



Agenda

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CITY OF SANTA FE AUDIT COMMITTEE MEETING
CITY COUNCILOR CONFERENCE ROOM, CITY HALL
Wednesday, December 16, 2015, 2:00 P.M. to 4:00 P.M.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF CONSENT CALENDAR**
5. **APPROVAL OF MINUTES**
November 4, 2015 (*Item 1*)
6. **CONSENT CALENDAR**
 - a. External Audits - Completed Audits within the Last 4 Years with Open Findings (Liza Kerr) (*Item 2*)
 - b. External Audits - Schedule and Status (Liza Kerr) (*Item 3*)
 - c. Internal Audits - Completed Audits within the Last 4 Years with Open Findings (*Item 4*)
 - d. Internal Audits - Schedule and Status, (*Item 5*)
7. **REVIEW OF FINANCIAL REPORTS AND OTHER FINANCIAL MATTERS FROM CITY**
 - a. Financial Report (Andrew Hopkins) (*Item 6*)
 - b. CAFR, update (Oscar Rodriguez)
8. **EXTERNAL AUDIT MATTERS**
 - a. Update on Park Bond Audit (Liza Kerr)
9. **FURTHER DISCUSSION ON INDEEDENCE ISSUES AND ORDINANCES**
 - a. Update on revised Audit Committee Ordinance, (Liza Kerr / Clark de Schweinitz / Kelley Brennan)
 - b. Update on revised Internal Audit Ordinance, (Liza Kerr / Kelley Brennan)
10. **INTERNAL AUDIT MATTERS** (Liza Kerr)
11. **UNFINISHED BUSINESS**
12. **NEW BUSINESS**
Bag Tax (Cheryl Sommer)
13. **PUBLIC COMMENT – (5 MINUTES)**
14. **MATTERS FROM CITY ATTORNEY**
Executive Session

In accordance with the New Mexico Open Meetings Act §10-15-1(H)(2) NMSA 1978,
Discussion Regarding Limited Personnel Matters, Relating to the Investigation of Complaints
Made Against Individual Public Employees Via the City's Fraud, Waste and Abuse Hotline.
(Liza Kerr; Kelley Brennan)

15. **NEXT MEETING DATE**
Wednesday, January 6, 2016

16. **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
December 16, 2015

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MINUTES OF THE

CITY OF SANTA FÉ

AUDIT COMMITTEE

December 16, 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 Councilors Conference Room, City Hall, 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
Carolyn Gonzales, CPA
Cheryl Pick Sommer
Marc Tupler

Members Absent:

Others Attending:

Liza Kerr, Internal Auditor
Carl Boaz, Stenographer
Kelley Brennan, City Attorney
State Auditor Sourisseau
Marty Mathisen, Atkinson Accountants
Andrew Hopkins, Finance Department

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

Member Tupler moved to approve the agenda as published. Member Sommer seconded the motion and it passed by unanimous voice vote.

4. APPROVAL OF CONSENT CALENDAR

Member Romero pulled item b for discussion.

Member Sommer moved to approve the Consent Calendar as amended. With item b pulled for discussion. Member Tupler seconded the motion and it passed by unanimous voice vote.

5. APPROVAL OF MINUTES

a. November 4, 2015

Member Romero moved to approve the minutes of November 4, 2015 as presented. Member Gonzales seconded the motion and it passed by unanimous voice vote.

6. CONSENT CALENDAR LISTING

a. External Audits - Completed Audits within the Last 4 Years with Open Findings (Liza Kerr)

c. Internal Audits - Completed Audits within the Last 4 Years with Open Findings

d. Internal Audits - Schedule and Status

CONSENT CALENDAR DISCUSSION

b. External Audits - Schedule and Status (Liza Kerr)

Ms. Kerr said a couple of things didn't get put on her report. The State Auditor accepted the CAFR; they met the deadline and it will go on next month's agenda to review.

Mr. Mathisen joined the meeting at this time.

Member Tupler asked if the CAFR was still confidential.

Ms. Kerr said it will be public by the time of the next meeting. The SWMA and Railyard audits are also completed. She will update that.

Member Tupler asked for a copy of the CAFR.

Ms. Kerr said it will go to Finance and it will be on State Auditor's web site.

The BDD audit will be completed by next time, the CAFR and Railyard will all be reviewed next time. The AAA audit got moved from December to January so the start date is moved. She said she needed to contact Mr. Bulthuis for the Transit Financial oversight audit.

There were no questions and the External Audits Schedule and Status were accepted as presented.

7. REVIEW OF FINANCIAL REPORTS AND OTHER FINANCIAL MATTERS FROM THE CITY

This item was postponed until later in the meeting.

a. Financial Report (Andrew Hopkins)

b. CAFR Update (Oscar Rodriguez)

8. EXTERNAL AUDIT MATTERS

a. Update on Park Bond Audit (Liza Kerr)

Sarah was present to report with Mr. Mathisen.

Mr. Mathisen said Sara is here on-site right now and working on the audit. He reported that it may be complete in two weeks. They are waiting on the City Attorney to give the hierarchy on the bond regulations. They intend to sample 250 transactions and there are a few details they need to hear. It is two-part item - sampling of about 125 items and they also have 120-130 judgmental items in the scope. They selected which ones needed to be looked at.

Mr. Hopkins arrived at 2:13.

Mr. Mathisen said he got an email from David Buccholz. He met with the City Attorney and Mr. Rodriguez to discuss everything they would need. His staff is now testing it and making observations. There is a lot of it on the web site.

Ms. Kerr asked if, depending on what the attorney comes back with, they would need to change the approach.

Sarah said it would not change the approach but we might change some of our decisions from "yes it is okay" to "no, it isn't okay."

Member Gonzales asked if the audit is on schedule. Sara agreed.

Mr. Mathisen agreed but added that they need to keep moving. The records are compiled into books. Payroll in one. CAFR is organized by park.

Ms. Kerr asked if they were finding supporting evidence on the timesheets.

Sarah said they were still waiting on some. Some parks do have good time sheets. It depends on who the supervisor was. Some are not in much in detail. They do have paper but the worker's time does not always indicate the park. They trace it into the G/L. The time sheets might not say where the worker was.

Mr. Mathisen summarized that overall, it looks like 80% of expenditures were capital and 20% was labor.

Chair de Schweinitz asked why they waited until they got the legal opinion.

Mr. Mathisen said the lawyer helped with how to interpret the support for expenses. We have to be done by February 15 and have to keep moving.

Ms. Brennan said she met with David Bucholz for a couple of hours and agreed on the documentation.

The audit Committee went back to Mr. Hopkins's report as he was now present.

7. REVIEW OF FINANCIAL REPORTS AND OTHER FINANCIAL MATTERS FROM THE CITY

a. Financial Report (Andrew Hopkins)

Mr. Hopkins reported they are on track overall. Expenditures are running a little bit low at this point. It is really only the first quarter report. We scaled back to be conservative because it is too early to say it is a trend.

In the one he is working on now (October) he is almost finished. He is seeing a little bit more of a pattern vs. what they were expecting. He is not looking for trends until half-way through the year. It will be more robust and reliable later in the year. Everything else is where they expected.

He said there will be one or two changes on the next report. In September cash was still up in the air. So at the next meeting, the Committee will see a significant change in beginning cash. Also, page 7 will go away. Thanks to strong lodgers' tax, that deficit is going away. They are no longer in a negative projected balance.

Mr. Hopkins explained a form they are using for the projected budget. It has a condensed list and it will have a one-page report with actuals in grey and only see problem funds. There are several funds where the bridging strategy of spending cash has led to negative cash position. MRC and Airport will be on

that list. Grant funds often are negative because there is no reimbursement yet. HUD, CDBG, and others are very slow.

Member Tupler asked if they are eventually all received.

Mr. Hopkins agreed, although they might say something was not allowable but that is rare.

Member Gonzales asked if Finance is getting closer to providing information timely.

Mr. Hopkins agreed. It will have a minimum of a one-month lag.

Member Gonzales said Mr. Rodriguez was working on a monthly close.

Mr. Hopkins said that is still far off. This report was presented to Finance on November 30.

Member Tupler wasn't concerned about the delay in grant reimbursements as long as it would be collected.

Mr. Hopkins said collection is virtually 100%.

He clarified that there is one large cash pool but the money is segregated in the computer. It is deposited in several banks.

Chair de Schweinitz reasoned that eventually, the Committee will get monthly reports but monthly close outs not yet.

Mr. Hopkins said that will probably require additional staff.

Member Gonzales asked, "You are not waiting for the close, are you?"

Mr. Hopkins said no but was waiting for the dust to settle on reconciliations and for bills to come in. Part of it is the high number of line items. Santa Fe has the largest chart of accounts in New Mexico. He explained the accounting is not in pyramid form.

Member Tupler reasoned that it is a list of accounts, not a chart of accounts. We have an ERB looking into a new accounting system that will be a chart.

Mr. Hopkins shared the background of the Enterprise 1 (from Oracle) system. It is about 10 years old but no testing was done when it was purchased.

Member Tupler asked if there is budget for a new system.

Mr. Hopkins said there is not any now but in CIP it will be budgeted.

b. CAFR Update (Oscar Rodriguez)

Mr. Rodriguez did not attend the Audit Committee meeting.

9. FURTHER DISCUSSION ON INDEPENDENCE ISSUES AND ORDINANCES

a. Update on revised Audit Committee Ordinance (Liza Kerr, Clark de Schweinitz, Kelley Brennan)

Ms. Kerr said she has been working hard on it. She didn't include the 4 ordinances in the packet.

Ms. Brennan said she hasn't gone through all of it. The Mayor is interested in dealing with it. Eventually, the Committee will get her comments. She wants to spend time looking at it to see how it will work.

Chair de Schweinitz understood the Committee needs her approval before getting into it.

Ms. Kerr said, "We would not object to going through the best approach possible."

b. Update on revised Internal Audit Ordinance (Liza Kerr, Kelley Brennan)

This was included above.

10. INTERNAL AUDIT MATTERS (Liza Kerr)

Chair de Schweinitz asked about the utility audit.

Ms. Kerr said the utility audit is going well. She spent last week interviewing staff and learning their computer system. They are in a process to convert to a new billing system. They are a year behind on it.

Member Sommer said she has not received a bill and there is none on line to retrieve.

Ms. Brennan said there was a particular problem.

Ms. Kerr agreed. About 3,000 bills were shredded. Diana Catanach is the person to call.

Ms. Kerr has had lots of cooperation with staff, especially Karen Fiorina. The work is still confidential.

Chair de Schweinitz asked how she was doing with Atkinson.

Ms. Kerr said it is going well and they are not taking up too much of her time. And if an issue arises, they come quickly. She also has a good working relationship with the Office of the State Auditor.

11. UNFINISHED BUSINESS

There was no unfinished business.

12. NEW BUSINESS

a. Bag Tax (Cheryl Sommer)

Member Sommer said she was curious about this new source of revenue for the City. At the last meeting, she asked who is overseeing it and where is it going.

Ms. Brennan said the funds collected go to Solid Waste and fees have to be used for inspections, for distribution of plastic bags, etc.

Member Sommer asked what the enforcement is for it.

Ms. Brennan said unfortunately, the City has few staff who can do it. But we have the ability to do an audit.

Member Sommer said she has a SKU for the bag tax but was not charging GRT for the bags.

Ms. Brennan recalled that the business owner retains one cent, which is taxable because it is retailer's revenue. The rest is not taxable.

13. PUBLIC COMMENT

There were no public comments.

14. MATTERS FROM THE CITY ATTORNEY (Executive Session)

Pursuant to the New Mexico Open Meetings Act §10-15-1(H)(2) NMSA 1978, Discussion Regarding Limited Personnel Matters, Relating to the Investigation of Complaints Made Against Individual Public Employees Via the City's Fraud, Waste and Abuse Hotline (Liza Kerr; Kelley Brennan)

Member Sommer moved to go into executive session, pursuant to NMSA 1978, Article 10-15-1 (H) (2) to discuss limited personnel matters. Member Gonzales seconded the motion and it passed

by unanimous roll call vote with Member Romero, Member Tupler, Member Sommer, Member Gonzales and Chair de Schweinitz voting in the affirmative and none voting against.

The Audit Committee went into executive session at 3:02 p.m.

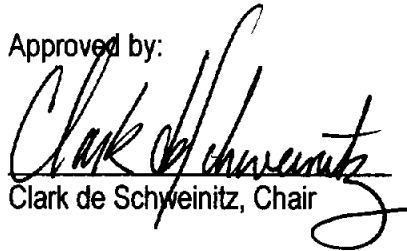
Upon ending the executive session Chair de Schweinitz announce that during the executive session, no actions were taken and the only matters discuss were those allowed under Section 1015-1 (H) (2), NMSA 1978.

15. NEXT MEETING DATE – Wednesday, January 6, 2016

16. ADJOURNMENT

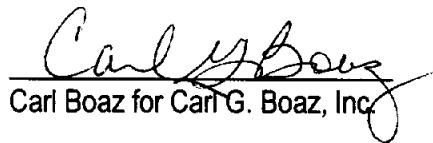
Having completed the agenda and with no further business to come before the Audit Committee, the meeting was adjourned at 4:00 p.m.

Approved by:



Clark de Schweinitz, Chair

Submitted by:



Carl Boaz for Carl G. Boaz, Inc.