City of Santa Fe

Agenda

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CITY OF SANTA FE AUDIT COMMITTEE MEETING
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM
Wednesday, September 2, 2015, 2:00 P.M. to 4:00 P.M.

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **APPROVAL OF AGENDA**

4. **APPROVAL OF MINUTES**
   August 5, 2015 ***(Item 1)***

5. **REVIEW OF FINANCIAL REPORTS FROM CITY**
   a. Update from Finance Director (Oscar Rodriquez),
   b. Update on Park Bond Issues and Review of OSA timeline and role of committee (Clark de Schweinitz).

6. **EXTERNAL AUDIT MATTERS**
   a. CAFR, update (Bobby Cordova)
   b. Completed Audits within the Last 4 Years with Open Findings (Liza Kerr) ***(Item 2)***
   c. Schedule and Status (Liza Kerr) ***(Item 3)***

7. **FURTHER DISCUSSION ON INDEDENDENCE ISSUES AND ORDINANCES** (Full Committee)
   a. Consideration of revised Audit Committee Ordinance – draft only ***(Item 4),***
   b. Consideration of revised Internal Audit Ordinance draft only ***(Item 5),***
   c. Status of Proposed Inspector General Resolution

8. **INTERNAL AUDIT MATTERS** (Liza Kerr)
   a. Completed Audits within the Last 4 Years with Open Findings ***(Item 6)***
   b. Schedule and Status, ***(Item 7)***
   c. General Information
   d. Fraud, Waste and Abuse Hotline Update
      i. Contingency Audits Update

9. **UNFINISHED BUSINESS**

10. **NEW BUSINESS**

11. **PUBLIC COMMENT – (5 MINUTES)**

12. **NEXT MEETING DATE**
    Wednesday, October 14, 2015

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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CITY OF SANTA FÉ AUDIT COMMITTEE
September 2, 2015

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12. ADJOURNMENT	Adjourned at 4:03 p.m.	12-13

MINUTES OF THE

CITY OF SANTA FÉ

AUDIT COMMITTEE

September 2, 2015
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 2:00 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]
Carolyn Gonzales, CPA
Marc Tupler

Members Absent:
Cheryl Pick Sommer [excused]

Others Attending:
Liza Kerr, Internal Auditor
Robert Rodarte, Purchasing Officer
Oscar Rodriguez, Finance Director

Carl Boaz, Stenographer

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 Audit Department.

3. APPROVAL OF AGENDA

Chair de Schweinitz asked for any changes. He mentioned that the auditor will be present telephonically later in the meeting. Mr. Rodarte from Purchasing Department about the role the Committee has in selecting the auditor for the Park Bond.

He added that the Committee will review the terms of office of the members.

Mr. Tupler moved to approve the agenda. Ms. Gonzales seconded the motion and it passed by unanimous voice vote. Ms. Romero was not present for the vote.

Mr. Rodriguez and Ms. Romero arrived at 2:06

4. APPROVAL OF MINUTES – August 5, 2015

After a brief discussion about corrections, the Committee thought it would be best to wait and consider them at the next meeting.

Ms. Gonzales moved to table the minutes of August 5, 2015 to the next meeting. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

Chair de Schweinitz noted that there was no vote taken at the last meeting on the State Auditor request to approve the change to add the assets to the scope. The Committee agreed to the change by consensus.

5. REVIEW OF FINANCIAL REPORTS FROM CITY

A. Update from Finance Director (Oscar Rodriguez)

Mr. Rodriguez still had no financial report and stated this is the last time for saying that. For the close out, the Finance Department will provide a financial report within 30 days of the year close. When they make the report, they would stand by that as compared with the audit as a way to say "this is where we think we are and the actual audit will say what is accurate." There are a lot of things in the audit process for correcting things.

Chair de Schweinitz said Mr. Rodriguez talked to the Committee several times about bridging in the auditing process and it cropped up in the newspaper this week. He asked if that would affect any of their reporting.

Mr. Rodriguez didn't think so. He needed to get the revisions to migrate and change the behavior. Starting in January, his approach is that decisions are made without regard for financial status. They will prepare monthly reports. They were made without looking at the financial conditions. So he thought the information that was needed was all there except the last part which is the capital budget and he will have it together so all the capital projects can be seen in one place and where they stand. That is the last piece for all the information and then he will try to get people to abide by it and be accountable. There are currently 287 projects to include. Along the way the Councilors add to the process with requests during the year.

Ms. Romero asked if there was any indication that the new procedure would slow down the audit process.

Mr. Rodriguez didn't think so. It takes four months to close out and everything seems to be going on schedule. It is a normal schedule.

Ms. Gonzales asked regarding internal control if it might be beneficial for Mr. Rodriguez to come up with an estimated deadline for financials to be ready. What is realistic?

Mr. Rodriguez proposed to draft something for the Committee to review and recommend or not to the Mayor as standard financial policy. He took some financial policies earlier and the Council decided not to adopt them. But something like no longer than 30 days to close out. Presumably, the closer they are to the end of the period, the better.

Mr. Tupler said the banking world requires financial statements as covenants for loans sometimes. They require quarterly financials within 45 days and annual financials within 90 days.

Ms. Kerr said the GAP standard has 48 hours for the monthly close. People had to work 20 hour days to do that.

Mr. Tupler asked if the close is the full Income Statement and Balance Sheet or comparable statements.

Mr. Rodriguez said no; it was just what he showed the Committee in January.

Mr. Rodriguez said the City of Austin Texas would close in 40 hours each month. The annual close was about 10 days and the auditor would take those statements to work with.

Ms. Kerr added that in most places, the close is done and then they make the adjustments.

Mr. Rodriguez explained that with an audit contract, if it was not completed and not corrected, it would roll forward to the following year. Not getting it done just increases the budget for the following year. The Bateman Act says that money appropriated in the previous year cannot be used in the current year. He offered to bring the language for what that should be and tie it to industry standards.

Chair de Schweinitz asked about the the issue of the 2012 bonds and the testing.

Mr. Rodriguez explained that it is extra testing. They asked for the information and they have it and they will test it on their timeline probably by the end of this month.

Chair de Schweinitz said Councilor Dominguez asked about fund transfers and he wondered if the auditor is dealing with that as well.

Mr. Rodriguez said it is a matter of internal control. Fund transfers under $5,000 is done as a matter of course. At $7,500, the Finance Director must sign off to approve it. Above that up to $50,000, the City Manager signs off and approves it. At $50,000 and above, the approval is by City Council. Councilor Dominguez had assumed that it could happen without Council oversight. The auditor tests those transfers. That said, there are lots of temporary funds with debits and credits that happen. For the deficit, the money

came from many different funds. Some of those deficits have been carried for years. That is another area where we need to pay attention. Some day it will get paid. Someday the GCCC will get back to the black. That could use some guidance from Audit to recommend how it should be handled.

Chair de Schweinitz thanked Mr. Rodriguez for the report.

B. Update on Park Bond Issues and Review of OSA timeline and role of Committee (Clark de Schweinitz)

Chair de Schweinitz recalled that at the last meeting this issue took up most of the meeting. He just wanted to alert the Committee of the Office of State Auditor (OSA) timeline. We were scheduled to meet on the 23rd to consider the proposals.

Ms. Kerr said 10:30 a.m. on September 24 seems to work for everyone. The closing deadline is September 18.

Chair de Schweinitz said interviews are scheduled on October 1.

Mr. Robert Rodarte walked the Committee through the proposal review process. On August 18th, he sent it out a copy of the RFP to 18 organizations that the OSA said were on the service list. His office got back two responses from small organizations. The OSA will participate in this process. Committee members have the copy of the RFP and could see on page 10 of the RFP which says 1 of 2 from the OSA. He took that information and used it for the scoring criteria. [Evaluation Form attached to these minutes as Exhibit 1]

Mr. Rodarte will send out copies of the proposals to the committee members as quickly as possible after the close. When received, he asked them to only compare what is in the RFP with what they propose. Before getting to the meeting, have everything completed. Don't worry about local and state preference. That will be done at the meeting. They will run a tally on them and eliminate them one by one.

Ms. Kerr asked him to clarify that they will score before the meeting and at the meeting come up with a tally.

Mr. Rodarte agreed. He anticipated that about 90% will be the same rank but they will make a decision as a team. It will take about 2.5 hours to accomplish it. The OSA wants to sit in and observe the process. It is their baby. Mr. Sourisseau (State Auditor's Office) wants to help us out.

There was only one change: 2014 to 2015. Jim Thompson from Los Alamos was the only one with a question about splitting it up. Mr. Rodarte read a response from Shirley Rodriguez for clarification on the legal opinion. There were no other questions to the legal opinion question. So we get to keep it as published.

Mr. Rodarte said he would let the Committee know if anything major came up and go from there.

Chair de Schweinitz understood the legal opinion was on the bond itself. It seemed to him that would have to follow on the legal opinion.

Mr. Rodarte said he didn't know the process itself.

Mr. Rodriguez explained that it is to address what the permissible uses of bond funds are.

Mr. Rodarte said they went ahead and allowed the REDW information to be distributed as supplemental information. Aside from that he thought they were ready to go.

Chair de Schweinitz assumed as they get near the deadline, that the bidders' identity is public information.

Mr. Rodarte said it is not. Any questions need to come from him. Depending on the type of question, he would decide whether to send it out to everyone. Not one of the 18 need to know who submitted. All of it is confidential and remains so until the process is finished.

Chair de Schweinitz asked if they were to do their own scoring individually.

Mr. Rodarte said it is okay to talk to one another. Most of the Committee members have been in this field forever and know the terminology, etc.

6. EXTERNAL AUDIT MATTERS

A. CAFR Update (Bobby Cordova)

Mr. Jesse Guillen was present for Kelly Brennan.

Mr. Bobby Cordova was reached by conference phone at 2:47.

Ms. Kerr distributed the report from Mr. Cordova [attached to these minutes as Exhibit 2].

Mr. Cordova said he spoke with Chair de Schweinitz before the entrance conference. He wanted to take notes for strategies that might help. He asked them to let him know if this is too much detail.

Ms. Kerr said they typically get this a week in advance of the meeting and they have not had a chance to review it yet.

Chair de Schweinitz clarified what they had in previous years was a schedule of steps the auditor would take and the chief auditor went over it with the Committee at their meetings. This might be a little more than the Committee wants but need the steps of the audit.

Mr. Cordova understood.

Mr. Tupler said the Committee called them milestones in the past. This appears to be too much intimate detail on each person who provided him with information.

Mr. Cordova understood and agreed to build something and shoot it off to Ms. Kerr next week. Then we can finalize it before the next meeting.

Ms. Gonzales said the PBC list is a lot for us to consider. She would like to know what areas the audit will focus on with more intense test work, strategy or plan.

Mr. Cordova thought that makes sense.

Ms. Kerr said she would try to find a copy of last year's and send it to you.

Ms. Romero said from glancing at it, it does seem to be a milestone report.

Ms. Kerr said she didn't have a chance to look at it. She just got it at 1:10 today.

Ms. Romero thought Mr. Cordova had a copy of the milestone report.

Mr. Cordova thought he could lay it out for a more visually-friendly presentation and mentioned talking points on strategy.

Chair de Schweinitz agreed with Ms. Romero that it is more of a milestone approach. It helps us for questions like Ms. Gonzales was asking.

Mr. Cordova said they have been off for a week and now are doing some planning. Last year, our overall approach was to deal with controls. The audit standards allow you to rely on controls for three years. Getting employees involved is important. We are relying on controls for certain areas but will be testing in some areas like capital assets, long term debt, and payroll. It is still pretty young so in terms of risk assessments, they are now on how the bond funds were used and they were out there in August.

For the week of October 5, they will focus in on risks and material noncompliance, etc. They can cover identified risk for the next meeting such as use of bond proceeds. They will definitely do more work in the BAR area. They will also deal with the self-insured part.

In the first week we will do a walk through on state compliance. One area we are behind on is scheduled federal awards. They did a single audit last year on six federal award programs.

Once they get back they will know how many programs will be tested. If any are more than $300,000 and not audited in the last two years, they are subject to the single audit. He hoped to get that done pretty quickly. They will finalize risk assessments by October.

For the pension liability within PERA, they will implement the auditing standards. They are just awaiting compliance schedules from PERA. They have to do a lot of work in that area yet with a more

targeted sample and assessment of risks based on those standards.

Ms. Kerr said the prior year BDD audits have been sitting in Finance for a while. They are not getting any response. They were received July 23rd.

Mr. Cordova said they made a lot of progress last week and are still on track for releasing them. Just waiting for review.

Mr. Rodriguez asked who those were sent to.

Mr. Cordova said they were sent to Teresita and Matthew (at BDD).

Mr. Rodriguez said he is on it.

Mr. Cordova added that they will meet with Randall (Kippenbrock) at SWMA next week to make sure reserves and equity are okay.

Chair de Schweinitz recalled the one thing that came up at the entrance conference was looking at 2012 bonds. He asked if that is still on the radar.

Mr. Cordova said yes. "We are looking at the activity there. We requested samples and already started some of the test work, broken out by payables and disbursements. We will identify risk and look at the activity for that."

Chair de Schweinitz thanked him for his report. The next meeting is scheduled for October 14. We won't ask you to make extra trips.

Mr. Cordova said he would be there in person on the 14th and work on tweaks to the report in the meantime. He was concerned about public access on it. He agreed to email how to make it better.

Chair de Schweinitz said he might not have realized it was a public document either.

Mr. Cordova said he would deal with it. They need to stay on track.

Mr. Cordova signed off at 3:07.

B. Completed Audits within the Last 4 Years with Open Findings (Liza Kerr)

Ms. Kerr reported no change here because there is no activity right now. [Attached to these minutes as Exhibit 3]

C. Schedule and Status (Liza Kerr)

Ms. Kerr reported there were no changes here either. Most of the audits are in and the only ones not in are the old BDD audits. [Her report is attached to these minutes as Exhibit 4].

Chair de Schweinitz asked what a grantor audit is.

Ms. Kerr explained that it is one where the grantor comes in and does the financial oversight.

Ms. Gonzales asked if they worked with Ms. Kerr.

Ms. Kerr said they usually communicate with her. She needs to be at entrance and exit conferences and don't always get invited. They issue a report instead of sharing the findings with her. She doesn't worry too much about those.

7. FURTHER DISCUSSION ON INDEPENDENCE ISSUES AND ORDINANCES

A. Consideration of revised Audit Committee Ordinance - draft only

Chair de Schweinitz said he didn't have the attachment that had his efforts to revise the ordinance. Both Ms. Gonzales and Ms. Sommer worked on it. It doesn't really change the Committee much but making it more independent. The one was added that we wouldn't do the budget. It would be done by Ms. Kerr's office and then the Committee would recommend it through the process. We need to get it to Mr. Guillen's office.

Ms. Kerr said she did print it out but didn't know what she did with it. She agreed to take those changes and incorporate them into the document and track the changes on Chair de Schweinitz's version. She explained that she would take all the handwritten changes and incorporate them as a tracked changes document.

Chair de Schweinitz commented that Councilor Bushee was most interested in it.

Ms. Kerr said she wanted to make the wording the same throughout in both ordinances. We'll figure out how to deal with the budget process. She thought she could have those changes by the end of this week and schedule with Councilor Bushee next week.

Chair de Schweinitz said one of the changes we are making with this Committee is from the Charter that the Committee is no longer advisory. She got the impression from Ms. Brennan that it was okay to do that.

B. Consideration of Revised Internal Audit Ordinance draft only

[The revised proposed ordinance is attached to these minutes as Exhibit 5.]

Ms. Kerr explained that she left in the forensic auditor definition but most of the rest was taken out.

Chair de Schweinitz said she did go back over all of it at 2.225 - fraud and abuse hotline ordinance. He asked if it would be wise to leave that stuff in there.

Ms. Kerr said the only reason she left it in was if the Inspector General proposal doesn't go through. It certainly falls under the Committee's authority here but with OIG it wouldn't.

Ms. Gonzales said if it is in there, then it falls under the Audit Committee's purview too. That needs to be discussed.

Chair de Schweinitz agreed. We need to be careful here about extending Ms. Kerr's role into others. He wondered if it wouldn't be better to contract all of that.

Ms. Kerr said if something comes up in fraud, she would like to be involved, even to make recommendations to contract it out. She thought she should have the authority to do that. If the City gets OIG, she wouldn't want to do it but if she runs across fraud, she wouldn't want to have to shut it all down.

She thought section F was okay as written.

Chair de Schweinitz said the Committee doesn't know about the resolution of Councilor Maestas' proposed ordinance. Things have altered since it was first proposed.

Ms. Kerr said irregularities are reported in the hotline. If the report is criminal in nature, she refers it to the police department.

If it warrants a special investigation, she makes sure it occurs. Until Santa Fe gets an OIG, when she becomes aware of an irregularity or fraud and she doesn't have the resources to deal with it, she needs to notify the City Manager to investigate it and not have it be ignored. Something needs to happen with it.

Chair de Schweinitz agreed.

Ms. Romero asked what the problem is with this wording as it is.

Chair de Schweinitz thought they would go ahead with a vote on the OIG proposal vote next March. He was just kind of worried that they would suddenly get absorbed with those things.

Ms. Romero cautioned that even if it does get approved by voters, the Committee still needs something currently about what happens if we do see fraud. We have to look at the audit plan. It won't go to the voters until March and it might not happen then. If it is does happen we can redo this ordinance.

Ms. Kerr said she needs to have the authority for it.

Ms. Gonzales added that it expands the scope of work for the Committee too.

Chair de Schweinitz suggested they leave Section F in.

Ms. Kerr asked to delete the last sentence in F 2.

Ms. Romero asked if notification to OSA is anywhere else in here. She didn't know if it is the internal auditor's responsibilities but it is the City's responsibility.

Ms. Kerr said she really didn't want to hand it off to the City Manager or the Mayor.

Chair de Schweinitz and Ms. Romero felt reporting to City Manager was appropriate to accomplish her responsibilities.

Ms. Kerr asked for wording for the ordinance.

Ms. Romero said it doesn't need to be in here.

Ms. Romero pointed out that in most cases, the State Police deal with it and we just need to make sure it gets completed.

Ms. Kerr suggested striking all of E. Because D 11 is where it gives her authority to report all fraud, waste and abuse. F was in the original (from 2012). But Section E was just added in the recent changes.

Ms. Gonzales asked if all of this would go away with OIG approved.

Ms. Kerr said they need to wait and cross that bridge when it comes. If there is a separate department, we would refer it all to that department.

Chair de Schweinitz thanked the Commission for wordsmithing this.

Ms. Kerr thought it was good with those changes

The Committee briefly talked about who would meet with Councilor Bushee.

C. Status of Proposed Inspector General Resolution

Chair de Schweinitz thought this issue was dead but now found out at the end of the Finance Committee meeting that it will go to the voters in March.

Mr. Guillen said it went to the Governing Body for approval and it failed so Councilor Maestas wanted to do a referendum to the voters.

Ms. Kerr said the pushback for her is on line 20 and 21 on page 2 where it says the Inspector General is the General Auditor. She was confused about whether it was to replace her or to have two different departments.

Mr. Guillen said he didn't know what Councilor Maestas intended.

Ms. Kerr asked if he could strike that part.

Ms. Gonzales said he couldn't do that.

Chair de Schweinitz said this document wasn't on our agenda because we didn't know about it. We want to keep the more routine audits under Ms. Kerr and not under the OIG. He asked if Mr. Guillen had dealt with Councilor Maestas on it.

Mr. Guillen said Councilor Maestas did most of the language.

Mr. Tupler thought it the Audit Committee could meet with him we might get those clarifications worked out.

Mr. Guillen apologized for not getting it to Ms. Kerr in time for it to be on the agenda. You still have time for it next month.

Chair de Schweinitz said they would defer action until next month.

Mr. Tupler said they should still meet with Councilor Maestas.

Chair de Schweinitz thanked Mr. Guillen for attending.

Ms. Kerr agreed to email it to everyone.

8. INTERNAL AUDIT MATTERS

A. Completed Audits within the Last 4 Years with Open Findings

[The report is attached to these minutes as Exhibit 6.]

Ms. Kerr said there were really no changes on it. She reported that the Committee did get permission to contract with the contingency auditor.

She would put contingency audit on the Status of Audits Current – Internal list.

There was a brief discussion about the BDD delay.

B. Schedule and Status

This item was not considered for lack of time but the report is attached as Exhibit 7..

C. General Information

This item was not considered for lack of time.

D. Fraud, Waste and Abuse Hotline Update

Ms. Kerr said she is preparing a memo on management. OSA wants a list of all reports (alleged) of fraud, waste and abuse.

1) Contingency Audits Update

This item was not considered for lack of time.

9. UNFINISHED BUSINESS

There was no unfinished business.

10. NEW BUSINESS

A. Terms of Office

Chair de Schweinitz listed all of the terms. He asked for permission to talk with the Judge on renewals.

The Committee agreed.

11. PUBLIC COMMENT

There was no public comment.

12. NEXT MEETING DATE: Wednesday, October 14, 2015

Future meetings were set for November 3 and December 9.

13. ADJOURNMENT

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

The meeting was adjourned at 4:05 p.m.

Approved by:

Clark de Schweinitz, Chair

Submitted by:

Carl Boaz for Carl G. Boaz, Inc.

PARKS BOND ISSUE ENGAGEMENT
'16/05/P
EVALUATION FORM

Name of Firm: _____

Please 'X' one: PROPOSAL REVIEW_____ INTERVIEW_____

	Weighted Value	Evaluation Points 1 through 5	Total	Maximum Score
The capability of the firm to provide the services requested, including:				
Has the contractor affirmatively acknowledged that they possess the qualifications necessary to perform the work to the standards identified?	10			50
Has the contractor affirmatively acknowledged that they possess an understanding of the RFP and the scope of work sufficient to complete the work required?	5			25
Has the contractor affirmatively acknowledged that it will provide an examination report with an opinion on the City's compliance with the governing hierarchy, consistent with the standards issued by the AICPA, pertaining to an examination engagement and the audit rule?	10			50
Is the proposal well organized and complete?	5			25
Work Requirements and Audit Approach				
Does the plan include a detailed approach as to how the contractor will identify the hierarchy of all laws, regulations, ordinances, policies procedures and documents that relate to bond expenditures;	10			50
Does the proposal contain a sound technical plan to identify and test projects as detailed in the Scope of Work, and to identify and verify source documents to be utilized in the examination?	20			100
Does the contractor identify the in-house or subcontracted legal counsel and approach to the selection of the legal council that the contractor will utilize to provide a legal opinion necessary to establish the	5			25

governing hierarchy (including, but not limited to, a detailed analysis of the City plans and policies that were authorized and properly approved) on which the contractor will rely in rendering its opinion, and to define the types of expenditures that are allowable;				
Does the contractor detail its approach to identifying what types of expenditures are allowable per the governing hierarchy?	10			50
Has the contractor affirmatively acknowledged that they will comply with the review and release requirements of 2.2.2.15 B NMAC?	5			25
Technical Experience				
Have the contractor and any subcontractors demonstrated strong knowledge in government auditing, public finance and local government issues.	10			50
Cost Proposal and Hourly Breakdown	10			50
TOTAL	**100**			**500**

* Evaluation Points 1 – Lowest 5 – Highest

Name of Evaluator: _____

Title: _____

Date: _____

KERR, LIZA A.

From: Robert "Bobby" Cordova <rcordova@acgsw.com>
Sent: Wednesday, September 02, 2015 1:04 PM
To: KERR, LIZA A.
Cc: 'jc1044@windstream.net'
Subject: RE: Audit Committee Meeting
Attachments: City of Santa Fe PBC lsiting FY15 Audit.xls

Greetings!

Attached is our Schedule of Audit Requirements for the City of Santa Fe FY15 Audit updated as of 9/2/15. It was developed based on our prior year audit and has been updated as of 9/2/2015. Lets discuss how to tweak this schedule and the layout so that it meets the needs of the audit committee.

Below is summary of our status of the audits for City of Santa Fe (new due date as discussed at entrance of 12/15/15), Buckman, and SWMA

City of Santa Fe-The City of Santa Fe Audit appears to be on track for completion

1) We have conducted an entrance conference on July 31
2) We have completed our first week of fieldwork, mainly planning and some preliminary compliance for the City of Santa Fe Audit. We were there on August 3rd through August 7th
3) Our next scheduled fieldwork date is October 5th through October 16th and we have three additional weeks of fieldwork schedule after that (10/12-10/16, 11/2-11/6 and 11/9-11/15)

Buckman-The Buckman FY15 Audit appears to be on track for completion

1) We have completed Buckman audits for FY12-FY14 and have submitted them to management for review. We did this on July 23, 2015. Management has not completed their review of the drafts
2) We have completed our audit fieldwork for Buckman DDP. We were there all last week 8/24-8/28.

SWMA-The SWMA FY15 Audit appears to be on track for completion

1) We are scheduled to complete the FY15 audit next week (9/8/15 through 9/11/15), done some planning and set up

Also, planning on next October 7th meeting unless we hear different.

Talk soon, thanks.

Robert Cordova, CPA
Assurance & Attestation Partner

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Completed External Audits Last 4 Years with Open Findings

Status of Audit Report **Issued**

Audit	Year	Open Findings	Due Date of Audit	Date Report Issued
City of Santa Fe				
2008 Park Bond Audit	2015	6	03/31/2015	03/30/2015
CAFR	2014	4	12/01/2014	12/01/2014
FMO FU	2013	4	N/A	07/22/2013
Forensic Audit Parking	2013	9	04/20/2013	04/20/2013
Lodger's Tax	2014	23	Non specified	06/05/2015
Lodger's Tax	2013	1	Non specified	06/30/2014
Shelter Plus	2014	1	N/A	09/03/2013
		Summary for 'Entity Audited'		
Sum		48		
Santa Fe Buckman Diversion Project				
BDD - Operations	2011	1	09/30/2011	11/09/2012
		Summary for 'Entity Audited'		
Sum		1		
Santa Fe Civic Housing Authority				
Civic Housing Authority	2014	4	12/01/2014	12/19/2014
		Summary for 'Entity Audited'		
Sum		4		
		Summary for 'Status of Audit Report'		
Grand Total		53		

2016	Audit	Shelter Plus	Comments
Type of Audit		Grantor	Annual review - date not set.
Auditor		HUD	
Due Date of Audit		TBD	
Date Field Work Started		TBD	
Status of Audit Report		Not Issued	

2016	Audit	2008 Park Bond Audit	Comments
Type of Audit		Special	State Auditor's office to determine whether or not an audit will be conducted and they will determine the scope and start date of the audit. No communication received from the State Auditor's Office at this time. 08/26/2051 RFP has been sent to all auditor's on State Auditor approved list. Audit Committee is designated as the evaluation team. Robert Rodarte to assist with administrative functions, but does not hae a vote.
Auditor		State Auditor's Office	
Due Date of Audit		TBD	
Date Field Work Started		TBD	
Status of Audit Report		Not Issued	

Santa Fe Buckman Diversion Project (BDD)

2015	Audit	BDD - Operations	Comments
Type of Audit		Financial	Entrance Confernce held on July 31, 2015.
Auditor		Accounting and Consulting Group	
Due Date of Audit		12/01/2015	
Date Field Work Started		TBD	
Status of Audit Report		Not Issued	

2014 Audit	BDD - Operations	Comments
Type of Audit	Financial	Entrance Conference is scheduled for February 25, 2015. On February 25, 2015 the entrance conference was rescheduled to March 11, 2015. The delay is due to a GO Bond audit being conducted through 03/15/2015. Engagement letter received from Accounting and Consulting Group dated 03/18/2015. Work is planned to begin on April 1, 2015, with an estimated completion date of June 1, 2015. Audit is complete and report given to management for final review. Exit conference is in the process of being scheduled - most likely June 30th or July 1st. 08/26/2015 No progress from last month. Several requests sent to finance for an update - no response received. Did hear from ACG - Morgan Browning - no change.
Auditor	Accounting and Consulting Group	
Due Date of Audit	09/30/2014	
Date Field Work Started	04/01/2015	
Status of Audit Report	Not Issued	

2013 Audit	BDD - Operations	Comments
Type of Audit	Financial	Entrance Conference is scheduled for February 25, 2015. On February 25, 2015 the entrance conference was rescheduled to March 11, 2015. The delay is due to a GO Bond audit being conducted through 03/15/2015. Engagement letter received from Accounting and Consulting Group dated 03/18/2015. Work is planned to begin on April 1, 2015, with an estimated completion date of June 1, 2015. Audit is complete and report given to management for final review. Exit conference is in the process of being scheduled - most likely June 30th or July 1st. 08/26/2015 No progress from last month. Several requests sent to finance for an update - no response received. Did hear from ACG - Morgan Browning - no change.
Auditor	Accounting and Consulting Group	
Due Date of Audit	09/30/2013	
Date Field Work Started	04/01/2015	
Status of Audit Report	Not Issued	

2012 Audit	BDD - Operations	Comments
Type of Audit	Financial	Entrance Conference is scheduled for February 25, 2015. On February 25, 2015 the entrance conference was rescheduled to March 11, 2015. The delay is due to a GO Bond audit being conducted through 03/15/2015. Engagement letter received from Accounting and Consulting Group dated 03/18/2015. Work is planned to begin on April 1, 2015, with an estimated completion date of June 1, 2015. Audit is complete and report given to management for final review. Exit conference is in the process of being scheduled - most likely June 30th or July 1st. 08/26/2015 No progress from last month. Several requests sent to finance for an update - no response received. Did hear from ACG - Morgan Browning - no change.
Auditor	Accounting and Consulting Group	
Due Date of Audit	09/30/2012	
Date Field Work Started	04/01/2015	
Status of Audit Report	Not Issued	

Santa Fe Civic Housing Authority

2015	Audit	Civic Housing Authority	Comments
Type of Audit		Financial	Will update when audit is received. Do not track progress.
Auditor		Ricci & Company	
Due Date of Audit		12/01/2015	
Date Field Work Started		N/A	
Status of Audit Report		Not Issued	

Santa Fe Railyard Community Corporation and Subsidiary

2015	Audit	Santa Fe Railyard	Comments
Type of Audit		Financial	Will update when audit is received. Do not track progress.
Auditor		Barraclough & Associates	
Due Date of Audit		12/01/2015	
Date Field Work Started		N/A	
Status of Audit Report		Not Issued	

Santa Fe Solid Waste Management Agency (SWMA)

2015	Audit	SWMA	Comments
Type of Audit		Financial	Entrance Confernce held on July 31, 2015.
Auditor		Accounting and Consulting Group	
Due Date of Audit		12/01/2015	
Date Field Work Started		TBD	
Status of Audit Report		Not Issued	

Status of Audits Current_External

City of Santa Fe

2015	Audit	**CAFR**	**Comments**
Type of Audit		Financial	Entrance Confernce held on July 31, 2015. 08/26/2015 Email sent to Bobby Cordova requesting his presence at the audit committee meeting.
Auditor		Accounting and Consulting Group	
Due Date of Audit		12/01/2015	
Date Field Work Started		08/03/2015	
Status of Audit Report		Not Issued	

2016	Audit	**Area Agency Aging**	**Comments**
Type of Audit		Grantor	Annual review - date not determined at this time.
Auditor		Area Agency Aging	
Due Date of Audit		TBD	
Date Field Work Started		TBD	
Status of Audit Report		Not Issued	

2015	Audit	**Financial Management Oversi**	**Comments**
Type of Audit		Grantor	Annual review - date not set.
Auditor		FTA	
Due Date of Audit		TBD	
Date Field Work Started		TBD	
Status of Audit Report		Not Issued	

CITY OF SANTA FE, NEW MEXICO
BILL NO. 2016 - _____

INTRODUCED BY:

COUNCILOR PATTI BUSHEE

AN ORDINANCE

AMENDING SECTION 2-22 SFCC 1987 TO RENAME THE 'INTERNAL AUDIT DEPARTMENT' THE "AUDIT, ACCOUNTABILITY, AND PERFORMANCE MANAGEMENT DEPARTMENT"; AND MAKE SUCH OTHER CHANGES AS ARE NECESSARY TO STRENGTHEN INDEPENDENCE AND CLARIFY CERTAIN OTHER PROVISIONS OF THE AUDIT, ACCOUNTABILITY AND PERFORMANCE MANAGEMENT ORDINANCE.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

Section 1. Section 2-22 SFCC 1987 (being Ord. #2012-32) is amended to read:

2-22 ~~INTERNAL~~ AUDIT, ACCOUNTABILITY AND PERFORMANCE MANAGEMENT DEPARTMENT.

Section 2. Subsection 2-22.1 SFCC 1987 (being Ord. #2012-32, §2) is amended to read:

2-22.1 Short Title.

Section 2-22 SFCC 1987 shall be cited as the "~~Internal~~ Audit, Accountability and Performance Management Department Ordinance."

Section 3. Subsection 2-22.2 SFCC 1987 (being Ord. #2012-32 §3, as amended) is amended to read:

2-22.2 Findings; Purpose; Goals.

A. The governing body finds that good governance, transparency and accountability are critical in the public sector for the effective and credible functioning of a healthy democracy, and in fulfilling the government's responsibility to citizens and taxpayers.

B. Transparent and reliable reporting and effective auditing in government serve to promote accountability, enhance the effectiveness of government services to its citizens, and increase the public's confidence in their government.

C. The members of the governing body share a duty to insure that the actions of public officials, employees and contractors of the city are carried out in the most responsible manner possible and that city policies, budgets, goals and objectives are fully implemented.

D. To accomplish this, the city requires the services of an independent office to provide independent, objective assurance and review services designed to promote transparency, accountability, efficiency and effectiveness of city government.

E. The governing body does hereby establish the ~~internal~~ audit, accountability and performance management department, an independent city department located organizationally outside of other city departments. ~~of city government reporting to the city manager, which shall oversee the internal auditor and the functions hereby established.~~ To ensure independence and compliance with ~~generally accepted~~ governmental auditing standards, the ~~internal~~ city auditor:

1. Shall be a city employee, with all rights and responsibilities, who is appointed or dismissed by the audit committee with an affirming majority vote~~report results to the city manager, the audit committee, the finance committee and the governing body~~;

~~2. Is a city department located organizationally outside of other city departments;~~

~~3.~~2. Has access to the governing body in accordance with the Open Meeting Act; and

~~4.~~3. Is sufficiently removed from political pressures to conduct audits and report findings, opinions and conclusions objectively without fear of political reprisal.

~~F. The governing body also directs the internal audit department, in cooperation with the audit committee, to establish job descriptions and department policies and procedures based on generally accepted governmental auditing standards; and to adopt the Code of Ethics as defined by the Institute of Internal Auditors.~~

Section 4. Subsection 2-22.3 SFCC 1987 (being Ord. #2012-32 §4, as amended) is amended to read:

2-22.3 Definitions.

For the purpose of this section, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

Auditees mean the city related departments, programs, activities, agencies, vendors, contractors, employees, public officials or other city related entities affected by an audit or investigation.

Committee means the City of Santa Fe audit committee.

Contractors mean all city contractors.

City auditor ~~*Internal auditor*~~ means the ~~internal~~ auditor who is the head of the ~~internal~~ audit, accountability and performance management department.

Forensic auditor means an auditor whose primary focus is the identification and investigation of fraud, waste and abuse.

Auditor means an auditor employed in the audit, accountability and performance management department.

Employee means a city employee.

Official means the mayor or a city councilor.

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Report means a written document of an audit, a special audit, an investigation and/or an examination, or a summary of work performed.

Special investigation or special audit means additional procedures or audits undertaken because the need was not previously foreseen.

Section 5. Subsection 2-22.4 SFCC 1987 (being Ord. #2012-32 §5, as amended) is amended to read:

2-22.4 Creation of the Internal Audit Department; Resources; Staff.

A. The ~~internal~~ audit, accountability and performance management department is created as an independent ~~office~~ department of city government. The ~~internal~~ city auditor is the head of the ~~internal~~ audit, accountability and performance management department. ~~and shall report to the city manager.~~

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B. The city auditor shall be a city employee, with all rights and responsibilities, who is appointed or dismissed by the audit committee with an affirming majority vote. ~~The audit committee shall review applications for and make a recommendation to the city manager for hiring of the internal auditor, a city employee.~~

C. The ~~internal~~ city auditor shall review applications and make recommendations to the city manager for hiring other ~~internal~~ audit, accountability and performance management department employees; or independent contractors ~~to be~~ procured for assistance to the ~~internal audit~~ department.

~~D. In accordance with law and in consultation with the city attorney's office, the city manager shall report proposed personnel actions, such as hiring, discipline or termination, relating to the internal auditor to the audit committee in executive session, in accordance with the New Mexico Open Meetings Act. Nothing in this paragraph shall prohibit the city manager from immediately placing the internal auditor on administrative leave due to a proposed personnel action; however, the city manager shall report the proposed~~

~~personnel action to the audit committee, within seven (7) business days from the date the internal auditor is placed on administrative leave.~~

~~E. The internal auditor's work shall result in a complete written final report being made of each annual audit, special audit, investigation and/or examination made ("report") and shall be delivered to the city manager, except if city manager is the subject of the audit, then the report shall be delivered to the mayor. The internal auditor shall also notify the governing body in writing that the final report has been delivered. Each report, in its final form, shall set out in detail, in a separate section, any violation of law or good accounting practices found. Such reports are confidential under this section until placed on the finance committee's agenda or put in its final form, whichever occurs first. Reports shall not exist in a draft form for more than thirty (30) days without presentation to the finance committee. Final reports shall also be timely presented to the audit committee. If the draft report is not ready to be delivered to the city manager in its final form or is not ready to be presented to the finance committee after thirty (30) days, then staff shall inform the finance committee, in writing, the specific date, absent court order not exceeding twenty (20) days, when the final report will be delivered to the city manager or presented to the finance committee and the stated basis for the additional time needed.~~

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~~F. Any final report for presentation to city committees or the governing body shall be included in the meeting packet and such meeting packets shall be posted on the city's website.~~

~~G. Prior to the committee meeting a final report placed on a committee agenda shall be accessible by all members of the governing body and the public, and at such time shall~~

~~become a public record consistent with the Inspection of Public Records Act and its exemptions.~~

~~H. Within thirty (30) days after receipt of the report, the employee and/or division and/or department audited may notify the internal auditor of any errors in the report. If the internal auditor is satisfied from data or documents at hand, or by an additional investigation, that the report is erroneous, the internal auditor shall correct the report and furnish copies of the corrected report to all parties receiving the original report.~~

~~I. The internal auditor may disclose audit information or audit documentation that is confidential, without losing the confidentiality under this Ordinance to an independent external auditor in connection with a special audit, performance audit, attestation engagement or other existing or potential engagement regarding the financial affairs and transactions of the city.~~

D. The city auditor, in cooperation with the audit committee, shall establish job descriptions and department policies and procedures based on government auditing standards.

~~J.~~E. The audit~~or's~~, accountability, and performance management department's budget shall be reflected in the city manager's proposed budget as a separate department. The budget shall be sufficient to allow the organization to carry out its responsibilities including sufficient funding for annual continuing professional education requirements and professional certification as required by the ~~generally accepted~~ governmental auditing standards. The audit~~or's~~, accountability, and performance management department's proposed budget shall be prepared by the city auditor and presented to the finance director and the city manager.

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Section 6. Section 2-22.5 SFCC 1987 (being Ord. #2012-32 §6, as amended) is amended to read:

2-22.5 Internal Auditor's Duties; Responsibilities; Authority; Administrative Subpoena Power.

A. The city auditor and department shall adhere to government auditing standards in conducting its work and will be considered independent as defined by those standards.

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B. The audit, accountability, and performance management department is subject to a peer review by an appropriate professional non-partisan objective group every three (3) to five (5) years. A copy of the written report shall be furnished to the audit committee, city manager, and governing body.

~~K. If the internal auditor detects instances of possible fraud, waste, or abuse or potential violations of law by an auditee, he shall report the irregularities to the city manager and the audit committee.~~

~~1. In accordance with Section 12-6-6 NMSA 1978 and state auditor's Rule 2.2.2.10K(3), a notification letter regarding the possible fraud, waste or abuse shall also be sent to the state auditor's office whether or not an investigation by the internal auditor is conducted.~~

~~2. If the irregularity is criminal in nature, the internal auditor shall immediately refer the irregularity to the appropriate prosecuting authority.~~

~~3. If the irregularity warrants a special investigation, audit, and/or special audit, then the internal auditor shall conduct a special investigation, audit and/or special audit. The report shall be submitted to the city manager, the audit committee, the auditee, the governing body through the finance committee.~~

~~1. The internal auditor shall not accept complaints related to discrimination or labor law matters. In some cases, it may be appropriate for internal audit to work with~~

~~investigators or legal authorities, or withdraw from or defer further audit work on the audit or portion of the audit to avoid interfering with an ongoing investigation or legal proceeding.~~

~~L. The internal auditor shall adhere to generally accepted governmental auditing standards in conducting its work and will be considered independent as defined by those standards.~~

~~M. The internal audit department is subject to a peer review by an appropriate professional non-partisan objective group every three (3) to five (5) years. A copy of the written report shall be furnished to the city manager, audit committee, and governing body, via the finance committee.~~

~~A.~~C. The ~~internal auditor~~, accountability, and performance management department is authorized to conduct the following audits as defined in ~~generally accepted~~ governmental auditing standards:

1. *Performance/Management Audits.* Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient and appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices.
2. *Financial Audits.* Financial audits provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly in accordance with recognized criteria.
3. *Attestation Engagements.* Attestation engagements result in an examination, a review, or agreed upon procedures about a subject matter that is the responsibility of another party. This includes special audits.
4. *Advisory (Non-Audit) Services.* This includes special investigations (e.g.fraud or forensic audits). The issued report shall not include an opinion statement or a

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statement indicating the investigation was done in accordance with generally accepted government auditing standards. These services are subject to applicable professional standards. In addition, non-audit services which are defined as professional services other than audits or attestation engagements.

~~B.~~D. The auditor shall have the authority to conduct performance and financial audits, attestation engagements, or to provide advisory (non-audit) services, including special audits or investigations, to independently and objectively determine whether:

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1. The city, state or federal law authorizes the implemented activities and programs that are the subject of the audit;
2. The objectives intended by city, state or federal law are efficiently and effectively accomplished in the implementation of activities and programs;
3. The expenditure of funds was or is in compliance with applicable laws;
4. The revenues were or are properly collected, deposited and accounted for;
5. The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices;
6. The desired result or benefits are being achieved;
7. Resources, including funds, property and personnel, were or are adequately safeguarded, controlled and used in a faithful, effective and efficient manner;
8. Financial and other reports fairly and fully disclosed all information as required by law necessary to evaluate and ascertain the nature and scope of programs and activities;

9. Management established operating and administrative procedures and practices, accounting internal control systems and internal management controls were and are adequate and functioning as intended;
10. City policies, budgets, goals and objectives were and are fully implemented; and
11. Indications of fraud, waste, abuse or illegal acts are valid and need further investigation.

E. Pursuant to Section 19-2 SFCC 1987, the Fraud, Waste and Abuse Hotline Ordinance the audit, accountability and performance management department has the authority and shall:

1. Investigate, as applicable fraud, waste and abuse, whether reported or identified through independent investigation;
2. Increase efficiency throughout the city by finding opportunities for recovery of revenue or other assets; and
3. Send a strong message of zero tolerance for fraud, waste and abuse.

F. If an auditor detects instances of possible fraud, waste, or abuse or potential violations of law by a city employee, he shall report the irregularities to the audit committee and to the city manager.

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1. If the irregularity is criminal in nature, the auditor shall immediately refer the irregularity to the appropriate prosecuting authority.
2. If the irregularity warrants a special investigation, audit, and/or special audit, then it is the responsibility of the city auditor to ensure that a special investigation, audit and/or special audit occurs. If no resources are available the city auditor will notify the audit committee, the city manager, and/ or the state auditor's office, as applicable.

~~2. If the irregularity is criminal in nature, the internal auditor shall immediately refer the irregularity to the appropriate prosecuting authority.~~

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G. ~~If the irregularity warrants a special investigation, audit, and/or special audit, then the internal auditor shall conduct a special investigation, audit and/or special audit. The report shall be submitted to the city manager, the audit committee, the auditee, the governing body through the finance committee.~~The city auditor shall not accept complaints related to discrimination or labor law matters. The city auditor shall defer investigating complaints which are otherwise subject to investigation pursuant to human resources department policies or the police department internal affairs directives. In some cases, it may be appropriate for the audit accountability, and performance management department staff to work with investigators or legal authorities, or withdraw from or defer further audit work on the audit or portion of the audit to avoid interfering with an ongoing investigation or legal proceeding.

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~~3.~~

H. The city ~~internal~~ auditor shall have the power to subpoena witnesses, administer oaths and require the production of records subject to the New Mexico Rules of Civil Procedure. In the case of a refusal to obey a subpoena issued to any person, the internal auditor may make application to any district court in the state that shall have the jurisdiction to order the witness to appear before the city ~~internal~~ auditor and to produce evidence if so ordered, or to give testimony touching on the matter in question.

~~N.~~I. The city auditor may implement such procedures as necessary to effectuate the Audit, Accountability and Performance Management Department Ordinance.

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Section 7. Section 2-22.6 SFCC 1987 (being Ord. #2012-32 §7, as amended) is amended to read:

2-22.6 ~~Scope of~~ Audits Plan.

~~C.~~ Audits~~, except for special audits or special investigations/examinations,~~ will be conducted based on an annual audit plan developed in accordance with government ~~applicable professional~~ auditing standards. ~~This plan and any modifications thereof, are to be reviewed by the audit committee and recommended for approval.~~

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A.

B. Any audits included on the plan that are not addressed will be considered for inclusion in the following year.

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~~1.~~C. Within sixty (60) days ~~before~~ after ~~the beginning of each~~ fiscal year end, the ~~internal~~ city auditor shall submit a one-to-three ~~five~~-year proposed audit plan to the audit committee, the city manager and the governing body for review and comments, but the ~~internal~~ city auditor shall have final authority to select the audits planned. The proposed plan shall include the rationale for the selections.~~, for auditing departments, offices, boards, activities, subcontractors and agencies for the period. This plan may be amended after review;~~

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~~2.~~a. The final audit plan ~~and any amendments~~ will be presented to the audit committee, the city manager, and ~~subject to approval of~~ the governing body;

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b. In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the ~~internal~~ city auditor should consult with federal, state and other external auditors, as applicable, so that the desirable audit coverage is provided and audit effort is properly coordinated.

~~3.~~

D.A. The internal auditor is authorized to conduct the following audits as defined in generally accepted governmental auditing standards:

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5. *Performance/Management Audits.* Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient and appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices.
6. *Financial Audits.*
7. *Attestation Engagements.* Attestation engagements result in an examination, a review, or agreed upon procedures about a subject matter that is the responsibility of another party. This includes special audits.
8. *Advisory (Non-Audit) Services.* This includes special investigations. The issued report shall not include an opinion statement or a statement indicating the investigation was done in accordance with generally accepted government auditing standards. These services are subject to applicable professional standards.

E.B. The auditor shall have the authority to conduct performance and financial audits, attestation engagements or to provide advisory (non-audit) services to independently and objectively determine whether:

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12. The city, state or federal law authorizes the implemented activities and programs that are the subject of the audit;
13. The objectives intended by city, state or federal law are efficiently and effectively accomplished in the implementation of activities and programs;
14. The expenditure of funds was or is in compliance with applicable laws;

15. ~~The revenues were or are properly collected, deposited and accounted for;~~
16. ~~The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices;~~
17. ~~The desired result or benefits are being achieved;~~
18. ~~Resources, including funds, property and personnel, were or are adequately safeguarded, controlled and used in a faithful, effective and efficient manner;~~
19. ~~Financial and other reports fairly and fully disclosed all information as required by law necessary to evaluate and ascertain the nature and scope of programs and activities;~~
20. ~~Management established operating and administrative procedures and practices, accounting internal control systems and internal management controls were and are adequate and functioning as intended;~~
21. ~~City policies, budgets, goals and objectives were and are fully implemented; and~~
22. ~~Indications of fraud, waste, abuse or illegal acts are valid and need further investigation.~~

Section 8. Section 2-22.7 SFCC 1987 (being Ord. #2012-32 §8, as amended) is amended to read:

2-22.7 Reports.

A. The ~~internal~~ city auditor shall report results ~~of all types of audits, investigations and/or engagements~~ in their final report form to the audit committee, the city manager, the auditees (as applicable), and the governing body ~~via the finance committee~~.

B. All types of audit reports, ~~, investigations and/or engagements,~~ in their final report form, are public records, available for public inspection, unless a specific Inspection of Public Records exclusion applies.

C. The ~~internal~~ city auditor's reports~~, including attestation engagements,~~ shall follow the guidelines as specified in ~~generally accepted~~ governmental auditing standards~~, or in the case of a non-audit service applicable professional auditing standards.~~

D. At a minimum audit and attestation engagement reports should include:

1. Statements describing the objectives, scope and methodology of the audit;
2. A statement that the audit was performed in accordance with ~~generally accepted~~ government auditing standards, as applicable;
3. Background information, audit results, and findings, as appropriate;
4. A conclusion based on the audit objectives and the audit findings.
5. The findings in the audit report should present sufficient, appropriate evidence to support the conclusion in relation to the audit objectives.

E. Responses submitted by the city manager, or auditee, relevant to the audit findings must include a remediation plan specifying dates and corrective action to be taken to resolve the issue.

1. A response is required within fourteen (14) days of request~~receipt of a final report~~;
2. If no response is received, the internal auditor will note that fact in the transmittal letter and will release the report without management's response or a remediation plan.

F. ~~The internal auditor shall submit an annual report to the audit committee, city manager, and governing body via the finance committee within sixty (60) days after fiscal year end indicating all audits, investigations and/or engagements completed, major findings.~~

~~corrective actions taken by administrative managers, and significant issues which have not been fully addressed by management.~~

Section 9. Section 2-22.8 SFCC 1987 (being Ord. #2012-32 §9) is amended to read:

2-22.8 Reporting.

A. The ~~internal~~ city auditor's work shall result in ~~in a complete written~~ final written reports. These reports ~~being made of each annual audit, special audit, investigation and/or examination made ("report") and~~ shall be delivered to the audit committee, the city manager, except if city manager is the subject of the audit, then the report shall be delivered to the mayor, and the governing body. The reports shall be delivered to the governing body by presenting them at the Finance Committee and then to City Council. The reports will be discussion items on the agendas. ~~The internal auditor shall also notify the governing body in writing that the final report has been delivered. Each report, in its final form, shall set out in detail, in a separate section, any violation of law or good accounting practices found. Such reports are confidential under this section until placed on the finance committee's agenda or put in its final form, whichever occurs first.~~

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~~O.~~1. Reports shall not exist in a draft form for more than thirty (30) days without notifying ~~presentation to~~ the finance committee. ~~Final reports shall also be timely presented to the audit committee.~~ If the draft report is not ready to be delivered to the city manager in its final form or is not ready to be presented to the finance committee after thirty (30) days, then the city auditor ~~staff~~ shall inform the finance committee ~~, in writing, the specific date, absent court order not exceeding twenty (20) days,~~ when the final report will be delivered ~~to the city manager or presented to the finance committee and the stated basis for the additional time needed~~.

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2. Within thirty (30) days after receipt of an audit report, the employee and/or division and/or department audited may notify the city auditor of any errors in the report. If the city auditor is satisfied from data or documents at hand, or by an additional investigation, that the report is erroneous, the city auditor shall correct the report and furnish copies of the corrected report to all parties receiving the original report.

B. The city ~~internal~~ auditor shall submit an annual report to the audit committee, city manager, and governing body ~~via the finance committee~~ within sixty (60) days after fiscal year end summarizing work done, findings and significant issues which have not been fully addressed by management, as applicable.

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~~P.~~C. ~~Any final r~~Reports, and other ~~for~~ presentations to city committees or the governing body shall be included in the meeting packet and such meeting packets shall be posted on the city's website.

~~Q.~~D. Prior to the committee meeting ~~a final~~ reports or presentations placed on a committee agenda shall be accessible by all members of the governing body and the public, and at such time shall become a public record consistent with the Inspection of Public Records Act and its exemptions.

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~~R. Within thirty (30) days after receipt of the report, the employee and/or division and/or department audited may notify the internal auditor of any errors in the report. If the internal auditor is satisfied from data or documents at hand, or by an additional investigation, that the report is erroneous, the internal auditor shall correct the report and furnish copies of the corrected report to all parties receiving the original report.~~

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~~S. The internal auditor may disclose audit information or audit documentation that is confidential, without losing the confidentiality under this Ordinance to an independent external auditor in connection with a special audit, performance audit, attestation engagement or other existing or potential engagement regarding the financial affairs and transactions of the city.~~

~~G. The internal auditor shall submit an annual report to the audit committee, city manager, and governing body via the finance committee within sixty (60) days after fiscal year end indicating all audits, investigations and/or engagements completed, major findings, corrective actions taken by administrative managers, and significant issues which have not been fully addressed by management.~~

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~~The internal auditor shall follow the internal audit plan, report to the governing body via the finance committee, the auditees, the city manager, and the audit committee regarding all audit activities, results, and conclusions. Depending on the type of audit, the internal auditor shall report more frequently when requested.~~

Section 10. Section 2-22.9 SFCC 1987 (being Ord. #2012-32 §10, as amended) is amended to read:

2-22.9 Contract Auditors, Consultants, And Experts.

Within budgetary constraints, the ~~internal~~ city auditor may obtain the services of certified public accountants, qualified management consultants, certified fraud examiners, forensic auditors or other professional experts necessary to perform the functions of the internal audit department. Contractors performing an audit shall not have any financial interest in the affairs of the auditees, officials or employees. The ~~internal~~ city auditor shall coordinate and monitor auditing performed by persons under contract to the internal auditor.

Section 11. Section 2-22.10 SFCC 1987 (being Ord. #2012-32 §11, as amended) is amended to read:

2-22.10 Penalty; Cooperation; Retaliation Prohibited.

A. All city officials, employees and contractors shall provide the ~~internal~~ city auditor or any staff of the audit, accountability and performance management department, full and unrestricted access to all city offices, employees, records, information, data, reports, plans, projections, matters, contracts, memoranda, correspondence, electronic data, property, equipment and facilities and any other materials within their custody. At the ~~internal~~ city auditor's request, an official, employee or contractor shall prepare reports and provide interviews. If an auditee, official, employee, vendor or contractor fails to produce the requested information, the internal auditor shall notify the city manager requesting his assistance in causing a search to be made and germane exhibits to be taken from any book, paper or record, written or electronic, excepting personal property. The city manager shall require the officials, employees, vendors or contractors to produce the requested information. Further, all contracts with outside contractors and subcontractors shall contain a "right-to-audit" clause providing the internal auditor access to the contractor's employees and to all financial and performance related records, property, and equipment purchased in whole or in part with governmental funds.

B. ~~No person shall retaliate against, punish or penalize any other person for complaining to, cooperating with or assisting the internal auditor in the performance of his office. The internal auditor, all city employees and public officials and any person cooperating with the internal auditor in performance of duties has the same protections as provided for in the Federal Whistle Blower Protection Act and the New Mexico Whistleblower Protection Act, Sections 10-16C-1 et seq. NMSA 1978.~~ An official or employee shall not be dismissed, threatened with dismissal, or otherwise singled out for retaliation because the person

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has cooperated or assisted the city auditor or any staff of the audit, accountability and performance management department in the performance of an audit.

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C. Any official or employee who violates this section may be subject to discipline as may be specified in applicable city ordinances or any applicable collective bargaining agreement.

Section 12. Section 2-22.11 SFCC 1987 (being Ord. #2013-34 §9) is amended to read:

2-22.11 Audits and the Inspection of Public Records Act.

A. This subsection is adopted pursuant to the general welfare and police powers conferred upon the City of Santa Fe by §3-17-1 et seq. and §3-18-1 et seq. NMSA 1978, pursuant to the powers conferred upon the City of Santa Fe by the New Mexico Constitution, Article X §§6(D) and 6(E) and the Municipal Charter Act §3-15-1 et seq. NMSA 1978, which have been exercised by the city's adoption of the Santa Fe Municipal Charter.. The purpose of this subsection is within both the city's home rule powers and the delegated powers that all municipalities have to provide for the general welfare of their residents by the general welfare clause in Section 3-17-1(B) NMSA 1978 and police power to "protect generally the property of its municipality and its inhabitants" and to "preserve peace and order within the municipality" by Section 3-18-1(F) and (G) NMSA 1978.

B.

~~B.~~ At all times during the audit process and after the report becomes a public record; the ~~internal~~ audit, accountability, and performance management department auditors shall follow applicable government auditing standards and 2.2.2 NMAC regarding the release of any information relating to the audit. ~~Applicable standards include but are not limited to the AICPA Code of Ethics Rule 301 and related interpretations and guidance, Institute for Internal Auditors interpretations and guidance and GAGAS 4.30 to 4.32 and GAGAS 4.40 to 4.44.~~

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Completed Audits Last 4 Years_Open Findings_Internal

Entity Audited	Audit	Year	Findings	Due Date of Audit	Date Report Issued
City of Santa Fe					
	Cash - Transit	2014	1	N/A	07/03/2014
	False Alarms	2014	7	N/A	03/17/2014
	ITT Data Center Follow Up	2014	9	N/A	04/01/2015
	Parking	2011	18	N/A	05/31/2011
Summary for 'Entity Audited'					
Sum			35		
Grand Total			35		

Exhibit 7 - Sept. 2, 2015
Audit Committee

Status of Audits Current_Internal

Not Issued

City of Santa Fe

2015	Audit	**False Alarms Follow Up Review**
Type of Audit		Internal
Auditor		Internal Audit
Due Date of Audit		TBD
Date Field Work Started		04/01/2015

Comments

Findings in the control of the PD have been cleared as of 06/24/2015. Still need to clear findings with Finance and vendor.

2015	Audit	**Parking Follow Up Review**
Type of Audit		Internal
Auditor		Internal Audit
Due Date of Audit		TBD
Date Field Work Started		05/15/2015

Comments

08/05/15_PJ in Parking has left, so the remaining staff are working to clear the findings. 07/01/2015 Parking is putting evidence of cleared findings in folders on shared drive. We hope to have these cleared and a report issued by year end.

2015	Audit	**Parking Forensic Audit Follow Up**
Type of Audit		Internal
Auditor		Internal Audit
Due Date of Audit		TBD
Date Field Work Started		05/15/2015

Comments

08/05/2015_PJ in Parking has left. Remaining staff are working on clearing the findings. 07/01/2015_Parking is putting evidence of cleared findings in folders on shared drive. We hope to have these cleared and a report issued by year end.

2016	Audit	**Cash Reserves / Negative Balances**	**Comments**
Type of Audit		Internal	Part of audit plan - dates and times not listed. Will try to fit this in as it is an important topic.
Auditor		Internal Audit	
Due Date of Audit		TBD	
Date Field Work Started		TBD	

2016	Audit	**Duplicate Payments**	**Comments**
Type of Audit		Internal	Part of audit plan 3rd and 4th quarter.
Auditor		Internal Audit	
Due Date of Audit		TBD	
Date Field Work Started		TBD	

2016	Audit	**Family Medical Leave Act**	**Comments**
Type of Audit		Internal	Part of audit plan 2nd and 3rd quarter.
Auditor		Internal Audit	
Due Date of Audit		TBD	
Date Field Work Started		TBD	

2016	Audit	**Public Utilities Water**	**Comments**
Type of Audit		Internal	08/05/15_This audit is in the planning phase. Meetings with management, and interviews for internal controls being conducted. 07/01/15 Part of 2016 audit plan, Will begin work in 1st quarter.
Auditor		Internal Audit	
Due Date of Audit		TBD	
Date Field Work Started		TBD	

2016	Audit	**Vendor Security Audit**	**Comments**
Type of Audit		Internal	Part of audit plan 1st and 2nd quarter.
Auditor		Internal Audit	
Due Date of Audit		TBD	
Date Field Work Started		TBD	