



# Agenda

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CITY OF SANTA FE AUDIT COMMITTEE MEETING  
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM

Wednesday, October 14, 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**
  - a. August 5, 2015 (*Item 1*)
  - b. September 2, 2015 (*Item 2*)
5. **REVIEW OF FINANCIAL REPORTS AND OTHER FINANCIAL MATTERS FROM CITY**

Update from Finance Director (Oscar Rodriguez) (*Item 3*)
6. **EXTERNAL AUDIT MATTERS**
  - a. CAFR, update (Bobby Cordova) (*Item 4*)
  - b. Update on Park Bond Audit (Liza Kerr) (Carolyn Gonzales) (Cheryl Sommers)
  - c. Completed Audits within the Last 4 Years with Open Findings (Liza Kerr) (*Item 5*)
  - d. Schedule and Status (Liza Kerr) (*Item 6*)
7. **FURTHER DISCUSSION ON INDEEDENCE ISSUES AND ORDINANCES**
  - a. Update on revised Audit Committee Ordinance, (Clark de Schweinitz)
  - b. Update on revised Internal Audit Ordinance, (Liza Kerr)
  - c. AUTHORIZING THE PLACEMENT OF A QUESTION ON THE BALLOT OF A SPECIAL ELECTION, TO BE HELD IN CONJUNCTION WITH THE REGULAR ELECTION ON MARCH 1, 2016, TO ASK THE VOTERS OF THE CITY OF SANTA FE WHETHER OR NOT THE *SANTA FE MUNICIPAL CHARTER* SHOULD BE AMENDED TO INCLUDE A PROVISION TO ESTABLISH AN INDEPENDENT OFFICE OF INSPECTOR GENERAL FOR THE CITY OF SANTA FE. (Councilor Maestas)(Kelley Brennan) (*Item 7*)
8. **INTERNAL AUDIT MATTERS (Liza Kerr)**
  - a. Completed Audits within the Last 4 Years with Open Findings (*Item 8*)
  - b. Schedule and Status, (*Item 9*)
  - c. General Information
  - d. Fraud, Waste and Abuse Hotline Updates (*Item 10*)
  - e. Contingency Audits Update
9. **UNFINISHED BUSINESS**
10. **NEW BUSINESS**
  - a. Approval of 2016 Meeting Times (*Item 11*)
  - b. Update on Terms of Members
11. **PUBLIC COMMENT – (5 MINUTES)**
12. **NEXT MEETING DATE**

Wednesday, November 4, 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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**October 14, 2015**

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**MINUTES OF THE**

**CITY OF SANTA FÉ**

**AUDIT COMMITTEE**

October 14, 2015  
2:00 p.m. B 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  
Carolyn Gonzales, CPA  
Cheryl Pick Sommer  
Marc Tupler

**Members Absent:**

Hazeldine Romero, Vice Chair [excused]

**Others Attending:**

Liza Kerr, Internal Auditor  
Carl Boaz, Stenographer  
Morgan Browning, Auditor  
Teresita Garcia, Finance Department  
Bobby Cordova, Auditor  
Jesse Guillen, Legal Department  
Kelley Brennan, City Attorney  
Joseph Maestas, City Councilor

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 reviewed the agenda with the Committee and said Councilor Maestas will be here at

3:00 to answer questions.

**Member Tupler moved to approve the agenda with flexibility to move items around as necessary. Member Sommer seconded the motion and it passed by unanimous voice vote.**

#### **4. APPROVAL OF MINUTES B**

##### **a. August 5, 2015**

Member Sommer had no changes to the minutes but objected to the procedure for the minutes this time.

Mr. Boaz anticipated going back to the original procedure and explained the City Attorney had preempted it for the September minutes.

Chair de Schweinitz asked for a change on page 12, line 572, first sentence where it should say, "The issues of independence have come up by the Committee regarding the internal auditor position. We are talking about the Committee's ordinance there."

On lines 579 to 584, Chair de Schweinitz divided his proposed draft in changes from the earlier discussion so that it would be clear where it came from.

On line 589, he said that Ms. Brennan seemed to think there was no problem about the Committee's independence, given the recent changes to the charter; but there is a long way to go.

The Chair emphasized independence from other functions so that the Internal Auditor wouldn't get bound up in city management and operations.

He commented that it was an important meeting because there was long discussion

**Member Gonzales moved to approve the August 5, 2015 minutes as amended. Member Tupler seconded the motion and it passed by unanimous voice vote.**

##### **b. September 2, 2015**

Ms. Kerr requested a change on line 106 to say "year-end close."

On line 117, second sentence, delete "they" and insert "decisions."

On line 141, Ms. Kerr said that when she worked at the GAP, the standard was 38 hours for the monthly close.

On line 144, it should say Mr. Tupler asked if the close would include and then delete Ais@.

Line 210 should delete Los Alamos and insert Moss Adams.

Member Tupler said on line 140, he thought it should say, Athe GAP (Gap International Inc.).@

**Member Gonzales moved to approve the September 2, 2015 minutes as amended. Member Tupler seconded the motion and it passed by unanimous voice vote.**

## **5. REVIEW OF FINANCIAL REPORTS FROM CITY B Update from Finance Director (Oscar Rodriguez)**

Chair de Schweinitz noted that no one from Finance was present but Ms. Garcia is expected at 2:30. There was no written report in the packet.

Mr. Browning, Mr. Cordova and Ms. Garcia joined the meeting at 2:21.

Ms. Garcia said she didn't know what Mr. Rodriguez wanted to report. She announced they lost a Finance Department Auditor again.

She reported briefly on cash balances.

Ms. Kerr said Ms. Garcia had agreed to present the financial close report.

Ms. Garcia said she knew what the Committee was talking about but he told her that the Committee wanted close of the year report. She wanted to make sure it is like what was given in the CAFR. So she ran the same report they run for the CAFR. It is audited cash balance for June 30, 2014 and unaudited cash balance for June 30, 2015. It gives the comparison from 2014 but it could change.

She included the budget as of September 30 so the Committee would know what the revenue is, and then the expenditures, and then the budget.

On Mr. Rodriguez= report, he is saying we are using cash balance to be sustainable and using this as support to show that revenue doesn't meet expenditures.

Member Sommer asked about the difference of anticipated revenues (budgeted) and actual revenues.

Ms. Garcia corrected that it should be for 2016.

Mr. Cordova said it should be Aexpected for 2016.@

Member Gonzales asked if the transfers should zero out.

Ms. Garcia agreed and that is at the bottom of page 2. Transfers out means from General Fund to other funds. The GRT transfer out is to debt service and is \$12 million.

Member Sommer stated that the documents presented were new to the Committee and if that happens each month, the Committee will never become familiar with them.

Chair de Schweinitz said he would ask Mr. Rodriguez for the quarterly financial report.

Ms. Kerr read the text from Mr. Rodriguez.

Ms. Garcia handed out the revenue report in the same format and the handed out the expenses in the same format. She said the report categorizes and tracks to the CAFR with budgeted vs. actual and whether it is positive or negative compared with budget. The City had more come in than budgeted by \$577,872 positive revenue. Expenditures is in the same format and shows \$435,000 less was spent than budgeted. She is still working on Convention Center and Parking on the expenditure side. They (Council) split the debt between those two divisions on a 70/30 basis and then had a refund to make so they need to recalculate the split.

She said Mr. Rodriguez was trying to project it in his \$50 million debt presentation. The revenue is always trying to spend cash balances. On the first report, it shows there is not enough cash to sustain expenditures. That is in relation to the challenge report.

The Committee had no other comments. At the request of Chair de Schweinitz, Ms. Kerr agreed to put the Challenge Financial Report on the next agenda.

Ms. Garcia announced the Budget Director's retirement by October 31.

## **6. EXTERNAL AUDIT MATTERS**

### **a. CAFR Update (Bobby Cordova)**

Mr. Cordova said he wanted to discuss the actual deliverable. He presented a big PBC list two months ago and then came up with a revised list. The report presented included milestones and anticipated completion dates. The report includes comments with approximate completion percentage to date. He asked what the Committee thought about it.

Member Gonzales asked him to provide more detail on their risk assessment such as the risk that you assess, sample size, etc. This is the second year so she was curious to hear where they are on it.

Mr. Cordova said the audit standards require a risk-based approach. Some risk is always there. One risk is management override. The other is what mitigating controls the City has to ensure it doesn't happen. One area of higher risk is in AJEs each year so he asked who reviews those and reconciles them. For improper revenue recognition he asked if there is any driver for the input of revenues or deferring. The audit looks at timing of recording transactions, etc.

He said last year, they assessed the internal control environment with full-blown walk through on how revenue gets recorded. What are the risks where waste or fraud can occur and what are management controls to eliminate that? They test the controls to make sure they are operating as intended and determine whether they can rely on these internal controls. They also tested to make sure balances at end of the day are accurate.

With other risks, it is publicized to determine if there is a material noncompliance on the bonds. That's a little on approach. It is geared to where theft, fudging the numbers or mistakes can happen. Our audit plan addresses those. It happens through the end of the audit.

Mr. Cordova said they test to see if the internal controls are still working. If successful in a prior period, it becomes a smaller target.

Ms. Kerr said she couldn't tell where they are compared with where they expected to be. In general, where are you compared with where you should be? And what is the impact with three financial analysts not there now.

Mr. Cordova said the exit conference is where we will meet with the Governing Body and that is unchanged so we think we are on track. He added that he would tweak that report format. In general terms, and Mr. Browning knows more details, but he thought they were on track. There are a couple of entries left. The refunding transaction was very complex but now they are on track. They now need final closeout materials to make sure they are accurate - materially correct. The team is here this week and next.

Mr. Browning thought the staff vacancies did not have much impact. Michelle got all of her work done before leaving. Jennifer went to State and helped out and made life easier with CAFR prep time. Most of it is already done.

Ms. Kerr said it should be all wrapped up by the November meeting.

Mr. Cordova said November 1 is the target to deliver the CAFR. We have to reconcile back to it. GASB 68 requires more time too. That benchmark is critical but we should be okay.

Chair de Schweinitz said Mr. Cordova sent a draft to him for feedback and he didn't provide much. In the first or second page, there were many areas to communicate and the list left off the first GO Bond.

Mr. Cordova explained that was a template rough draft on the first one.

Mr. Browning added that they finished that GO Bond.

Chair de Schweinitz said the State Auditor requested that.

Member Gonzales thought it was concise and gave a lot of information.

Mr. Cordova said they would add a little more to it with Ms. Kerr's request.

Member Gonzales mentioned that November 25 is the day before Thanksgiving.

Mr. Cordova said they are working on that day.

Ms. Kelley Brennan arrived at 2:49.

Ms. Kerr asked to cover BDD before the auditors leave.

Mr. Cordova said they are finished with BDD and going through a review and it is now back in our court for final quality control and issuing. 2015 is 95% done and they will turn in a draft of financials for review. He put two weeks there and by next week they should issue BDD.

Ms. Kerr asked then if it meant 2014 would be issued on time.

Mr. Browning said no. It was due September 30 and they were afraid beginning balances might change but now we are on same page with the format and 2015 should be on time.

Mr. Cordova agreed.

Chair de Schweinitz asked what FOPA stood for.

Mr. Cordova said it means Financial Operating Procedures Agreement.

Chair de Schweinitz thanked them for coming to the meeting.

Ms. Kerr said it will be good to have BDD done.

**b. Update on Park Bond Audit (Liza Kerr & Carolyn Gonzales, Cheryl Sommer)**

Ms. Kerr said the Committee can talk about the award now because it is now public information.

Member Sommer said she was told that she could not disclose everything yet. However, the Subcommittee met and decided on a firm and the contract is negotiated. And it is on the Council agenda for October tonight.

Ms. Kerr said it was posted in the Council packet on Friday.

Ms. Garcia left the meeting at 2:54.

Member Sommer said the Purchasing Officer handles the contract.

Ms. Kerr said she was involved in negotiation of the contract with a State Auditor representative. The delivery date was set for April 25, 2016 but the State Auditor renegotiated for February 15, 2016.



Member Sommer pointed out that the original completion date was January 15.

Member Gonzales said Atkinson was selected to do the audit.

Ms. Kerr said it was not considered a conflict of interest because of the narrower scope. The CAFR is at a very high level and the balances are correct. They were materially correct but the scope of this audit is much deeper and has lots more detail.

Member Sommer said a benefit is they might have some paperwork.

Member Tupler asked if there was an adequate response.

Mr. Brennan said it is not yet approved until tonight.

Member Tupler was uncomfortable with that process. He was pulled off the review committee so he has tried to pay special attention to it. He said that was his opinion but it seems a little odd for an auditor to be auditing their own work. It sounds like that and the public will feel that way.

Ms. Kerr said Atkinson didn't create any of those records so they are not auditing their own work. They might be looking at something they looked at before.

Member Gonzales added that the Park Bond transactions were over several years and Atkinson only audited one year in the CAFR and now are testing the \$30 million bond.

Member Tupler said they have already been selected but we have to be cautious of public perception. This is the highest profile issue we've had to deal with. There will be a lot of scrutiny on it and we might have to defend that.

Chair de Schweinitz said the City will; not the Audit Committee.

Member Sommer said it is not a conflict because that audit has already been done. But he makes a fair point.

Member Gonzales said the Office of the State Auditor was also involved in the process and the State Auditor was there.

Ms. Kerr said she brought up the conflict issue. Before Marty arrived, she had a discussion with the State Auditor Staff about it and they were fine with it.

Chair de Schweinitz asked if they found anything that didn't seem to be spent properly would have been material.

Member Gonzales said it may have to exceed 10% of total revenue or the asset base.

Ms. Kerr said the whole \$30 million would not meet that level. So they might have a finding but it would not reach materiality level.

Member Gonzales said they may not have seen part of it then but they will now. They will just be focusing on expenditures and probably looking through payroll records.

Chair de Schweinitz thanked Member Gonzales and Member Sommer on this task and Ms. Kerr has been made project director.

Ms. Kerr hoped that would not be much work. With this and with Lodgers= Tax audit and others, being project manager keeps her from focusing on audit work. All records are at the City Attorney=s office. She was hoping with Finance Department down by three people, Marty=s people will just come and get started immediately. It takes a huge load off of her. Her biggest task will be finding a work place for them and access to the computer. Sarah is very skilled on that. Everything is there.

Mr. Brennan said they have assembled all of it for them.

Member Tupler said the payroll issue keeps coming up. He asked what percent of the bond is payroll.

Member Sommer thought about half of it is payroll.

Ms. Kerr thought it was about \$30 million.

Member Tupler said the big concern from day one was that the allocations per park never added up - never subtotaled accurately; and never produced a GAAP type accounting.

Councilor Maestas arrived at 3:09 p.m.

Member Gonzales suggested maybe coming up with a plan - an update - and email it.

Ms. Kerr said that is another plus side with Atkinson because they will keep her in the loop and share what isn't working.

Member Tupler agreed and Ms. Kerr could be firm about what she is not going to do.

Member Gonzales and Member Sommer offered to continue to help on it.

Ms. Kerr said the first report will be in January.

The Audit Committee welcomed Councilor Maestas and dealt with that item next:

**c. AUTHORIZING THE PLACEMENT OF A QUESTION ON THE BALLOT OF A SPECIAL ELECTION TO BE HELD IN CONJUNCTION WITH THE REGULAR ELECTION ON MARCH 1,**

**2016 TO ASK THE VOTERS OF THE CITY OF SANTA FE WHETHER OR NOT *THE SANTA FE MUNICIPAL CHARTER* SHOULD BE AMENDED TO INCLUDE A PROVISION TO ESTABLISH AN OFFICE OF INSPECTOR GENERAL FOR THE CITY OF SANTA FE (Councilor Maestas; Kelley Brennan)**

Councilor Maestas said he realized the action before the Audit Committee is significant. Any change to the charter is a big issue. He felt that creating an Office of Inspector General (OIG) is important, not just in terms of further defining our city government but to make sure it addresses the contemporary issues.

He said he has spent 31 years in federal government and seen but was never the subject of, OIGs work well at the federal and state levels to represent an independent investigation and often a deterrent to violations. He had some experience in seeing how these offices are effective. And in high profile cases, they uncover a lot of fraud, waste and abuse. He did not think it has run amuck in Santa Fé necessarily but this is an important component of an effective government. It has to be a government that is transparent and as a means to enforce, them, he felt an OIG is essential as the go-to office where there is no conflict of interest but a capacity for any types of investigation. Before the 2008 issue arose, he got a resolution in 14-065 passed.

Ms. Kerr said that isn't in our packet today.

Councilor Maestas said it is just a prudent thing to have staff go find out the experience in various cities. There was concern about costs and effectiveness. The OIG at Albuquerque is not as effective. They had a robust group of cases from Solid Waste to others. So to do our due diligence is to find out how they are working in other municipalities. Most were large cities and he didn't think it would be prudent to create an office in that climate so he felt that step was necessary. We are not a Boston or New York. Albuquerque is a medium city. Santa Fe is a small city.

The OIG does serve a good function. Ms. Brennan helped to file the report and generalize here. He felt that was enough to go forward in this effort. They were working on a resolution to create an OIG office and this was before the 2008 issue broke out. It wasn't a knee-jerk reaction to the 2008 bond controversy.

He found out that there is resistance to create this office. If you look at the Code of Ethics, the OIG is in the existing code of ethics. So at some point, people realized it could be a way to enforce the Code of Ethics. So he did the preliminary assessment to see if it is viable. The resistance was over money and how it works with the Audit Committee and the Auditor here now.

So he proposed some legislation and the Committee got to hear that. But at the end of the day, it was diluted to a fraud investigator. So how can the Audit Committee and Internal Auditor work with OIG - with oversight, etc.?

Ms. Kerr's resources are very limited, as you know. So he felt they could all come together. When it was heard by Council in the diluted form, the 2008 audit was out there and people were angry.

The Council said it wasn't independent enough because it was still aligned with the Internal Auditor. He was frustrated because he worked on it for about a year.

He asked that it not get bogged down, given the trust deficit we have now. OIG represents an independent arm of the City so he thought we should just take it to the people to decide.

Letting the public determine if it should be a vital part of our government is the ultimate way to do it through a ballot question.

There are other issues. Ms. Kerr just gave a report to Council under the fraud, waste and abuse category. He believed if folks knew we have an independent watchdog with enough resources, that they will report without fear of retaliation. Right now we have a City team to handle them with Ms. Kerr, HR and SFPD (and City Attorney).

Councilor Maestas didn't want to get into specifics but it can be done. Does the community of Santa Fé want that kind of office here now, especially while under this cloud with 2008 park bond? There will be other issues and other complaints. Someone just sent him a photo of two employees sleeping in a city truck. He couldn't validate the allegation based on a picture but there is always this fear.

The Council wants an independent watch dog and that will tie in well with the new hotline. All the intake would be through that hot line. From beginning to end, if we had such a watchdog, we would have a better sense of confidence to call in the reports.

Ms. Brennan said with that history, she made a report to Council and there is not a model for a city our size so it was hard to tell how well it would work. In general, OIGs pay for themselves in savings to the City. They do create some concerns that we can work with in an ordinance in personnel matters because of some aspects of the CBA. Those involve civil rights and tort claims - there are a number of things we would not put in hands of OIG - the ordinance would clean up your ordinances and create a fraud auditor.

She said Councilor Maestas is right that it came up with the 2008 controversy and concern about independence but some of that was confusion about Ms. Kerr's independence. But independence is extremely important to Council. There is also the chicken and egg on the budget. Can we find the money if we approve it now? It got tangled up in a bunch of questions but they were trying to cobble out of that an ordinance to create the OIG. So it was defeated.

Councilor Maestas said this is a conscious effort to regain public confidence and he could not see anything wrong to modify the charter for those stated reasons. He thought this has a good potential to pass. The timing is right. We can establish an ordinance but don't know whether we can get through the independence issue. But the Council wants something much more independent. This qualifies as an extraordinary measure.

Ms. Brennan said they also wanted to get the ordinance in ten days which is not practical.

Member Gonzales asked who would oversee an Inspector General in the City government.

Ms. Brennan said some entities create a Commission to create and hire the IG and some have had

problems with independent IG because they sometimes go off course and create some trouble. Finding a balance is important. In Albuquerque, the Ethics Committee provides a list of candidates and Council makes a decision. This Committee might play a role in it here. It is independence plus accountability.

Member Sommer concluded that there is a perception that the Internal Auditor is not independent.

Ms. Brennan said it is more confusion. It deals with peer review and the dotted line reporting to this Committee. It was more confusion and the circumstances under which it was being heard.

Member Sommer explained she was just figuring out why an IG solves the problem and not an Internal Auditor. The devil will be in the details on different factions. If the Council creates the ordinance that clears it up, she wondered how that would clarify it for the public. She clarified that she is not against it but just does not know.

Ms. Brennan said for the public it is a like a test for public trust. If the answer is no, we work on repairing public trust. She thought the Council will find a balance among the models to do it. It will help with public trust and result in efficiency in a positive way.

Councilor Maestas added that there is another function and it is under enforcement. The Ethics and Campaign Review Board are volunteers and screen the complaints coming in for credibility. If so, it requires hiring an investigator. Some complaints are right during the campaign and that asks the impossible for their nimbleness.

There might be some where they would have to hire an investigator. The office could be the nimble responder. That could be another valuable responsibility of the IG. It is a provision in the Code of Ethics but hasn't been addressed by Council.

Ms. Brennan said that was acknowledged in its creation and was tested in the last election with a whole new set of rules. The code delegates to City Attorney certain powers in disciplinary authority that creates an intrinsic conflict. An outside attorney would have to be hired. There are certain areas but her goal is always to protect the City from liability.

Member Tupler asked if each of the different models were presented to Council.

Ms. Brennan said they were after the election on it.

Member Tupler said there is also implementation. We provide Ms. Kerr with the teeth to do the job. This seems like another layer to ensure the transparency is there so he applauded these efforts.

Ms. Brennan said this would relieve Ms. Kerr of the fraud, waste and abuse burden.

Chair de Schweinitz appreciated what Member Tupler just said. The language is very similar to the language for the Auditor and he was concerned it will erode the role of the Auditor. It would change drastically what this role is to be at some point. Even the FIR mentions that conflict with the City Auditor position so he was worried about that. Having the public weigh in is probably wise at this time but it also brings

problems.

Councilor Maestas said in the previous legislation, he thought it would be for high complaints of fraud, waste and abuse and allow Ms. Kerr=s office to come up with things not associated. Council was going to rename the Department to Accountability and Management to create the efficiency not motivated by risk of fraud, waste and abuse.

Ms. Brennan thought the Auditor might find it helpful to refer some things to IG when appropriate.

Ms. Kerr said in her research she found it is best to keep both separate from each other. We have done a lot to come up with a way to make the Internal Auditor more independent. It would be great to not have fraud, waste and abuse on her plate. But as she read it, it gets rid of Internal Audit to go to OIG.

Councilor Maestas said that isn't on the ballot. We could go in different directions but the question is simple. And if we have a public mandate, we can work together to implement it.

Ms. Brennan added that we could take the time to put the ordinance together.

Ms. Kerr said she would like to see her working side by side with the IG. Separating the two at the beginning would be best. She did not want to see herself out of a job.

Chair de Schweinitz said Audit has a proposed ordinance to increase her independence and they are trying to find a sponsor at present. But this relieved some of his concerns.

Councilor Maestas thanked the Audit Committee members for their volunteer time and he has always espoused the Audit Committee. He just felt this is the right time to weigh in.

Chair de Schweinitz said the Audit Committee is part of the recommending process so it is an action for the Committee.

Councilor Maestas said the Audit Committee=s support would be very helpful.

Ms. Kerr gave a copy of the revised proposed ordinance to Councilor Maestas. The big change to increase independence is that the Audit Committee would appoint the Independent Auditor. Right now, the model we have is based on the Association of Local Government guidelines but the office can be more independent by appointment by a commission separate from city management.

Councilor Maestas thought it would be good to roll them out together.

Ms. Brennan said it would be less confusing to do them at the same time.

Ms. Kerr thought it would be good to ask that on the ballot too.

Ms. Brennan said it was an indirect creation by the charter.

Councilor Maestas and Ms. Brennan excused themselves from the meeting at 3:53.

Chair de Schweinitz asked the pleasure of the Commission: yea or nay or no recommendation.

Member Tupler commented that the genie is out of the bottle on doing away with the auditor position.

Chair de Schweinitz agreed. This other position is much more probing and ferreting out problems.

Member Tupler agreed and the Committee does not want Ms. Kerr spending her time on the day-to-day investigations.

Member Sommer said money has to be an issue and could present a problem for this position and all that has been built. If this passes, then they would have to create an ordinance. She didn't think that has been thought through. There are too many unknowns.

Member Tupler asked if the Audit Committee could be disbanded.

Chair de Schweinitz didn't think so since it is in the charter. He got the sense from Ms. Brennan that everything would be put on hold until the ballot is voted on. That is why we are not getting a stronger response to our ordinance.

Member Tupler thought Councilor Maestas understands now. He thought this will pass and the Committee has some guidance to offer on it and should be proactive with it. He asked what this position was in relation to the auditor.

Ms. Kerr guessed it would be parallel to the auditor.

Mr. Guillen agreed.

Member Gonzales was not sure how she felt about it. Not offering a recommendation would be her preference.

Member Tupler asked what her hesitations were.

Member Gonzales said there is likely some cross over there. She asked what the Committee will do once it is passed.

Member Tupler said it would be funded one way or another.

Member Sommer agreed with Member Gonzales. If the ballot passes, the position would need to happen.

Member Tupler suggested the Audit Committee could be the lead there.

Member Sommer agreed but it might not be time to think through the relationship and what would affect

what.

Member Sommer moved to make no recommendation. Member Gonzales seconded the motion.

Member Tupler wasn't sure that sends the right message. He asked where this action would go.

Chair de Schweinitz briefly explained it.

Member Tupler said it has to be approved by Council. His impression is it will pass if it goes to the public.

Chair de Schweinitz wasn't sure the "no recommendation" means neutral.

Member Sommer was not sure she was opposed to going to the voters but she was opposed if the end result has not been thought through. The voters should get to say what goes on in City government but when issues appear on a ballot, they are not complete, for example, they put a bond issue on a ballot, it has two sentences but 4,000 pages go into it. The reason the voters are upset is because they have expectations based on those two sentences. They have an idea what it will look like but it may not be what Council has in mind.

Member Tupler thought the Committee needed to show some affirmative approach here. We are just approving the two sentences here. It might avoid transparency if we don't support it.

Chair de Schweinitz said it is tough because it will be appealing to the public.

Member Gonzales asked Member Tupler if he was in favor of it.

Member Tupler asked if the Committee could really be neutral on this. He would rather be for it or neutral rather than have no recommendation.

Member Tupler moved to amend the motion to declare our neutrality.

Member Gonzales agreed that sounds better.

The motions were then withdrawn.

**Member Tupler moved to maintain the Committee's neutrality in its recommendation to Council for the charter amendment in referendum solution by Councilor Maestas for Office of Inspector General. Member Gonzales seconded the motion and it passed by unanimous (3-0) voice vote.**

Mr. Guillen excused himself from the meeting.

Chair de Schweinitz asked if the Committee should hold off on the ordinances now.



Member Tupler pointed out that we don't have a sponsor and should just wait.

**c. Completed Audits with the Law 4 Years with Open Findings (Liza Kerr)**

The written report from Ms. Kerr was noted.

**d. Schedule and Status (Liza Kerr)**

The written report from Ms. Kerr was noted.

**7. FURTHER DISCUSSION ON INDEPENDENCE ISSUES AND ORDINANCES**

**a. Update on revised Audit Committee Ordinance (Clark de Schweinitz)**

This item was not considered.

**b. Update on revised Internal Audit Ordinance (Liza Kerr)**

This item was not considered.

**8. INTERNAL AUDIT MATTERS (Liza Kerr)**

**a. Completed Audits within the Last 4 Years with Open Findings**

**b. Schedule and Status**

**c. General Information**

**d. Fraud, Waste and Abuse Hotline Updates**

The Committee noted the written reports from Ms. Kerr.

**e. Contingency Audits Update**

This item was not considered.

## 9. UNFINISHED BUSINESS

There was no unfinished business.

## 10. NEW BUSINESS

### a. Approval of 2016 Meeting Times

Chair de Schweinitz said the meeting schedule for the coming year is in the packet. The meetings are on the first Wednesday of each month except December which will be on December 9<sup>th</sup> instead of December 2<sup>nd</sup>.

**Member Gonzales moved to approve the scheduled meeting dates for 2016 as presented. Member Tupler seconded the motion and it passed by unanimous voice vote.**

### b. Update on Terms of Members

Chair de Schweinitz met with Judge Yalman and she will make appointments. Members continue as members until the Judge makes new appointments or reappoints current members.

## 11. PUBLIC COMMENT

There were no public comments.

Member Sommer noted that the Committee has long agendas and there is not time to get through the agenda. The City needs to provide reports and stick with them. She suggested a consent agenda to speed up the time. That way the Committee can give more attention to the important issues.

Ms. Kerr agreed to work with Member Sommer on having consent agenda included. She added that she would take responsibility for BDD completions.

## 12. NEXT MEETING DATE: Wednesday, November 4, 2015

## 13. ADJOURNMENT

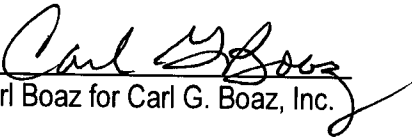
**Member Gonzales moved to adjourn the meeting. Member Tupler seconded the motion and it passed by unanimous voice vote.**

The meeting was adjourned at 4:20 p.m.

Approved by:

  
Clark de Schweinitz, Chair

Submitted by:

  
Carl Boaz for Carl G. Boaz, Inc.