014	06/15/2014	06/15/2014
A listing of all bank accounts and investment Accounts(including any opened or closed during the fiscal year) with the information to support the schedule of cash accounts.	06/15/2014	Cash Investment	Helene Hausman	09/10/2014	07/01/2014	007/01/2014
The deposit account authorizations. (New Accounts only)	06/15/2014	Cash Investment	Helene Hausman	09/10/2014	06/15/2014	06/15/2014
List of all petty cash funds and their custodians.	07/15/2014	Cashiers	Clarence Romero	09/10/2014	07/20/2013	N/A
Access to the cash reconciliations and supporting documentation for all funds and cash accounts as of July 31, 2014 and August 31, 2014.	Upon request	Accounting	Michelle Montoya/Jennifer Peabody	09/24/2014	09/30/2013	
Access to cash receipts records for FYE6-30-2014.	Upon request	Cashiers offices	Clarence Romer	09/22/2014	06/30/2014	06/30/2014
Detail listing of advances to service providers (aged if available):						
- Federal	07/31/2014	Accounts Rec.	Erica Martinez	08/15/2014	N/A	N/A
- Interest	07/31/2014	Accounts Rec.	Helene Hausman	08/30/2014	08/30/2014	08/30/2014
Amortization of Premium.Discount June Final Interest Distribution						
- Taxes & Franchise Fees	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
State of New Mexico	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
GRT Report for May and June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
MVD for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Gasoline for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Santa Fe County	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Property Taxes for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Franchise Fees	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Electric (prepaid & Estimated 6 Months)	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Gas for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Cable for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
Telephone Quarterly	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A

		Estimated Completion Date	Responsible Department	Responsible Person	Completed City	Completed SWAMA	Completed BDD
	A copy of the calculation of estimated reserve for uncollectible accounts.	07/31/2014	Accounts Rec.	Various	09/01/2014	07/31/2014	N/A
	A copy of the reconciliation of adjusted trial balance to subsidiary system.	07/31/2014	Accounts Rec.	Various	09/01/2014	07/19/2014	N/A
	A copy of subsidiary system accounts receivable reports.	07/31/2014	Accounts Rec.	Various	09/01/2014	07/19/2014	N/A
	A computation of accrued interest receivable b at June 30, 2014 and copies of reports.	07/31/2014	Accounts Rec.	Halene Hausman	08/30/2014	08/30/2014	08/30/2014
E.							
1	Central Warehouse (Closed)	6/17-26-2014	Purchasing	Robert Rodarte	07/31/2014	N/A	N/A
2	Utility Warehouse	N/A		Robert Rodarte	07/31/2014	N/A	N/A
1	Fuel Inventory	6/17-26-2014	Purchasing	Robert Rodarte	07/31/2014	N/A	N/A
3	Auto parts	07/24/2014	Purchasing	Halona Crowe	07/24/2014	N/A	N/A
4	Transit Auto Parts.			Robert Rodarte	07/31/2014	N/A	N/A
	A copy of the year-end inventory count and pricing sheets at June 30, 2014 for all locations with inventories which will be recorded in the general ledger at the end of the year.	07/15/2014	Purchasing	Robert Rodarte	07/31/2014	N/A	N/A
	Independent Auditor observation actual count.	6/17-26-2014					
F.							
	An auction report for deletions, if any.	06/30/2014	Purchasing	Robert Rodarte	09/22/2014	N/A	N/A
	Inventory of Capital Assets						
	Copies of the fixed asset certifications.	07/31/2014	Accounting	Available in File	09/22/2014	06/30/2014	
	Fixed asset detail reports.	08/15/2014	Accounting	Available upon Request	09/22/2014	N/A	
	Fixed asset totals by type. This listing should take the following format:						
	- Additions					N/A	
	- Additions					N/A	
	- Disposals (listing threshold change disposals separately)					N/A	
	- Balance by category of fixed assets at end of FY 2011.	07/31/2013	Accounting	John Tennyson & Halona Crowe		N/A	
	Fund 5100 Convention Center	07/31/2014	Accounting	John Tennyson	09/16/2014	N/A	