



Agenda DATE 1/24/17 TIME 11:50a

SERVED BY Liza Kerr

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**CITY OF SANTA FE AUDIT COMMITTEE MEETING  
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM  
Wednesday, February 1, 2017, 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**  
January 4, 2017 (*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 (**Liza Kerr**) (*Item 4*)
  - d. Internal Audits - Schedule and Status (**Liza Kerr**) (*Item 5*)
- 7. EXTERNAL AUDIT MATTERS**  
Presentation of 2016 Comprehensive Annual Financial Report (**RPC CPA's**) (Hard copy delivered, electronic version available online)
- 8. INTERNAL AUDIT MATTERS (**Liza Kerr**)**  
Genoveva Chavez Community Center (**GCCC**) (**Update**)
- 9. FURTHER DISCUSSION ON INDEPENDENCE ISSUES AND ORDINANCES**
  - a. Update on revised Audit Committee Ordinance (**Clark de Schweinitz**) (**Kelley Brennan**)
  - b. Update on revised Internal Audit Ordinance (**Clark de Schweinitz**) (**Kelley Brennan**)
- 10. UNFINISHED BUSINESS**  
None at this time
- 11. NEW BUSINESS**  
None at this time
- 12. PUBLIC COMMENT – (5 MINUTES)**
- 13. 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, and  
in Conjunction with the Temporary and Seasonal Employees Audit. (**Liza Kerr; Kelley Brennan**)
- 14. NEXT MEETING DATE**  
Wednesday, March 1, 2017
- 15. 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.

**SUMMARY INDEX**  
**CITY OF SANTA FE AUDIT COMMITTEE**  
**February 1, 2017**

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b. External Audits – Schedule and Status		
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8. INTERNAL AUDIT MATTERS		
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9. INDEPENDENCE ISSUES AND ORDINANCES		
a. Revised Audit Committee Ordinance Update	Not considered	4
b. Revised Internal Audit Ordinance Update	Not considered	4
10. UNFINISHED BUSINESS	None	4
11. NEW BUSINESS	None	4
12. PUBLIC COMMENT	None	4
13. EXECUTIVE SESSION - City Attorney	Discussion with Ms. Brennan	5
14. NEXT MEETING DATE:	March 1, 2017	5
15. ADJOURNMENT	Adjourned at 3:45 p.m.	5

**MINUTES OF THE  
CITY OF SANTA FÉ  
AUDIT COMMITTEE**

February 1, 2017  
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  
Al Castillo  
Carolyn Gonzales, CPA  
Barbara Borrego, CPA  
Cheryl Pick Sommer [arriving later]

**Members Absent:**

None

**Others Attending:**

Liza Kerr, Internal Auditor  
Christina Keyes, Treasury Officer  
Kevin Sourisseau, Assistant State Auditor  
Renee Martinez, Assistant City Manager [arriving later]  
Kelley Brennan, City Attorney [arriving later]

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Audit Committee packet is on file in the Finance Department.

**3. APPROVAL OF AGENDA**

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

**4. APPROVAL OF CONSENT CALENDAR**

**Member Borrego moved to approve the Consent Calendar as presented. Member Gonzales seconded the motion and it passed by unanimous voice vote.**

**5. APPROVAL OF MINUTES:**

**January 4, 2017**

**Member Castillo moved to approve the minutes of January 4, 2017 as circulated. Member Borrego 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)**
- b. External Audits - Schedule and Status (Liza Kerr)**
- c. Internal Audits - Completed Audits within the Last 4 Years with Open Findings (Liza Kerr)**
- d. Internal Audits - Schedule and Status (Liza Kerr)**

**7. EXTERNAL AUDIT MATTERS**

- a. Presentation of 2016 Comprehensive Annual Financial Report (RPC CPAs) (Hard copy delivered, electronic version available online)**

Morgan Browning joined the meeting telephonically. He said the presentation at the Finance Committee went well and he would be presenting it to City Council this month.

Chair de Schweinitz said the Audit Committee had a few questions but did not need to go over the whole document. Specifically, they wanted to ask some questions about the Park Bonds resolution and one of the ongoing findings.

Member Gonzales acknowledged Kevin Sourisseau's presence and stated that a key concern was the resolution of the findings for the Park Bond Audit, and how this had been addressed.

Mr. Sourisseau said he would give it a run first. Basically, review of the status of the Park Bond Audit findings was a special audit. There were about nine findings, that the external auditors were asked to follow up on. Those individual findings did not necessarily affect the CAFR. In order to be addressed in the current CAFR, the allegations would have to have affected the past fiscal year only. The allegations brought to the State Auditor's attention went back to 2008 and the majority of the issues were prior to June 30, 2015, or June 30, 2016 except for less than a million dollars carry over. The auditors would only report in the CAFR issues followed up on from the previous year's audit. For the most part, the Park Bonds Audit

findings had been previously resolved. Mr. Sourisseau clarified that if the Park Bond Audit Findings had been findings related to federal regulations, they would have been an issue reportable in the CAFR. Based on his review, there was no such exposure. He agrees that the City, no doubt, was looking for closure.

Mr. Browning said there were responses to the special audit in the record.

Mr. Sourisseau said his office was looking for answers to how and why it happened and what the City was going to do to avoid it in the future. The Finance Director said he would make sure the policy was changed and then, in the audit, to see if there is evidence that it happened. If none had occurred related to bond funds, it would be unresolved, and reported, but if the necessary changes were made. Aside from that, there is not a mechanism for reporting the results of the special audit in the financial audit (CAFR). He added that they would be hard pressed, and it is not usual practice to give a separate report outside of the financial report to provide assurances outside of their [the external auditor's] professional responsibilities and obligations [as defined in their contract with the City to do the CAFR].

Mr. Browning said they followed up on those findings [Park Bond Audit] because it was part of what they were required to do [by the State Auditor's Office].

Mr. Sourisseau said he had not seen a letter that stated it was completely resolved, nor was one required, but that his office was comfortable with the way it was addressed. He could make a recommendation but was not sure it was necessary. The State Auditor's Office is satisfied with the report and its recommendations, and the closure of the Park Bond Audit findings. He added that he had not yet closed the file but it was just a matter of procedure. He was confident that closing the audit would be handled in the course of time.

Chair de Schweinitz asked about resolution of "other accounts" and what they could do about it.

Mr. Browning said there had been questioned raised with finance regarding the -proper accounting for one of the Park Bond findings, but that this had been resolved to everyone's satisfaction. The issue was first raised by Alkinson in their Park Bond Audit.

Chair de Schweinitz said that RPG had done a good job and people were happy with the result. He offered for Mr. Sourisseau to stay if he wished and thanked him for attending.

Mr. Sourisseau made a few comments and felt the City of Santa Fe was going in the right direction.

Ms. Renee Martinez joined the meeting.

Chair de Schweinitz said he had looked back at the findings in previous audits and asked Mr. Browning if he was satisfied with the responses.

Mr. Browning said they do not evaluate the City's responses to say it was a great response or an average response. However, he did feel their responses to the CAFR findings were adequate and addressed the findings. Finance did the adjustment in the fourth quarter that was needed to resolve the Park Bond finding.

Chair de Schweinitz asked if the City's reconciliations were proper.

Mr. Browning said they looked at the closings. In the past, there were reconciliations that had to be done but overall, this year, the closings were done annually and not monthly. In the audit, he didn't state what the best possible control was that the City could have used. It was not a primary audit adjustment. They looked at the internal controls but did not examine their closing process in detail and offer a list of recommendations to keep maximum efficiency. If they found a deficiency in the closing process, they would have identified it. But he didn't note any deficiency in their closing process. They gave no opinion on the efficiency of the closing process.

Regarding the budget overages, there was a finding and it is a common finding for local government audits. Every fund has a budget so each must be reviewed. There are a lot of controls in place to make sure they are not overlooked. Having a budget overage or shortage is often seen as an acceptable risk, as the cost of not having any may outweigh the benefit.

The Committee thanked Mr. Browning for participating in the meeting.

## **8. INTERNAL AUDIT MATTERS**

### **a. Genoveva Chávez Community Center**

This item was skipped because it was discussed in the Executive session.

Ms. Brennan arrived at this time.

## **9. FURTHER DISCUSSION ON INDEPENDENCE ISSUES AND ORDINANCES**

### **a. Update on revised Audit Committee Ordinance**

This item was skipped over, and will be discussed at the next audit committee meeting.

### **b. Update on revised Internal Audit Ordinance**

This item was skipped over, and will be discussed at the next audit committee meeting.

## **10. UNFINISHED BUSINESS**

There was no unfinished business.

## **11. NEW BUSINESS**

There was no new business.

## 12. PUBLIC COMMENT

There was no public comment.

## 13. MATTERS FROM THE 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, and in Conjunction with the Temporary and Seasonal Employees Audit.**

**Member Gonzales moved to go into executive session pursuant to the exemption stated above. Member Castillo seconded the motion and it passed by unanimous roll call vote with Members Gonzales, Borrego and Castillo voting in favor and none voting against.**

The Audit Committee went into executive session at 2:45 p.m.

The Committee returned to open session at 3:45 pm. on a unanimous voice vote.

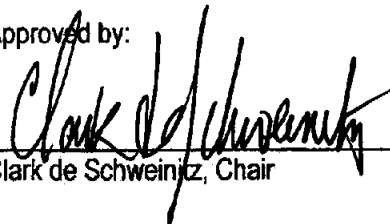
## 14. NEXT MEETING: March 1, 2017

## 15. ADJOURNMENT

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

The meeting was adjourned at 3:45 p. m.

Approved by:

  
Clark de Schweinitz, Chair

Submitted by:

  
Carl Boaz for Carl G. Boaz, Inc.