

1 CITY OF SANTA FE, NEW MEXICO

2 RESOLUTION NO. 2010 – 83

3 INTRODUCED BY:

4
5 Councilor Ortiz
6 Councilor Wurzbarger
7 Mayor Coss
8 Councilor Bushee
9

10 A RESOLUTION

11 CREATING THE CITY AUDIT COMMITTEE AND DIRECTING STAFF TO TAKE
12 CERTAIN STEPS TO FURTHER ENSURE THAT PROPER PROCEDURES ARE
13 FOLLOWED FOR ALL CITY PURCHASES AND PROFESSIONAL SERVICES
14 CONTRACTS.
15

16 WHEREAS, the city employs many accountants, accounting technicians and other
17 financial professionals who ensure that funds are monitored, investments are safe, bank accounts
18 are reconciled, vendor payments are reviewed, and agencies who receive city funds report the
19 status of its programs or projects to the appropriate program manager on a regular basis; and

20 WHEREAS, the city's internal auditor regularly reviews a number of city operations on
21 site and reports to the City Manager any impropriety as to financial and operational procedures,
22 including cash handling and collections, contracts, accounts receivables, daily bank deposits,
23 compliance with federal and state requirements and security of other assets, compliance with
24 generally accepted accounting principles; and monitors at-risk departments or divisions; and

25 WHEREAS, the city's cash management and investment officer completes extensive

1 review and reconciliations of all city investments, interest revenue, and bonds; and

2 **WHEREAS**, city accountants reconcile all bank statements and accounts; and

3 **WHEREAS**, the assistant finance director reviews all bank account reconciliations for
4 accuracy and strictly maintains internal controls for cash, deposits, and expenditures and ensures
5 all payments have appropriate documentation before checks are issued; and

6 **WHEREAS**, city finances are thoroughly audited each year by a private accounting firm
7 that is approved by the Office of the State Auditor; and

8 **WHEREAS**, if audit findings are found, the respective department or division has a
9 certain period of time to address and correct the finding; and

10 **WHEREAS**, the city has adopted a fraud policy that: defines and identifies instances of
11 fraud; ensures that directors monitor every aspect of the department that would indicate possible
12 employee involvement of fraudulent activity or behavior, requires the director to report it to the
13 administration as soon as possible and to take appropriate legal or disciplinary action; ensures that
14 employees, including managers, know what constitutes fraud and to report any suspected cases of
15 fraud; prohibits the purchase of any goods or services from family members who could have a
16 direct financial interest; ensures that any employee who suspects and/or reports fraudulent
17 activity, purchases, hiring or other infractions is protected from any form of retaliation (whistle-
18 blower Protection); and ensures that the accused party is innocent until proven guilty; and

19 **WHEREAS**, the city's purchasing manual prohibits any employee from performing
20 work or hiring contractors that could create a conflict of interest; accepting gifts or gratuities; and
21 implores responsible parties to report any instances of improprieties to the city's administration,
22 among other items; and

23 **WHEREAS**, the State Auditor noted that employee and public tips were responsible for
24 the discovery of many fraud incidents.

25 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**

1 CITY OF SANTA FE that:

2 Section 1. The Audit Committee is established to serve in an advisory capacity.

3 Section 2. NAME: The advisory committee shall be called the Audit Committee
4 (“Committee”).

5 Section 3. PURPOSE: The purpose of the Audit Committee is to advise the City
6 Manager and the Governing Body regarding financial audits and investigations and related
7 policies and procedures in order to promote transparency, accountability, efficiency and
8 effectiveness of city government for the citizens of Santa Fe.

9 Section 4. DUTIES AND RESPONSIBILITIES: The Committee shall:

10 (a) Review and make recommendations regarding reports from the city’s
11 internal auditor;

12 (b) Review and make recommendations regarding the city’s annual external
13 audit;

14 (c) Review the request for proposals for the external auditor and the
15 resulting recommendation for the selection of the city’s external auditor (public
16 accounting firm);

17 (d) Review the city’s preliminary financial reports semiannually;

18 (e) Review and make recommendations regarding the city’s policies and
19 practices and internal controls in place to control the operations, accounting, and
20 regulatory compliance of the city; and

21 (f) Review the findings in the external audit and the proposed plans from the
22 departments for correction of the findings.

23 Section 5. MEMBERSHIP: The Committee shall consist of five individuals
24 solicited and appointed by the Municipal Judge with the advice and consent of the Governing
25 Body. The members of the Committee shall include individuals that have experience and

1 knowledge that would assist the Governing Body in completing the Committee's purpose and
2 who are qualified by training, experience, and ability to exercise sound and practical judgment
3 regarding the duties and responsibilities of the Committee. Of the five members one member
4 shall be a certified public accountant, one member shall be a lawyer or have a law enforcement
5 background and one member shall be a management consultant. Members shall reside in the state
6 of New Mexico. The Mayor, with the approval of the City Council, shall appoint the initial
7 chairperson. The chairperson shall designate the vice chairperson. The chairperson shall serve as
8 chairperson for a period of one year. Following one year of service, the chairperson shall be
9 elected (or reelected) by the members of the Committee. The chairperson may appoint sub-
10 committees and sub-committee chairpersons as needed.

11 Section 6. TERMS: Two of the members shall be appointed for two year terms
12 and three shall be appointed for three year terms. Subsequent terms shall be for three years to
13 maintain staggering of terms. There is no limitation to reappointment. The members shall serve at
14 the pleasure of the Governing Body and may be removed at any time with or without cause.

15 Section 7. VACANCIES: Vacancies shall be filled in the same manner as initial
16 appointments and shall be for the remainder of the term.

17 Section 8. MEETINGS: A quorum shall be at least three members. The
18 Committee shall conduct all meetings in accordance with adopted City policies and procedures
19 and shall use *Robert's Rules of Order* in conducting its meetings. They shall meet at least
20 quarterly and as needed to accomplish the duties and responsibilities of the Committee.

21 Section 9. STAFF: The finance department shall serve as the primary liaison to the
22 Committee unless otherwise designated by the City Manager. Depending upon the issue, other
23 city staff may also be required to assist the Committee.

24 **AND BE IT FURTHER RESOLVED** that the City Manager is directed to:

- 25 1. Review and revise all procurement and purchasing policies based upon

1 recommendations from the Office of the State Auditor.

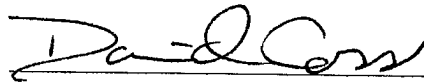
2 2. Post "Whistle-blower Protection" notices in various city offices per the
3 recommendation of the Office of the State Auditor.

4 3. Provide additional training for staff through the Office of the State Auditor on
5 contracting, fraud, audits, procurement, potentials for misappropriation and misuse of funds,
6 supplies, and equipment.

7 4. Establish a mandatory training program (A.C.T. — Accountability, Customer
8 Service and Transparency) for all city employees that will emphasize and ensure that city
9 employees serve the public, safeguard the taxpayer's hard-earned dollars, and take pride in their
10 work.

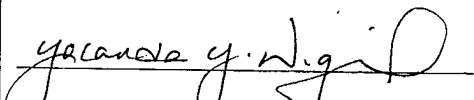
11 5. Study the feasibility of instituting a fraud hotline.

12 PASSED, APPROVED, and ADOPTED this 13th day of October, 2010.

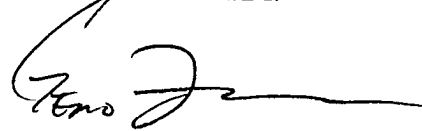
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15 DAVID COSS, MAYOR

16 ATTEST:

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18 
19 YOLANDA Y. VIGIL, CITY CLERK

20 APPROVED AS TO FORM:

21 
22

23 GENO ZAMORA, CITY ATTORNEY

24
25 Jp/ca/jpmb/2010 res/audit committee