

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2015-51**

3 **INTRODUCED BY:**

4 Councilor Joseph Maestas

5 Councilor Patti Bushee

6 Councilor Bill Dimas

7 Councilor Christopher Rivera

8 Councilor Carmichael Dominguez

9
10 **A RESOLUTION**

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

16
17 **WHEREAS**, on March 4, 2008 City of Santa Fe voters approved a \$30,300,000 general
18 obligation bond (“2008 Bond”) to acquire land for, and to improve, public parks, trails and open
19 spaces for recreational purposes; and

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

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

25 **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.

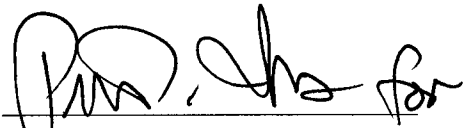
21 3. Incorporate the necessary estimated funding for the financial audit into the FY
22 2015/2016 budget.

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.

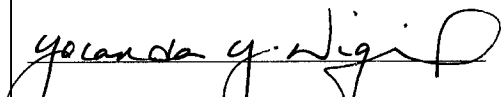
1 5. Report to the Governing Body on the costs associated with the foregoing tasks,
2 including staff time.

3 6. Draft a contract for an independent auditor to complete a full financial audit of the
4 2008 Bond, and award such contract within 60 days of adoption.

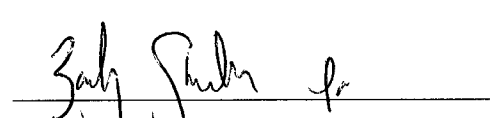
5 PASSED, APPROVED AND ADOPTED this 27th day of May, 2015.

6
7 
8 _____
9 JAVIER M. GONZALES, MAYOR

9 ATTEST:

10
11 
12 _____
13 YOLANDA Y. VIGIL, CITY CLERK

13 APPROVED AS TO FORM:

14
15 
16 _____
17 KELLEY A. BRENNAN, CITY ATTORNEY

17
18
19
20
21
22
23
24
25