



Agenda

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CITY OF SANTA FE AUDIT COMMITTEE MEETING
CITY COUNCILORS' CONFERENCE ROOM
Wednesday, August 7, 2013 - 2:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
 - July 10, 2013 (send in advance & attach) (read in only items that change meaning)
5. REPORT FROM EXTERNAL AUDITORS: Update Timeline & Benchmarks (send in advance & attach)
6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:
 - Status of Audits (Internal Audit) (send in advance & attach)
 - Timeline and Benchmarking for Financial Audit (Finance) (send in advance & attach)
 - Gross Receipts Tax Report, Lodger's Tax Report, and Quarterly Investment Report (Finance)
7. SUB-COMMITTEE REPORTS:
 - Internal Audit, and External Audit, Ordinance Revision
 - Progress of Audit Committee Ordinance;
 - Discussion Regarding Proposed Santa Fe Charter Amendment that would mandate that an Audit Committee be established by Ordinance (Melissa Byers);
 - Discussion Regarding The Provision of an Occasional Report to the Finance Committee Regarding the Ongoing Work of the Audit Committee(Melissa Byers); and
 - Discussion of Internal Audit Ordinance.
8. OLD BUSINESS
 - Discussion of findings and remediation plan regarding parking audit, FMO FTA , and Financial audit, defer to September
9. NEW BUSINESS
 - Presentation of Final Report & discussion of findings and remediation plan of the Data Center Audit.
10. OTHER MATTERS FROM THE COMMITTEE
11. ITEMS TO REPORT TO THE CITY MANAGER
12. NEXT MEETING DATE:
 - Next meeting scheduled on September 4, 2013
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
August 7, 2013

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MINUTES OF THE

CITY OF SANTA FÉ

AUDIT COMMITTEE

August 7, 2013
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 Chair Maurice A. Lierz on this date at approximately 2:00 p.m. in the City Councilors' Conference Room at City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Maurice A. Lierz, Chair
Randy Randall
Clark de Schweinitz, J.D.
Marc A. Tupler

Members Absent:

Hazeldine Romero [excused]

Others Attending:

Marcos Tapia, Finance Director
Liza Kerr, Internal Auditor
Peter Ives, City Councilor
Judith Amer, Assistant City Attorney
Melissa Byers, Legal Division
Marty Mathisen, Atkinson Accountants
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 Finance Department.

3. APPROVAL OF AGENDA

Mr. de Schweinitz moved to approve the agenda, subject to revisions as needs arise. Mr. Randall seconded the motion and it passed by unanimous voice vote.

4. APPROVAL OF MINUTES – July 10, 2013

Mr. Randall suggested that as long as the minutes conveyed the essence of what was discussed he was satisfied. He didn't think the world was going to read them.

Chair Lierz made a correction on page 7 where Chair Lierz stated the city-owned acreage was valued at \$50,000 per acre (not \$500) and was more 10% of the assets.

Mr. Randall moved to approve the minutes of July 10, 2013 as amended. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

Councilor Ives said much of what the Committee wanted to capture were actions taken as well as critical features. That should all be specific in the minutes.

Councilor Ives said Ms. Amer might be detained and it would be best to have her here.

Mr. Mathisen arrived.

5. REPORT FROM EXTERNAL AUDITORS: Update Timeline & Benchmarks

Mr. Mathisen handed out the timeline Draft #3 dated August 7, 2013 and reviewed it with the Committee. He commented that it was getting more populated and becoming more valuable. Last time, the Committee asked to compare his time line with that of Mr. Tapia's.

In the far right hand column he underlined the things that were ready. The single audit he got late. The green meant they had done it. They completed all planning on July 1 except for trial balances. All confirmation letters were out.

They would be here for three weeks this month. The #1 priority was expenditure of federal awards and they were working on that. On page 6 he noted that they did a little self-insurance work.

One change on the last page for Sarah, their on-site manager was that the date should be November 2, not 20.

Mr. Tapia related that the State Auditor had only one person working on the auditor contract. Mr. Mathisen did everything that was required by the State Auditor. There was an issue with Sarah but it had been resolved.

Mr. Mathisen said the contract dates were usually July 1 so it was a necessity to do work before the contract comes back. He knew other firms did it.

Mr. Randall commented that the State had a deadline of December 1 but if we went by the contract approval date it would be impossible to get it done on time. We were lucky Mr. Mathisen was willing to do that.

Councilor Ives thought it might be advisable to document that we haven't got information back from the State. He asked if the City could institute a procedure that would solve this in the future by putting in "subject to appropriation".

Mr. Tapia said certain things happened in the State Auditor's office that auditors had to attend certain things like training. So no matter if the City started in January, it wouldn't matter. The State Auditor did it himself. We submitted the contract on time. We'll find out what to do. We have communicated with them.

Chair Lierz wasn't sure that the Audit Committee should communicate with the State Auditor but understood what the auditor was trying to do and it appeared to be reasonable.

Mr. de Schweinitz said they should address a letter outside of the city responsibility.

Mr. Tapia said he expected contract approval soon.

Mr. de Schweinitz asked if it would hold up capital outlay.

Mr. Tapia clarified that the legislature handled that.

Chair Lierz assumed it would be accomplished within the month.

Mr. Mathisen advised that if it was not accomplished in August to take some action.

Mr. Mathisen returned to his time line report and noted there were some red "No"s as of the new date shown there. For updating the permanent file, someone could do this to give everyone all the new stuff. That one would be low-hanging fruit.

Mr. Tapia said for the findings, it was up to him to report either improvement or that nothing was done. He would look at those and work with Ms. Kerr and have them done prior to October 1. It was just a response to what had been done since the findings were received.

Mr. Mathisen pointed out that last year they had nothing done until they started on October 10. So he thought this was working. It gave the Committee a path to follow. Mr. Tapia had a good schedule also.

Mr. Mathisen brought a few copies on the revised BDD and shared them with Committee members.

Ms. Kerr agreed to email that to all the members.

Chair Lierz asked about the construction audit.

Mr. Mathisen said it was done for FY 11 and 12. There would be one more BDD audit for FY 12. Ms. Garcia sent him some stuff with discrepancies and it was traced to one document. He was now ready to call it final and complete.

Chair Lierz asked him to put "construction" on the cover page because he had already done the operations audit.

Mr. Mathisen said there were no changes to the operational audit but Santa Fé County Commissioner members of BDD didn't accept it because they had just received it. So it was not an exit interview.

Chair Lierz understood it was complete except for BDD Board acceptance. Mr. Mathisen agreed.

Mr. Randall noted on the schedule a few items that didn't have dates on page 2. He asked if they were considered part of all of those budget items on page 3 with a deadline of July 31.

Mr. Mathisen said it slipped so August 31 was the new deadline. He agreed to add those dates to each item.

Mr. Randall said the follow up was outstanding. One thing they looked for was a process during the year that demonstrated that Finance was not just reviewing at the end of year what findings were followed up on but a process to ensure consistent follow up during the year. It would be a process that would hold the manager responsible for those tasks.

Mr. Tapia agreed that was very appropriate for this Committee to ask what had happened with this finding. That was where the Committee could hold him accountable.

Ms. Kerr reminded them there were outstanding findings on the FMO (Transit) report. Mr. Bulthuis did a spreadsheet on them to help her.

Mr. Randall said now that Ms. Kerr was here the Audit Committee was looking forward to have this done.

Mr. de Schweinitz asked if this time line was just for the CAFR. Mr. Tapia agreed.

Mr. Tapia said his time line was an end of year requirement of City staff and the staff were already identified. He explained that Ms. Garcia got called away and had been gone for three days so they didn't have it yet.

Councilor Ives said if necessary, Finance or Council could weigh in to give the Audit Committee backing for timely achievements. That was an offer to stand behind the Audit Committee.

Mr. Tapia said a lot of it was just finance and accounting staff and some staff members were doing more than one job.

Mr. Randall replied that just reporting on the findings would be very helpful. So having a little action from Finance would be helpful.

Mr. Tapia said some of the other committees would be responsible too.

There were no further questions of the auditor.

Chair Lierz amended the agenda to move up the second bullet under #6 in order to deal with the two time tables.

6. STATUS REPORT FROM CITY OF SANTA FÉ AUDIT AND FINANCE DEPARTMENTS

- **Timeline and Benchmarking for Financial Audit (Finance)**

Mr. Tapia said they had to do a lot of busy work to be ready this year. AP and AR have been working hard. They had really good communications going. He and Mr. Mathisen had done quite a bit of emailing back and forth. Mr. Mathisen didn't hesitate if he needed something.

This was a lot more than the Committee saw last time because it was not done by one person but involved his staff. Ms. Garcia tried to do it all by herself but couldn't. Ms. Hausman had never seen this or been part of updating it. That's what we have to break away from. He thought we were doing okay. So this was much more comprehensive. I do some things that I agree with Mr. Mathisen were low hanging fruit that we could knock out.

Chair Lierz asked Mr. Tapia if his schedule included BDD and SWMA.

Mr. Tapia agreed but 90% was CAFR.

Mr. Randall asked if Mr. Tapia could put a date on the report as it changed so the Committee would know what version it was. Mr. Tapia agreed.

Ms. Kerr said she didn't get it until last night.

Mr. Randall asked that it just have the revision date on the report.

Chair Lierz said it should also have "FY 13" on it.

Chair Lierz asked if Mr. Mathisen and Mr. Tapia were in sync. Mr. Mathisen agreed.

Chair Lierz asked Mr. Tapia if the staffing at BDD and SWMA was now helping him get what he needed

Mr. Tapia said yes. Luckily we got a woman who "graduated from State work" as the new BDD Financial Manager. But in Fixed Assets they had a vacancy that needed to be filled. Other than that, staffing was complete.

Councilor Ives asked about SWMA.

Mr. Tapia said part of the problem was that the County was doing their own thing and as a quasi-state agency SWMA did their own hiring and the City had no control over them as they did with BDD.

Councilor Ives would like to know about if they were timely.

Mr. Mathisen said the SWMA audit had been filed on time for the last five years. Angelica was good. That audit would start by October 1 and finish before Thanksgiving. He thought SWMA was set to come in on time for a sixth year.

With BDD they had to do three audits and he would be here three weeks in August and then one in September. He needed to get them done during that time. They could go okay but he needed to think about it.

Ms. Kerr said BDD would send their trial balance to her tomorrow.

Mr. de Schweinitz asked if the City was getting fees for the work they did for SWMA.

Mr. Tapia agreed. They recently asked for an adjustment on one of them and the Council did that.

Chair Lierz asked Mr. Tapia if they were okay except for one position.

Mr. Tapia agreed. He just needed one for Fixed Assets.

- **Status of Audits (Internal Audit)**

Ms. Kerr noted on the BDD (page 3) the schedule said it was scheduled but not issued.

Mr. Mathisen clarified it was just subject to Board approval.

Ms. Kerr understood that for the BDD construction audit, Mr. Mathisen finished FY10 and 11.

Mr. Mathisen said, to the best of his knowledge, they were done.

Ms. Kerr said she would put it on her schedule. She asked when the BDD Board met.

Mr. Mathisen said they met twice a month.

Ms. Kerr said she would put it on the next Audit Committee agenda.

She asked about operations audits.

Mr. Mathisen said they were short one of the audits.

Ms. Kerr said on the CAFR, it said the State hadn't appointed a financial auditor and asked if that was the same with SWMA.

Mr. Mathisen said it was although BDD was included with the City but SWMA was a separate deal.

Mr. Randall suggested instead of saying "TBD" to say "Atkinson submitted - awaiting approval."

Ms. Kerr agreed and hoped it would be approved by next month.

Chair Lierz asked if the Finance Committee approved it.

Mr. Mathisen said they approved it on April 15.

Ms. Kerr went to page 4 and explained that the first set of audits was for the Lodgers' Tax review. She would be meeting with Ms. Garcia in the morning to go over things regarding the Lodgers' Tax review. The RFP had been issued and it was in process now.

Mr. Randall asked if Lodgers' Tax was supposed to be audited annually. Ms. Kerr agreed.

Mr. Tapia explained that they relied on the information the lodgers provided. A staff member reviews it to determine whether it makes sense or not. The City had a lien on one of the hotels and got paid in full this week. But the audits were done at their place of business.

Mr. Randall said, as a former lodger, that knowing there could be an audit gave lodgers an incentive to be as accurate as possible.

Ms. Byers and Ms. Amer arrived at this time.

Chair Lierz noted in the scope the City had a rotational plan and had Committee members on the review team each year and they selected certain hotels each year.

Mr. Tapia agreed and if they found significant discrepancies they might pull them for two consecutive years.

Mr. Randall thought this suggested the City would do three audits.

Ms. Kerr clarified that it would be one audit this time. The City did it annually for high risk hotels and others by random.

Mr. Randall said he and Ms. Romero were that subcommittee.

Councilor Ives said from Council side it was troubling to find out that the City hasn't done these annual audits for three years. It was good to know that was not the case going forward. He knew the Attorney had been aggressively pursuing the collections around Santa Fé.

Mr. Randall pointed out that when the Audit Committee began they kept hearing about new audits and this report didn't exist until Ms. Kerr came on board. The Committee was surprised they had not been done but there was no mechanism for tracking it before.

Chair Lierz agreed and this report had been delegated to Ms. Kerr. The report forces her and the Committee to take a look at the various audits.

Ms. Kerr agreed and she added new ones as she heard about them.

Ms. Kerr continued her report with follow-up on Housing and Railyard.

Chair Lierz clarified the Committee was not trying to get all detail on Housing but dealing with federal lending. The City was not responsible but they had leases with the City so there was a tie-in. The Railyard audit was mandated by the contract as well as annual financial statement to the Finance Director.

Ms. Kerr reported on the next page that she just got the final Transit report that was issued. There were four findings -two of which were significant.

Chair Lierz said the Committee wanted to have the manager come to talk about the problems involved.

Ms. Kerr said the Senior Program was just a brief review and she still needed the final report.

The last page was the Data Center which was ready to be presented today.

Chair Lierz explained that last month the Committee raised the issue that this was just the tip of the iceberg. Mr. Tapia employed a consultant organization to inspect the IT.

Mr. Tapia indicated that Mr. Romero (former City Manager) hired Presidio. They were doing a technical review and should have a report in the next six weeks. The report would be the new IT Director's marching orders.

Councilor Ives was glad to hear that Mr. Tapia was appointed interim IT Director. He would love to see that report when it comes in.

Chair Lierz understood this Presidio contract didn't require a competitive bid and asked if Mr. Romero had to get Finance Committee approval. Mr. Tapia said it didn't.

Councilor Ives hoped they didn't have many of those happening. They start with a \$50,000 budget and then amend it above that.

Councilor Ives saw that two employees were cited.

Ms. Kerr agreed to send a copy to him.

Councilor Ives said the City was under strict guidelines on personnel and that affects IPRA. He hoped Ms. Kerr was coordinating those efforts with the City Attorney since that could expose the City to litigation.

Ms. Kerr said they discussed it with Moss - Adams so he was very attuned to how much exposure we wanted.

Chair Lierz thanked Mr. Mathisen for being here and excused him.

Mr. Randall thought this report was as complete as he had ever seen.

Chair Lierz marveled at number of email communications from Ms. Kerr in coordinating Audit Committee activity.

- **Gross Receipts Tax Report, Lodger's Tax Report, and Quarterly Investment Report (Finance)**

Part of this was considered earlier in the meeting.

7. SUB-COMMITTEE REPORTS

- **Internal Audit, External Audit, Ordinance rescission**
 - Progress of Audit Committee Ordinance

Ms. Amer said they met last week and a draft was prepared by the committee and she prepared another revision. She reviewed the changes she made.

Ms. Amer said Councilor Dominguez was not ready to introduce the internal audit ordinance.

Mr. de Schweinitz thought they should be kept separate.

Ms. Amer agreed. They were in two different locations of the code.

Ms. Byers explained briefly the difference between the external audit ordinance and the internal audit ordinance.

Ms. Amer added that the ordinance for Internal Auditor now reads "after," not "prior to."

Ms. Kerr said they didn't know what change Legal would make.

Ms. Amer said of the pros and cons that if the report was afterward meant the Committee would have input to a City Manager's decision and she not sure if the Council wanted the City Manager to do that. It was just a policy decision.

Mr. Tapia thought it had to be reviewed by the City Manager and the Auditor because it involved personnel.

Mr. de Schweinitz suggested that might just be where they were right now. It was independent.

Mr. Randall said when the internal auditor dealt with personnel matters it would be executive session material. It would make sense for the City Manager to have discussion with the Committee before taking action.

Chair Lierz said regarding "independent" that Albuquerque put in this Inspector General position completely outside of the City Manager. If the Audit Committee disagreed with the City Manager after the fact it was useless.

Councilor Ives said the Council hadn't hesitated to bring in external auditors when needed to ensure that independence. He pointed out that it was more flexible on internal auditor than external audit contract.

Mr. Randall recalled when the Audit Committee began, the internal auditor was totally directed by the City Manager. As soon as the auditor left, there were no changes. That was not independent but an assistant to the City Manager.

Chair Lierz asked Councilor Ives how independent the Council wanted the internal auditor to be.

Councilor Ives said they had seen increased interest in the independent audit principle. The Council talked about a three-year cycle to hit all the departments and they would be done in accordance with GASB. Presuming that Attorney's office were satisfied with no conflict in the hiring and firing.

Ms. Amer added that 5.2 I was in accordance with the City Charter. Right now the City Manager hires and fires all.

Ms. Kerr felt that was a threat to independence so the Audit Committee was a safeguard for that.

Mr. Randall reminded them the Audit Committee could recommend but Finance or Council would approve it.

Chair Lierz said the Committee just wanted input to the City Manager before it happened. How that was accomplished, Council could deal with it. That didn't take away the authority of City Manager.

Councilor Ives would be glad to explore with the Committee what the Charter Commission recommended. We have proposed changes to that which some have called "a strong mayor proposal."

- Discussion Regarding Proposed Santa Fé Charter Amendment that would mandate that an Audit Committee be established by Ordinance (Melissa Byers)

Ms. Byers handed out proposed changes.

Mr. Randall said it would affect a whole lot of ordinances.

Councilor Ives said the Charter Commission had already submitted their final report to Council and it was on line.

Chair Lierz said the Committee liked what Councilor Ives proposed.

Councilor Ives had no problem with the Audit Committee's input but the City Manager had to have the authority. He would propose that change if it was legal.

Ms. Amer understood the Audit Committee want to have a meeting with the City Manager before the decision was made by the City Manager. Even if it was in executive session he could meet with the Committee.

Mr. de Schweinitz said it would mean the Committee would have a chance to comment.

Chair Lierz added that the Committee didn't need to see files but would have their own opinion.

Mr. Randall asked if it would benefit the City Manager because he might have a glowing evaluation but performance was otherwise.

Ms. Amer noted with the statute now, the City Manager could fire the auditor and notify the auditor afterward. So they were talking about changing that in both ordinances.

Chair Lierz reasoned that the key for the Council and the Mayor was the issue of transparency and how that was transmitted to the public. That was why clarity to the City Manager was important.

Councilor Ives said in the greater name of transparency we could consider everything to some degree. There were things that didn't involve auditing functions like insubordination.

Mr. Randall understood but pointed out that someone could interpret independence as insubordination. If the City Manager kept pulling the auditor to do errands, that was where the Committee would want to have the conversation.

Councilor Ives said it could be perceived differently by others. He liked the phrase "generally accepted auditing standards."

Ms. Kerr thought there might be good language in the standards.

Mr. Randall said they were advisory only so the City Manager would know when the Committee disagreed.

Ms. Kerr quoted some threats to independence from the standards, section A-3.08

Mr. de Schweinitz suggested a recommendation "as per charter as amended."

Councilor Ives saw one of budget being a threat.

Ms. Kerr said that was why she had her own budget and was required to have certifications which needed to be budgeted.

Mr. de Schweinitz thought it sounded like Councilor Ives would like to talk with the City Manager on it.

Councilor Ives agreed. He wanted to honor the commitment of the Committee and had a high confidence of the Committee doing its job. They would also look at changes to the internal auditor ordinance.

Chair Lierz asked about timing in order to not do a rush job.

Councilor Ives pointed out they might never get the product everyone wanted but he would get back with the subcommittee. They would probably have inputs for the Charter Commission.

Mr. de Schweinitz mentioned a change regarding the cash, investments and loans section.

Chair Lierz thought the language was improved. It was broader.

Mr. de Schweinitz said on first page they should add "independent" to B.

Ms. Amer said that was already supposed to be crossed out and added to section B.

Mr. de Schweinitz asked if it was okay to keep section H in.

Mr. Randall asked if the Committee could the Committee suggest being assured to have at least one representative.

Ms. Amer suggested "no more than two."

Mr. Randall thought "at least one" was better.

Ms. Amer agreed.

Councilor Ives said he supported term limits for not only Council but also committee members.

Mr. de Schweinitz said he and Mr. Tupler would be willing to meet with Councilor Ives for further changes.

Mr. Randall suggested having Ms. Kerr send the revised proposed ordinance out and all members could indicate concurrence.

Ms. Amer said that constituted a rolling quorum and the Open Meetings Act didn't allow that.

Ms. Kerr agreed to just send it individually to the subcommittee.

Chair Lierz asked for a motion on the Audit Committee ordinance - to have the subcommittee continue their work on it and advise what their recommendation was to be shared in email to be informed.

Mr. Randall moved to approve this recommendation subject to subcommittee being satisfied with the changes on item D. Mr. de Schweinitz seconded the motion and it passed by unanimous voice vote.

Mr. de Schweinitz asked Councilor Ives if the schedule was okay.

Councilor Ives agreed. We'll do it post haste.

Ms. Amer pointed out that if they changed D they would have to change the internal audit ordinance. She had made changes to that and they could talk about it next time.

Ms. Byers said Councilor Dominguez didn't want to go forward with it but she did need to change it.

Councilor Ives said he would coordinate it with Councilor Dominguez in order that it could go forward.

Ms. Amer understood the motion was just to amend that one section to make it conform to paragraph D. That part was (in Commissioner Dominguez's bill) 2-22.4 part D and was on page 4 of Ms. Kerr's draft. Ms. Amer read it to the Committee.

Ms. Kerr said that wording came right out of the ordinance on hiring of the internal auditor and then in C it was mirrored.

Councilor Ives suggested that Ms. Amer could reference that.

Mr. Tupler clarified that the Committee just wanted it to be consistent.

Councilor Ives thanked the Committee for their work.

Mr. Randall thanked Councilor Ives for coming and invited him to visit anytime in the meetings.

- Discussion Regarding the Provision of an Occasional Report to the Finance Committee

Mr. de Schweinitz knew Ms. Byers was going to talk about occasional reports and asked if they should defer that now. He said the Committee had talked about having a report at the second Finance Committee meeting each month.

Mr. Tapia found the report on status of audits was extremely useful and one thing they had never seen. The Finance Committee didn't understand how many audits the City must do.

Councilor Ives said he would love to see all of those reports.

Mr. Tapia said he would like Finance Committee to see this so they could understand how much work Ms. Kerr was doing.

Chair Lierz said they put together a summary report that listed all of them. Maybe they could distill the meeting report to bring it into Finance's universe. It should be done in written form and Committee members would be there to answer questions.

Ms. Amer agreed and if the Finance Committee understood all that the Audit Committee did, the better everything would be.

Mr. Tapia said they keep talking about third party audits but third party costs money.

Chair Lierz would like to add Presidio to the report to Finance as a separate category.

Councilor Ives thought Presidio sounded more like a consultation.

Mr. Tapia agreed. It was not an audit.

Ms. Amer and Ms. Byers left the meeting at 4:12.

- Discussion of Internal Audit Ordinance

This item was considered earlier in the meeting.

8. OLD BUSINESS

- **Discussion of findings and remediation plan regarding parking audit, FMO FTA, and Finance Audit defer to September**

This item was considered earlier in the meeting.

9. NEW BUSINESS

- **Presentation of Final Report and discussion of findings and remediation plan of the Data Center Audit**

Mr. Randall said this report had all but comments from management and the response was very appropriate (page 36).

Ms. Kerr said she had to evaluate the response starting on page 22. Her evaluation started on page 24.

Chair Lierz asked if she had filed it with the City Manager.

Ms. Kerr said she didn't She was presented it to this Committee and then the Finance Committee on the 19th. She provided a brief overview of it for the Committee noting the table on expenses and estimated time to make the changes. There were eight findings in the report. Her evaluation of Finding 2 was on page 27 and Finding 3 was on page 29. Finding 4 was on page 32.

Mr. Randall explained the management response was their promise to resolve the deficiency.

Mr. de Schweinitz thought they should focus on Finding 5.

Ms. Kerr's evaluation of Finding 5 was that it was marginally adequate. She questioned if he(?) Was really going to do it.

Mr. Randall thought her evaluations were right on.

Mr. Tupler suggested "conditionally adequate."

Ms. Kerr liked that language. She suggested approval be conditional.

Mr. Randall moved to recommend that Ms. Kerr proceed with this report as the Committee modified it and with possible modifications by Ms. Romero. Mr. Tupler seconded the motion.

Mr. Tapia wanted to change "Finance Director."

Mr. de Schweinitz asked that J.D. be put after his name.

The motion passed by unanimous voice vote.

Mr. Tapia reported that the GRT and Lodgers Tax revenues had slight increases. But by budgeting them level it was starting to work a lot better.

Ms. Kerr left the meeting to catch the train.

10. OTHER MATTERS FROM THE COMMITTEE

Chair Lierz did an update on Los Alamos National Laboratory and handed out the report. His conclusion was that LANL didn't have a negative impact on Santa Fé.

Chair Lierz handed out an op-ed piece from the Economist on July 27, 2013 and underlined the term "spiking".

Mr. Tapia said that can't happen here because there was no overtime except for the SWAT team and the dog handlers.

Chair Lierz said Mr. Tapia needed to include that for bonding issues.

Mr. Tapia noted that this bonding rating started out with Moody's who hadn't done anything with the City since 2008. They did a special assessment and came out with a rating that we were the worst ones. We went back in April. The pension advisors said it was too high. We asked for a retraction. Then Detroit happened who did their own pensions. Santa Fé didn't. Moody's did put out a new report that was much better but it was still very wrong. They did acknowledge the information from April was wrong but would not retract their report.

PERA told Moody's that it was irresponsible that they put this out. They didn't do their due diligence. Moody's said they didn't care; it was their opinion.

He added that the City did very well on the bond request. Standard and Poor's came up with a different conclusion. It hasn't affected us yet.

11. ITEMS TO REPORT TO THE CITY MANAGER

There were no items to report to the City Manager.


12. NEXT MEETING DATE: September 4, 2013 at 2:00 p.m.

13. ADJOURNMENT

Mr. Randall moved to adjourn the meeting. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 4:55 p.m.

Approved by:



Maurice Lierz, Chair

Submitted by:



Carl Boaz, Stenographer