



Agenda

**CITY OF SANTA FE AUDIT COMMITTEE MEETING
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM
WEDNESDAY, JULY 10, 2019
2:00 P.M. – 4:00 P.M.**

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA**
- 4. APPROVAL OF AUDIT COMMITTEE MINUTES**
June 5, 2019 Meeting
- 5. NEW BUSINESS**
 - **Presentation of FY 16 and FY 17 Lodgers Tax Agreed Upon Procedures Report – Clifton Larsen Allen**
 - **Progress Report on Procurement Audit – Mary McCoy**
- 6. OLD BUSINESS**
 - **Continue discussion on 2019-2020 risk assessment approved by audit committee – 3 year plan**
- 7. PUBLIC COMMENT**
- 8. MATTERS FROM STAFF**
- 9. MATTERS FROM COMMITTEE**
- 10. NEXT MEETING DATE – To be determined**
- 11. ADJOURNMENT**

**Persons with disabilities in need of accommodations,
Contact the City Clerk's Office at (505) 955-6520 five (5) working days prior to the meeting date**

<p>RECEIVED AT THE CITY CLERK'S OFFICE DATE: <u>July 3, 2019</u> TIME: <u>11:48 AM</u></p>

SUMMARY INDEX
CITY OF SANTA FE AUDIT COMMITTEE
July 10, 2019

<u>ITEM</u>	<u>ACTION TAKEN</u>	<u>PAGE(S)</u>
1. CALL TO ORDER		1
2. ROLL CALL	Quorum Present	1
3. APPROVAL OF AGENDA	Approved	1
4. APPROVAL OF MINUTES June 5, 2019	Approved	1
5. NEW BUSINESS		
• Presentation of FY 16 and FY 17 Lodgers Tax Agreed Upon Procedures Report	Discussion Only	2-3
• Progress Report on Procurement Audit	Discussion Only	3
6. OLD BUSINESS		
• Continue discussion on 2019-2020 Risk assessment approved by audit committee – 3 year plan	No Discussion	3
7. PUBLIC COMMENT	None	3
8. MATTERS FROM STAFF		
• Agreed Upon Procedures – Transit	Discussion Only	3-4
• RFP for Internal Audit Services	Discussion Only	4
9. MATTERS FROM THE COMMITTEE	None	4
10. NEXT MEETING DATE:	August 7, 2019	4
11. ADJOURNMENT	Adjourned at 3:09 pm	4

**MINUTES OF THE
CITY OF SANTA FÉ AUDIT COMMITTEE
JULY 10, 2019**

1. CALL TO ORDER

A regular meeting of the City of Santa Fé Audit Committee was called to order by Stephanie Woodruff, Chair, on this date at approximately 2:05 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:

Stephanie Woodruff, Chair
Mary Ellen Erpelding-Chacón
Paul Margetson – Arrived at 2:08 pm
Cristina Mulcahy – Left at 3:00 pm

Members Absent:

Al Castillo [excused]

Staff Attending

Christina Keyes, Treasurer Officer
Mary McCoy, Finance Director
Debra Harris Garmandia

Others Attending:

Ryan Jones, CLA
Jeff Roybal, CLA
Melissa Byers, Stenographer

3. APPROVAL OF AGENDA

MOTION: Member Erpelding-Chacon moved, seconded by Member Mulcahy, to approve the agenda.

VOTE: The motion was unanimously approved by voice vote. Member Margetson was not present for the vote.

4. APPROVAL OF MINUTES: June 5, 2019

The minutes of the June 5, 2019 meeting were distributed by Director McCoy and are attached hereto as Exhibit "1".

MOTION: Member Erpelding-Chacon moved, seconded by Member Mulcahy, to approve the minutes of June 5, 2019.

VOTE: The motion was unanimously approved by voice vote.

5. NEW BUSINESS

- **Presentation of FY 16 and FY 17 Lodgers Tax Agreed Upon Procedures Report – Clifton Larsen Allen**

Ryan Jones of Clifton Larsen Allen (“CLA”) introduced himself as the director for the City of Santa Fe Financial Audit for the year ending June 30, 2019. He also assisted on the transit procedures which CLA also performed.

Jeff Roybal of CLA introduced himself. He stated that he worked on the City audit the last two years. He will be the senior in the engagement again this year. He worked on the Lodgers Tax as well as the transit piece. A copy of the *City of Santa Fe Lodgers Tax Independent Accountants’ Report on Applying Independent Procedures June 30 2017 and 2018*, attached as Exhibit “2” was handed out to the Committee members.

Mr. Roybal and Mr. Jones presented the report to the Committee which included what they performed and the results of the procedures.

Member Margetson asked if CLA gives an opinion on their findings.

Mr. Jones responded that opinions are reserved for audits. In order for CLA to give an opinion, there would a lot more leg work to perform. They could have arrived at an opinion but that’s not what they were engaged to do.

Mr. Margetson asked why the Committee is looking at these records a year later.

Mr. Roybal responded that it was his understanding that the City was behind on Lodgers Tax and that was a finding in the compliance report.

Member Margetson asked if the City’s commissioned anyone to this review for the next fiscal year.

Director McCoy responded that CLA has been retained to perform the reviews for the next two fiscal years 2018 and 2019.

Christina Keyes, City Treasurer, stated that by the end of this fiscal year, they should be caught up.

Member Erpelding-Chacon asked why the City was off-track.

Ms. Keyes responded that initially they had contracted with Baraclough and Associates to do the FY 15 and 16 and Baraclough backed out midway through 16.

That was prior to her employment with the City so she does not know why they backed out.

Chair Woodruff stated that the good news is that there's not much of a variance.

Member Erpelding-Chacon asked how AIRBNB and VRBO would be audited.

Mr. Roybal responded that in the past, they've worked with the vendors to get the required reports.

Member Margetson asked if the City receives reports from AIRBNB and VRBO that lists their members.

Ms. Keyes stated that the City just started the arrangement with AIRBNB and VRBO and this is something they need to discuss with them.

- **Progress Report on Procurement Audit – Mary McCoy**

Director McCoy stated that the City is engaged with CICN for performance review of the City's procurement and accounts payable procedures. John Olenberger is the lead from CICN. She has a draft of the management responses for his findings. Ms. McCoy and Chair Woodruff spoke with him earlier in the day to clarify some of the points that were needed by him. There are still initial interviews that he has to conduct with certain staff members. He has already conducted interviews with other staff members. In addition, we have asked him to meet with the partners of the McCard Accounting Firm that did the 2017 fraud risk assessment for the City. The goal of the City and CICN is to have the report done by the August Audit Committee meeting.

6. OLD BUSINESS

- **Continue discussion on 2019-2020 risk assessment approved by audit committee – 3 year plan**

There was no discussion on this item.

7. PUBLIC COMMENT

There were no public comments.

8. MATTERS FROM STAFF

- **Transit Agreed Upon Procedures – CLA**

A copy of the *City of Santa Fe Agreed Upon Procedures June 30, 2018* for the Transit Division was handed out to the Committee members and is attached hereto as Exhibit "3".

Mr. Roybal and Mr. Jones of CLA presented the report to the Committee.

Member Margetson asked if the Committee is going to see this type of report again next year.

Mr. Roybal responded that this type of report is required every ten years.

- **Draft RFP for Internal Audit Services**

A copy of the *City of Santa Fe Finance Department "Request for Proposals" Internal Audit Services July X, 2019*, was handed out the Committee members and is attached as Exhibit "4"

Ms. Harris-Garmandia presented the draft RFP to the Committee and explained the changes that were made from the last time the Committee reviewed the RFP.

Ms. Harris-Garmandia asked for the Committee's input regarding the evaluation criteria and weighted value. She stated that she had increased the experience and qualification to 40% and everything else is at 20%. Her question to the Committee is whether 40% is accurate or should it be 50% and possibly restating the other percentages.

Chair Woodruff said that maybe the schedule, availability and time frame could be reduced to 10% and the other 10% go to the approach so that it is 30%.

Director McCoy stated that they want to post the RFP on July 15, 2019.

9. MATTERS FROM THE COMMITTEE

There were no matters from the Committee.

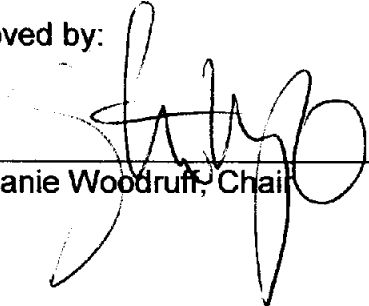
10. NEXT MEETING DATE

The next meeting date will be on August 7, 2019 at 2:00 p.m.

11. ADJOURNMENT

Upon motion by Member Erpelding-Chacon, and second by Member Margetson, the meeting was adjourned at 3:09 p.m.

Approved by:


Stephanie Woodruff, Chair

Submitted by:

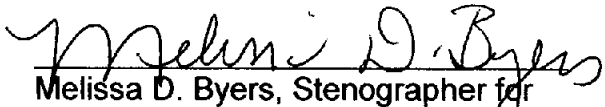

Melissa D. Byers, Stenographer for
Byers Organizational Support Services

EXHIBIT 1

SUMMARY INDEX
CITY OF SANTA FE AUDIT COMMITTEE
June 5, 2019

<u>ITEM</u>	<u>ACTION TAKEN</u>	<u>PAGE(S)</u>
1. CALL TO ORDER		
2. ROLL CALL	Quorum Present	1
3. APPROVAL OF AGENDA	Approved as presented	1
4. APPROVAL OF MINUTES May 15, 2019	Approved	2
5. NEW BUSINESS		
a. Procurement Audit Progress Report	Discussion	6-7
b. Presentation: Public Utilities Division	Presented by Shannon Jones	5-6
6. OLD BUSINESS		
a. Risk Assessment Discussion	Discussion	6
7. PUBLIC COMMENT	None	8
8. MATTERS FROM STAFF	None	8
9. MATTERS FROM THE COMMITTEE	None	9
10. NEXT MEETING DATE:	July 10, 2019	9
11. ADJOURNMENT	Adjourned at 3:13 p.m.	9

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

June 5, 2019
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 Member Stephanie Woodruff, 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:

Stephanie Woodruff, Chair
Al Castillo
Mary Ellen Erpelding-Chacón
Paul Margetson

Members Absent:

Cristina Mulcahy [excused]

Staff Attending

Christina Keyes, Treasurer Officer
Mary McCoy, Finance Director.
Brad Fluetsch, Finance Planning and Reporting Manager

Others Attending:

Shannon Jones, Public Utilities Division Director
Carl Boaz, Stenographer

3. APPROVAL OF AGENDA

MOTION: Member Castillo moved, seconded by Member Margetson, to approve the agenda as presented.

VOTE The motion was approved on a unanimous (4-0) voice vote.

4. APPROVAL OF MINUTES:

a. May 15, 2019

Member Margetson said he did not second the motion on page 3 to approve the April 3, 2019 minutes. It was Member Erpelding-Chacón.

MOTION: **Member Castillo moved, seconded by Member Erpelding-Chacón, to approve the May 15, 2019 minutes as amended.**

VOTE: **The motion was approved on a unanimous (4-0) voice vote.**

5. NEW BUSINESS

a. Progress report on Procurement Audit B John F. Olenberger, CPA, Colorado Independent Consultants Network, LLC

Mr. Olenberger was not present in person or by telephone.

Director McCoy reported they have not made much progress on it.

The report was postponed to next month.

b. Presentation B Public Utilities Division Director B Shannon Jones

Director Jones handed out an org chart for Public Utilities and said the Admin section in lighter blue was his core team. The Procurement Officer is also an assistant with Procurement Division, and she works in the Purchasing Office but is funded by PUD because they do a lot of procurements. The portion in yellow are the divisions within PUD of Water, Wastewater, Environmental and Billing.

Member Margetson noticed a lot of vacancies and asked if it is hard to fill them.

Director Jones said the whole division has over 250 positions. He would like to have a higher filled percentage, but it is a challenge, and many are specialized. That brings down the pool to choose from. The City tries to grow them if they cannot find those who are certified. And one vacancy will ripple through as promotions occur. He would like to get up to 85% filled from the current 80%. He did not know the turnover rate, but people do retire regularly, and he does a good job on retention.

Member Margetson asked what kind of positions are vacant.

Director Jones said water treatment staff have certain levels of certification. The Department does automated meter reading through a phone call report once a day with hourly reads. And that data comes into the system. The utility billing includes water, wastewater and environmental. There are two costs - monthly service fee to cover fixed

costs and a variable charge - that could fluctuate but monthly service charge should not fluctuate.

Member Margetson asked if material taken to the recycling center is going to the landfill or China.

Director Jones said, "All of those." He explained that SWMA Board is a joint board and environmental services go there. Public Utilities picks it up and transfers it to SWMA. Director Randall Kippenbrock is located near the land fill site on the west side and the Buckman Transfer Station on old Buckman Road.

Member Margetson asked if Albuquerque takes some of our recycling now.

Director Jones said Albuquerque takes the recycling. The contract was just awarded to a different firm now. There is equipment to sort recyclables at the land fill center. Some new standards from China now means we need to separate types of materials.

Director Jones said they now have lots of water coming down from all four sources. The reservoirs are approaching 100% full and he does not want to see the water running down. They rotate through, running the equipment periodically to keep it maintained. The challenge is what the right thing is to do.

Member Margetson asked if that means we are in good shape with water.

Director Jones said Santa Fe definitely has a robust water supply, but our conservation work is not done.

Member Margetson asked if Director Jones has been here a long time.

Director Jones said he has been with the City a little over 20 years and just completed his first year as Division Director.

Member Margetson asked how debts are handled on water bills.

Director Jones said they keep within the industry standard. They manage the aging accounts and there is not just one thing that fixes it. Managing data is also important. We do have recourse if an account is with water. We can turn off the water but can't stop wastewater and environmental service. We file liens on property, and have it automated now. We also work closely with the Santa Fe County Assessor. We now put the liens in batches of 50 to be efficient and save by having them under the same \$20 fee. It really affects people when they try to do something with their property.

Member Margetson asked about people whose water was turned off.

Director Jones was sure there are people with their water turned off. Some people have private wells. We run about 34,000 water accounts. So most people have water.

Member Margetson understood PNM and NMGS have a place to donate for someone else who cannot pay their bill. It can go toward the bad debts. He asked if that has come up before.

Director Jones said it has not, but they do work with low-income people on it.

Mr. Fluetsch said they can donate to the Santa Fe River Fund.

Director Jones agreed but it is not applied to the debt.

Chair Woodruff asked if Public Utilities was involved in the recent risk assessment.

Director Jones agreed.

Chair Woodruff asked if Public Utilities has adequate financial resources.

Director Jones said the risks do keep one up at night. Nothing alarming but there is potential for fraud and that needs constant monitoring of internal controls. We are constantly finding ways to do that better. July 1 is when cash handling will be moved under a Senior Financial Analyst and fall within Administration. We need to keep that monitored and the assessment should never go away.

Chair Woodruff asked if their budget is adequate.

Director Jones said that is a loaded question. We just did a cost of service last year and now taking on rate structures for how it is distributed across the classes. The Task Force has met once and will be looking at it and determine what tweaks are needed. He wanted to do a cost of service study every 3 years for how it serves our needs.

Wastewater just did a series of increases, so he believed it is in a good place.

This is first time we went for bonding and the bonds came in at AA+ rating. And we are making sure they are sound investments. Having the capital available is helpful when that opportunity comes up.

Mr. Fluetsch added that Public Utilities is probably the most profitable of all enterprise funds for the City.

Member Castillo asked if the City receives profit from the utilities.

Mr. Fluetsch explained that there is a franchise fee that Water pays the City.

Director Jones said the franchise fee is about 4% for about \$2 million annually.

Mr. Fluetsch said they also bill the departments for their services by assessment; not an invoice.

Member Margetson understood commercial properties, especially hotels, have a higher water rate and bear a higher burden.

Director Jones said that is what the Task Force is looking at - what it costs us to provide water to commercial users.

Member Margetson was amazed that, in spite of our growth, our use has not increased.

Director Jones agreed. There has been a reduction in water use over 10-15 past years. We incentivize people to use less water - even more with wastewater reduction. He explained how the system produces recycled water and where it is used afterward. The majority of treated effluent is used in irrigation.

Councilor Romero-Wirth joined the meeting at 2:40 p.m.

Member Castillo asked if there were no wells at reservoirs.

Director Jones agreed. The City has two well fields. One is east of town and Buckman on the west side of town. Santa Fe leads the area with conservation. The next 5-year conservation plan will be wrapped up soon.

Member Erpelding-Chacón thanked the City for the water app. It tells her if there is a leak upstairs at her home.

Director Jones thanked her for using it.

Member Castillo noted in the risk assessment, one top item was failing infrastructure and that is something we are not that aware of because it is all over the City. How serious a problem is it?

Director Jones said it is not so much because of collapse but because of the projects at \$1.6 million per year and one is our primary placement service. \$1.3 million has been spent each year on water infrastructure. We look at high impact crossings and find those risks when there is a collapse of an easement or an intersection. We now have technology to line the pipe.

Utilities tries to go in before roads are paved.

We are finalizing an asset management plan for the Water Division. The ultimate goal is to manage infrastructure and mitigate those issues.

Member Margetson thanked him for his tremendous work.

Director Jones said they typically enjoy what they do.

Chair Woodruff thanked Director Jones for his presentation and called it very impressive.

6. OLD BUSINESS

a. Continue discussion on 2019–2020 risk assessment approved by audit committee B 3 year plan

Chair Woodruff asked for any comments on the 3-year plan.

Member Castillo asked when the Committee could expect a report.

Director McCoy didn't think Public Utilities Department was in the audit plan.

Member Erpelding-Chacón said it is #6 in the audit plan.

Member Castillo added that we do see some digging going on.

Chair Woodruff said in proposed plan for 2020, public utility effectiveness is included. The focus is on billing, collections and customer service calls. They estimated 250 hours for the audit.

Chair Woodruff asked about the status of the RFP.

Director McCoy shared the schedule and pointed out that Audit Committee makes a recommendation to Council. She also built in time for any Audit Committee comments on the RFP. The Scope of Work has the standard clauses.

Member Castillo asked if any Committee members would sit on the interview panel.

Director McCoy agreed.

Chair Woodruff said she would be there.

Director McCoy said Audit Committee members will participate both in interviews and in evaluations. She recommended members review pages 9 - 12, which is the

scope of services, pages 13-14 which are the submittal requirements and page 15 has the evaluation criteria. She added that the City could select more than one company for the work.

Member Margetson was surprised with the monetary cost.

Chair Woodruff said typically, the cost has the experience of the auditor already built in. Reasonable cost (not just the lowest) is the aim. She felt the items were pretty complete and it was just how they are weighted.

Director McCoy pointed out that this is not the same format as used last time.

Chair Woodruff said the Committee will approve it finally at the July meeting.

Director McCoy agreed to send any changes in electronic format.

7. PUBLIC COMMENT

There were no public comments.

8. MATTERS FROM STAFF

There were no matters from Staff.

9. MATTERS FROM THE COMMITTEE

Member Castillo asked if the members found the presentation helpful.

Everyone agreed.

Director McCoy said it gives all members the opportunity to have a common denominator in operations and further inform your Committee business. The Finance Committee has very focused questions and will email them beforehand. That could be done that way by the Audit Committee.

Chair Woodruff said it sounds like Public Works should be next. They probably have the information already at hand, since we don't have an internal auditor staff person. AWe are in this together.@

Member Castillo asked for Public Works to present next time.

Mr. Fluetsch said that Department is enormous. It has Engineering, Streets and Maintenance that go hand in hand. Transit covers all transportation issues. Facilities includes all structures the City has.

Member Erpelding-Chacón asked about Fleet Management.

Mr. Fluetsch said Fleet Management is included in the Finance Department.

The Committee discussed which parts could be grouped together. They chose Streets, Engineering and Parking to be included, or also Transit.

Member Margetson mentioned the Airport, too.

Director McCoy agreed to arrange it for the July meeting.

Member Castillo asked if Councilor Romero-Wirth was on the mailing list and she said she was.

Member Castillo suggested having the City Attorney=s Office present in September.

10.NEXT MEETING DATE

The Committee decided to change the normal meeting date and to meet on the second Wednesday in July, on July 10, 2019, at 2:00 p.m.

9. ADJOURNMENT

Upon motion by Member Margetson, and second by Member Castillo, the meeting was adjourned at 3:13 p.m.

Approved by:

Stephanie Woodruff, Chair

Submitted by:

Carl Boaz for Carl G. Boaz, Inc.

EXHIBIT 2

**CITY OF SANTA FE LODGER'S TAX
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
JUNE 30, 2017 AND 2016**



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**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**



CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

City Management of the City of Santa Fe
Santa Fe, New Mexico

We have performed the procedures described on pages 2 through 5, which were agreed to by the City of Santa Fe, New Mexico (City), on evaluating the propriety of lodger's tax receipts reported to the City by five short term rentals and five hotel and motel lodgers for the years ended June 30, 2016 and June 30, 2017. The Lodger's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the City of Santa Fe and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
January 30, 2019

For Fiscal Year June 30, 2016

Short Term Rentals-- Scope: September 2015, December 2015, March 2016, June 2016

Procedure 1: Compare the bank statement deposits or guest registry tracking system for the months of September 2015, December 2015, March 2016, and June 2016 from the selected five short term rentals operating bank account or guest registry to applicable receipt records (revenue reports).

Results: We obtained the September 2015, December 2015, March 2016, and June 2016 bank statement or guest registry tracking system and revenue reports for the selected five short term rentals. The table below compares the room revenue and bank deposits or guest registry tracking system for the applicable months.

Procedure 2: Based on the information obtained in step 1, agreed receipt amounts to applicable tax reports submitted from the Lodgers to the City for the months of September 2015, December 2015, March 2016, June 2016.

Results: We obtained the September 2015, December 2015, March 2016, June 2016 Revenue Reports from the Lodgers and then compared to the amount reported to the City, in the table below.

Procedure 3: Based upon the above identification of lodger's tax receipts, recalculated required occupancy tax payments made to the City from the Lodgers for the months September 2015, December 2015, March 2016, June 2016 and compared the calculated amounts to the actual amounts collected, noting any discrepancies.

Results: We recalculated the amount of tax that should have been remitted to the amount that was remitted in the table below:

Lodger	Month	Gross Rent	Gross Rent per Reports	Variance	Lodgers Tax Recalculated	Amount Remitted	Variance
Short Term Rental #1	September 30, 2015	\$ 5,651.00	\$ 5,651.00	\$ -	\$ 395.57	\$ 395.57	\$ -
	December 31, 2015	2,515.00	2,515.00	-	176.05	176.05	-
	March 31, 2016	3,215.00	3,215.00	-	225.05	225.05	-
	June 30, 2016	5,318.00	5,318.00	-	372.26	372.26	-
Short Term Rental #2	September 30, 2015	875.00	875.00	-	61.25	61.25	-
	December 31, 2015	1,925.00	1,925.00	-	134.75	134.75	-
	March 31, 2016	-	-	-	-	-	-
	June 30, 2016	995.00	995.00	-	69.65	69.65	-
Short Term Rental #3	September 30, 2015	-	-	-	-	-	-
	December 31, 2015	950.00	950.00	-	66.50	66.50	-
	March 31, 2016	2,200.00	2,200.00	-	154.00	56.00	98.00
	June 30, 2016	887.85	887.85	-	62.15	62.15	(0.00)
Short Term Rental #4	September 30, 2015	5,875.00	5,875.00	-	411.25	411.25	-
	December 31, 2015	6,550.00	6,550.00	-	458.50	458.50	-
	March 31, 2016	6,425.00	6,425.00	-	449.75	449.75	-
	June 30, 2016	-	-	-	-	-	-
Short Term Rental #5	September 30, 2015	4,050.00	4,050.00	-	283.50	283.50	-
	December 31, 2015	10,000.00	10,000.00	-	700.00	700.00	-
	March 31, 2016	6,914.29	6,914.29	-	484.00	484.00	0.00
	June 30, 2016	6,485.00	6,485.00	-	453.95	453.95	-

For Fiscal Year June 30, 2016

Hotels/Motels – Scope: September 2015, December 2015, March 2016, June 2016

Procedure 1: Compare the bank statement deposits or guest registry tracking system for the months of September 2015, December 2015, March 2016, and June 2016 from the selected five hotels and motels operating bank account or guest registry to applicable receipt records (revenue reports).

Results: We obtained the September 2015, December 2015, March 2016, and June 2016 bank statement or guest registry tracking system and revenue reports for the selected five hotels and motels. The table below compares the room revenue and bank deposits or guest registry tracking system for the applicable months.

Procedure 2: Based on the information obtained in step 1, agreed receipt amounts to applicable tax reports submitted from the Lodgers to the City for the months of September 2015, December 2015, March 2016, June 2016.

Results: We obtained the September 2015, December 2015, March 2016, June 2016 Revenue Reports from the Lodgers and then compared to the amount reported to the City, in the table below.

Procedure 3: Based upon the above identification of lodger's tax receipts, recalculated required occupancy tax payments made to the City from the Lodgers for the months September 2015, December 2015, March 2016, June 2016 and compared the calculated amounts to the actual amounts collected, noting any discrepancies.

Results: We recalculated the amount of tax that should have been remitted to the amount that was remitted in the table below:

Lodger	Month	Gross Rent	Gross Rent per Reports	Variance	Lodgers Tax Recalculated	Amount Remitted	Variance
Hotel / Motel #1	September 30, 2015	\$ 57,196.10	\$ 57,196.10	\$ -	\$ 4,003.73	\$ 4,003.73	\$ (0.00)
	December 31, 2015	33,663.54	33,663.54	-	2,356.45	2,356.45	(0.00)
	March 31, 2016 *	33,578.34	33,578.34	-	2,350.48	2,350.48	0.00
	June 30, 2016	52,473.25	52,473.25	-	3,673.13	3,673.13	(0.00)
Hotel / Motel #2	September 30, 2015	24,802.13	24,802.13	-	1,736.15	1,736.15	(0.00)
	December 31, 2015	17,900.73	17,900.73	-	1,253.05	1,253.05	0.00
	March 31, 2016	19,268.12	19,268.12	-	1,348.77	1,348.77	(0.00)
	June 30, 2016	37,147.78	37,147.78	-	2,600.34	2,600.35	(0.01)
Hotel / Motel #3	September 30, 2015	2,809.12	2,809.12	-	196.64	196.64	(0.00)
	December 31, 2015	1,978.10	1,978.10	-	138.47	138.47	(0.00)
	March 31, 2016	2,094.50	2,094.50	-	146.62	146.62	(0.00)
	June 30, 2016	2,753.40	2,753.40	-	192.74	192.74	(0.00)
Hotel / Motel #4	September 30, 2015	40,240.96	40,240.96	-	2,816.87	2,816.90	(0.03)
	December 31, 2015	31,372.89	31,372.89	-	2,196.10	2,196.10	0.00
	March 31, 2016	33,948.48	33,948.48	-	2,376.39	2,376.39	0.00
	June 30, 2016	47,024.57	47,024.57	-	3,291.72	3,291.71	0.01
Hotel / Motel #5	September 30, 2015	144,336.53	144,336.53	-	10,103.56	10,103.56	(0.00)
	December 31, 2015	101,363.86	101,363.86	-	7,095.47	7,095.47	0.00
	March 31, 2016	123,688.01	123,688.01	-	8,658.16	8,658.16	0.00
	June 30, 2016	159,728.90	159,728.90	-	11,181.02	11,181.02	0.00

* Denotes a late payment received from the Lodger.

For Fiscal Year June 30, 2017

Short Term Rentals– Scope: September 2016, December 2016, March 2017, June 2017

Procedure 1: Compare the bank statement deposits or guest registry tracking system for the months of September 2016, December 2016, March 2017, and June 2017 from the selected five short term rentals operating bank account or guest registry to applicable receipt records (revenue reports).

Results: We obtained the September 2016, December 2016, March 2017, and June 2017 bank statement or guest registry tracking system and revenue reports for the selected five short term rentals. The table below compares the room revenue and bank deposits or guest registry tracking system for the applicable months.

Procedure 2: Based on the information obtained in step 1, agreed receipt amounts to applicable tax reports submitted from the Lodgers to the City for the months of September 2016, December 2016, March 2017, June 2017.

Results: We obtained the September 2016, December 2016, March 2017, June 2017 Revenue Reports from the Lodgers and then compared to the amount reported to the City, in the table below.

Procedure 3: Based upon the above identification of lodger's tax receipts, recalculated required occupancy tax payments made to the City from the Lodgers for the months September 2016, December 2016, March 2017, June 2017 and compared the calculated amounts to the actual amounts collected, noting any discrepancies.

Results: We recalculated the amount of tax that should have been remitted to the amount that was remitted in the table below:

Lodger	Month	Gross Rent	Gross Rent per Reports	Variance	Lodgers Tax Recalculated	Amount Remitted	Variance
Short Term Rental #1	September 30, 2016	\$ 26,823.50	\$ 26,823.50	\$ -	\$ 1,877.65	\$ 1,877.65	\$ (0.00)
	December 31, 2016	47,110.00	47,110.00	-	3,297.70	3,297.70	-
	March 31, 2017	27,520.00	27,520.00	-	1,926.40	1,926.40	-
	June 30, 2017	26,875.00	26,875.00	-	1,881.25	1,881.25	-
Short Term Rental #2	September 30, 2016	72,809.02	72,809.02	-	5,096.63	5,096.63	0.00
	December 31, 2016	50,568.26	50,568.26	-	3,539.78	3,539.78	(0.00)
	March 31, 2017	30,050.56	30,050.56	-	2,103.54	2,103.54	(0.00)
	June 30, 2017	41,124.00	41,124.00	-	2,878.88	2,878.88	-
Short Term Rental #3	September 30, 2016 *	2,935.00	2,935.00	-	205.45	205.45	-
	December 31, 2016	2,575.00	2,575.00	-	180.25	180.25	-
	March 31, 2017	2,025.00	2,025.00	-	141.75	141.75	-
	June 30, 2017	3,650.00	3,650.00	-	255.50	255.50	-
Short Term Rental #4	September 30, 2016	3,950.00	3,950.00	-	276.50	208.50	70.00
	December 31, 2016	4,250.00	4,250.00	-	297.50	157.50	140.00
	March 31, 2017	3,000.00	3,000.00	-	210.00	210.00	-
	June 30, 2017	3,500.00	3,500.00	-	245.00	245.00	-
Short Term Rental #5	September 30, 2016	-	-	-	-	-	-
	December 31, 2016	-	-	-	-	-	-
	March 31, 2017	-	-	-	-	-	-
	June 30, 2017	-	-	-	-	-	-

* Denotes a late payment received from the Lodger.

For Fiscal Year June 30, 2017

Hotels/Motels – Scope: September 2016, December 2016, March 2017, June 2017

Procedure 1: Compare the bank statement deposits or guest registry tracking system for the months of September 2016, December 2016, March 2017, and June 2017 from the selected five hotels and motels operating bank account or guest registry to applicable receipt records (revenue reports).

Results: We obtained the September 2016, December 2016, March 2017, and June 2017 bank statement or guest registry tracking system and revenue reports for the selected five hotels and motels. The table below compares the room revenue and bank deposits or guest registry tracking system for the applicable months.

Procedure 2: Based on the information obtained in step 1, agreed receipt amounts to applicable tax reports submitted from the Lodgers to the City for the months of September 2016, December 2016, March 2017, June 2017.

Results: We obtained the September 2016, December 2016, March 2017, June 2017 Revenue Reports from the Lodgers and then compared to the amount reported to the City, in the table below.

Procedure 3: Based upon the above identification of lodger's tax receipts, recalculated required occupancy tax payments made to the City from the Lodgers for the months September 2016, December 2016, March 2017, June 2017 and compared the calculated amounts to the actual amounts collected, noting any discrepancies.

Results: We recalculated the amount of tax that should have been remitted to the amount that was remitted in the table below:

Lodger	Month	Gross Rent	Gross Rent per Reports	Variance	Lodgers Tax Recalculated	Amount Remitted	Variance
Hotel / Motel #1	September 30, 2016	\$ 27,470.97	\$ 27,470.97	\$ -	\$ 1,922.97	\$ 1,922.97	\$ (0.00)
	December 31, 2016	12,760.00	12,760.00	-	893.20	893.20	-
	March 31, 2017	13,360.00	13,360.00	-	935.20	826.00	109.20
	June 30, 2017	22,580.00	22,580.00	-	1,580.60	1,580.60	-
Hotel / Motel #2	September 30, 2016	-	-	-	-	-	-
	December 31, 2016	-	-	-	-	-	-
	March 31, 2017	-	-	-	-	-	-
	June 30, 2017	-	-	-	-	-	-
Hotel / Motel #3	September 30, 2016	215,027.22	215,027.22	-	15,051.91	15,051.91	(0.00)
	December 31, 2016 *	122,793.30	122,793.30	-	8,595.53	8,595.53	0.00
	March 31, 2017	161,744.15	161,744.15	-	11,322.09	11,322.09	0.00
	June 30, 2017	200,223.04	200,223.04	-	14,015.61	14,015.61	0.00
Hotel / Motel #4	September 30, 2016	615,365.00	615,365.00	-	43,075.55	43,075.58	(0.03)
	December 31, 2016	471,473.00	471,473.00	-	33,003.11	33,003.13	(0.02)
	March 31, 2017	403,100.00	403,100.00	-	28,217.00	28,217.02	(0.02)
	June 30, 2017	500,212.00	500,212.00	-	35,014.84	35,014.87	(0.03)
Hotel / Motel #5	September 30, 2016	12,417.00	12,417.00	-	869.19	907.55	(38.36)
	December 31, 2016 *	9,766.00	9,766.00	-	683.62	683.62	-
	March 31, 2017	10,173.65	10,173.65	-	712.16	712.16	(0.00)
	June 30, 2017 *	12,964.89	12,964.89	-	907.54	869.19	38.35

* Denotes a late payment received from the Lodger.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP



EXHIBIT 3

CITY OF SANTA FE
AGREED-UPON PROCEDURES
JUNE 30, 2018



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

2. Procedure: Accrual Accounting (Continued)

Business Unit	Account	Description	Per Audited Financial Statements	Per NTD Reporting	Difference	NTD Report : City Account Code
52401	502000	Annual Leave	39,931	81,390	(41,459)	F-30 DR-DO : Other Paid Absences (5014)
52401	502015	Miscellaneous Leave	399	2,389	(1,990)	F-30 DR-DO : Other Paid Absences (5014)
52401	502050	Comp-time	16,779	22,196	(5,417)	F-30 DR-DO : Other Salaries and Wages (5013)
52401	503100	FICA	25,799	29,538	(3,739)	F-30 DR-DO : Fringe Benefits (5015)
52402	502000	Annual Leave	196,219	334,025	(137,806)	F-30 MB-DO : Operators' Paid Absences (5012)
52402	502015	Miscellaneous Leave	8,878	20,553	(11,675)	F-30 MB-DO : Operators' Paid Absences (5012)
52402	502050	Comp-time	13,588	35,114	(21,526)	F-30 MB-DO : Operators' Salaries and Wages (5011)
52402	503100	FICA	158,077	171,159	(13,082)	F-30 MB-DO : Fringe Benefits (5015)
52403	502000	Annual Leave	64,385	121,724	(57,339)	F-30 MB-DO : Other Paid Absences (5014)
52403	502015	Miscellaneous Leave	1,351	2,869	(1,518)	F-30 MB-DO : Other Paid Absences (5014)
52403	502050	Comp-time	6,463	8,802	(2,339)	F-30 MB-DO : Other Salaries and Wages (5013)
52403	503100	FICA	46,907	51,589	(4,682)	F-30 MB-DO : Fringe Benefits (5015)
52414	502000	Annual Leave	18,364	31,436	(13,072)	F-30 MB-DO : Operators' Paid Absences (5012)
52414	502015	Miscellaneous Leave	1,321	2,726	(1,405)	F-30 MB-DO : Operators' Paid Absences (5012)
52414	502050	Comp-time	1,056	1,918	(862)	F-30 MB-DO : Other Salaries and Wages (5013)
52414	503100	FICA	15,812	16,986	(1,174)	F-30 MB-DO : Fringe Benefits (5015)
52421	502000	Annual Leave	55,967	93,265	(37,298)	F-30 DR-DO : Operators' Paid Absences (5012) / Other Paid Absences (5014)
52421	502015	Miscellaneous Leave	4,495	7,420	(2,925)	F-30 DR-DO : Operators' Paid Absences (5012) / Other Paid Absences (5014)
52421	502050	Comp-time	7,074	14,133	(7,059)	F-30 DR-DO : Operators' Salaries and Wages (5011) / Other Salaries and Wages (5013)
52421	503100	FICA	45,480	49,097	(3,617)	F-30 DR-DO : Fringe Benefits (5015)
					(369,981)	Total Difference

Step 2c. No exceptions were found as a result of this procedure.

3. Procedure: Sources of Funds (Form F-10)

- Traced and agreed total sources of funds from Form F-10 to revenue reported in the accounting system using the crosswalk.
- Inspected the crosswalk for a written reconciliation between total revenues reported in the audited financial statements or the accounting system and the total revenues reported on Form F-10.
- Traced and agreed the two largest directly generated fund passenger fare revenue modes (all service types) from Form F-10 to the accounting system.
- Traced and agreed the largest revenue object class (other than passenger fares) in the following major categories of funds from Form F-10 to the accounting system: (1) Local Government; (2) State Government; (3) Federal Funds; and (4) Other Directly Generated Funds (i.e., 4100 and 4200 combined).
- Inspected the crosswalk to determine that it identified, evaluated, and classified financial transactions into categories of funds expended on operations and funds expended on capital (USOA Section 2) for the reporting year.

Findings:

No exceptions were found as a result of this procedure.

4. Procedure: Uses of Capital (Form F-20)

- a. Obtained accounting system documentation on capital asset additions for the reporting period.
- b. Traced and agreed total uses of capital from Form F-20 to the crosswalk reconciliation of total capital asset additions.
- c. Traced and agreed types of use (existing service and expansion of service) from Form F-20 to the crosswalk or other supporting documentation reflecting the nature of the uses of capital.
- d. Traced and agreed asset classifications (guideway, revenue vehicles, etc.) from Form F-20 to the crosswalk or other documentation reflecting the assets classes of capital additions.
- e. For the largest mode/service type, traced and agreed the type of use classification and asset classification from Form F-20 to the crosswalk or other documentation reflecting the uses of capital.
- f. If capital projects support multiple modes/types of services or and/or asset classifications, inquired of management as to whether management reported the use of capital considering the predominant use rules as described in the "Predominant Use" section of the 2018 NTD Policy Manual.
- g. If capital projects involve: 1) Rehabilitation/Reconstruction/Replacement/Improvement for Existing Service; and 2) Expansion of Service; inquired of management as to whether project costs were allocated between the two project purposes and whether such allocation was documented in the crosswalk or other supporting documentation.

Findings:

No exceptions were found as a result of this procedure.

5. Procedure: Operating Expenses (Form F-30)

- a. For the two largest modes/type of services, traced and agreed functions (vehicle operations, vehicle maintenance, etc.) from Form F-30 to the crosswalk or other written documentation of functional expenses.
- b. For the two largest modes/type of services, traced and agreed object classes (natural expenses) from Form F-30 to the crosswalk or other written documentation of object class categories.
- c. If management allocated shared operating expenses, inquired of management as to whether (1) the operating expenses were split between direct and shared costs; (2) shared costs were allocated across modes, services types, and functions; (3) the allocation was documented in the crosswalk or other supporting documentation; and (4) the driving variables used are updated annually.

Findings:

No exceptions were found as a result of this procedure.

6. Procedure: Operating Expenses Summary (Form F-40)

- a. Obtained total expenses from the accounting system for the reporting period. Traced and agreed total expenses from Form F-40 to the accounting system using the crosswalk.
- b. Traced and agreed the reconciling items appearing on Form F-40 through the crosswalk to the accounting system.

Findings:

Step 6a. The general ledger data utilized by the City for reporting purposes did not agree to the accrual-based audited financial statements. Differences noted by us are as follows:

Business Unit	Account	Description	Per Audited Financial Statements	Per NTD Reporting	Difference	NTD Report : City Account Code
52401	502000	Annual Leave	39,931	81,390	(41,459)	F-30 DR-DO : Other Paid Absences (5014)
52401	502015	Miscellaneous Leave	399	2,389	(1,990)	F-30 DR-DO : Other Paid Absences (5014)
52401	502050	Comp-time	16,779	22,196	(5,417)	F-30 DR-DO : Other Salaries and Wages (5013)
52401	503100	FICA	25,799	29,536	(3,739)	F-30 DR-DO : Fringe Benefits (5015)
52402	502000	Annual Leave	196,219	334,025	(137,806)	F-30 MB-DO : Operators' Paid Absences (5012)
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52402	502050	Comp-time	13,588	35,114	(21,526)	F-30 MB-DO : Operators' Salaries and Wages (5011)
52402	503100	FICA	158,077	171,159	(13,082)	F-30 MB-DO : Fringe Benefits (5015)
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52403	502050	Comp-time	6,463	8,802	(2,339)	F-30 MB-DO : Other Salaries and Wages (5013)
52403	503100	FICA	46,907	51,589	(4,682)	F-30 MB-DO : Fringe Benefits (5015)
52414	502000	Annual Leave	18,364	31,436	(13,072)	F-30 MB-DO : Operators' Paid Absences (5012)
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52414	502050	Comp-time	1,056	1,918	(862)	F-30 MB-DO : Other Salaries and Wages (5013)
52414	503100	FICA	15,812	16,986	(1,174)	F-30 MB-DO : Fringe Benefits (5015)
52421	502000	Annual Leave	55,967	93,265	(37,298)	F-30 DR-DO : Operators' Paid Absences (5012) / Other Paid Absences (5014)
52421	502015	Miscellaneous Leave	4,495	7,420	(2,925)	F-30 DR-DO : Operators' Paid Absences (5012) / Other Paid Absences (5014)
52421	502050	Comp-time	7,074	14,133	(7,059)	F-30 DR-DO : Operators' Salaries and Wages (5011) / Other Salaries and Wages (5013)
52421	503100	FICA	45,480	49,097	(3,617)	F-30 DR-DO : Fringe Benefits (5015)
					(369,981)	Total Difference

Step 6b. No exceptions were found as a result of this procedure.

7. Procedure: Financial Statement (Form F-60)

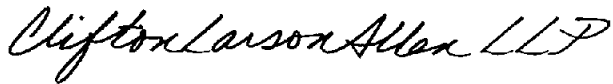
- a. Traced and agreed (1) Current Assets; (2) Non-Current Assets; (3) Deferred Outflows of Resources; (4) Current Liabilities; (5) Non-Current Liabilities; and (6) Deferred Inflows of Resources appearing on Form F-60 to the crosswalk or other supporting documentation.

Findings:

The Form F-60 was not required for the City.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, the City's conformance with the requirements described above, for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the City of Santa Fe and the FTA and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
May 31, 2019

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP



**CITY OF SANTA FE
FINANCE DEPARTMENT**

EXHIBIT 4

"REQUEST FOR PROPOSALS"

**INTERNAL AUDIT SERVICES
JULY X, 2019**

RFP #'19//P

PROPOSAL DUE:

**August 15, 2019
2:00 P.M.
PURCHASING OFFICE
CITY OF SANTA FE
200 LINCOLN AVE, RM 122
SANTA FE, NEW MEXICO 87501**

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Attachments:

1. Non-Disclosure and Conflict of Interest Statement
2. Campaign Contribution Form
3. Sample Contract
4. Minimum Wage Ordinance

REQUEST FOR PROPOSALS

PROPOSAL NUMBER '19//P

Proposals will be received by the City of Santa Fe and shall be delivered to the City of Santa Fe Purchasing Office, City of Santa Fe, 200 Lincoln Ave, Rm 122, Santa Fe, New Mexico, 87501, **until 2:00 P.M. local prevailing time, Thursday, August 15, 2019.** Any proposal received after this deadline will not be considered. This proposal is for the purpose of procuring professional services for the following:

INTERNAL AUDIT SERVICES JULY X, 2019

The proponent's attention is directed to the fact that all applicable Federal Laws, State Laws, Municipal Ordinances, and the rules and regulations of all authorities having jurisdiction over said item shall apply to the proposal throughout, and they will be deemed to be included in the proposal document the same as though herein written out in full.

The City of Santa Fe is an Equal Opportunity Employer and all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation or national origin. The successful proponent will be required to conform to the Equal Opportunity Employment regulations.

Proposals may be held for sixty (60) days subject to action by the City. The City reserves the right to reject any of all proposals in part or in whole. Proposal packets are available by contacting: Jessica Chavez, City of Santa Fe, Purchasing Office, 200 Lincoln Ave, Rm 122, Santa Fe, New Mexico, 87501, (505) 955-5710.

Shirley Rodriguez, Purchasing Officer

Received by the Santa Fe New Mexican Newspaper on: _____

To be published on: _____

Received by the Albuquerque Journal Newspaper on: _____

To be published on: _____

PROPOSAL SCHEDULE

RFP # '19//P

- | | | |
|----|--|---|
| 1. | Advertisement | Monday, July 15, 2019 |
| 2. | Issuance of RFP'S: | Monday, July 15, 2019 |
| 3. | Receipt of proposals: | August 15, 2019 at 2:00 p.m.
local prevailing time.
City of Santa Fe,
Purchasing Office,
200 Lincoln Ave Rm 122
Santa Fe, New Mexico,
87501, (505) 955-5711 |
| 4. | Evaluation of proposals: | Thursday, August 22, 2019 |
| 5. | Interviews: | Thursday, August 29, 2019 |
| 6. | Recommendation of award
to Finance Committee: | Monday, September 16, 2019 |
| 7. | Recommendation of award
to City Council: | Wednesday, September 25 , 2019 |

DATES OF CONSIDERATION BY FINANCE COMMITTEE AND CITY COUNCIL ARE TENTATIVE AND SUBJECT TO CHANGE WITHOUT NOTICE.

INFORMATION FOR PROPONENTS

1. RECEIPT OF PROPOSALS

The City of Santa Fe (herein called "City"), invites firms to submit one electronic file and two copies of the proposal. Proposals will be received by the Purchasing Office, until 2:00 p.m. local prevailing time, August 15, 2019.

The packets shall be submitted and addressed to the Purchasing Office, at 200 Lincoln Ave., Rm 122, Santa Fe, New Mexico 87501. No late proposals will be accepted whether hand delivered, mailed or special delivery. Do not rely on "overnight delivery" without including some lead-time. "Overnight delivery" will be determined to be non-responsive if delivered late, no matter whose fault it was. It is recommended that extra days be included in the anticipated delivery date to ensure delivery is timely. The Purchasing Office is closed 12:00 p.m. to 1:00 p.m., daily. The outside of the envelope should clearly indicate the following information:

Proposal number: '19//P
Title of the proposal: Internal Audit Services
Name and address of the proponent:

Any proposal received after the time and date specified shall not be considered. No proposing firm may withdraw a proposal within 60 days after the actual date of the opening thereof.

2. PREPARATION OF PROPOSAL

Vendors shall comply with all instructions and provide all the information requested. Failure to do so may disqualify your proposal. All information shall be given in ink or typewritten. Any corrections shall be initialed in ink by the person signing the proposal.

This request for proposal may be canceled or any and all proposals may be rejected in whole or in part, whenever the City of Santa Fe determines it is in the best interest of the city.

3. ADDENDA AND INTERPRETATIONS

No oral interpretation of the meaning of any section of the proposal documents will be binding. Oral communications are permitted in order to make an assessment of the need for an addendum. Any questions concerning the proposal must be addressed prior to the date set for receipt of proposal.

Every request for such interpretation should be in writing addressed to, Purchasing Officer, 200 Lincoln Ave., Rm 122, Santa Fe, New Mexico 87501 and to be given

consideration must be received at least (5) days prior to the date set for the receiving of proposals.

Any and all such interpretations and any supplemental instruction will be in the form of written addenda to the RFP, which if issued, will be delivered to all prospective firms not later than three days prior to the date fixed for the receipt of the proposals. Failure of any proposing firm to receive any such addenda or interpretations shall not relieve such firm from any obligation under their proposal as submitted. All addenda so issued shall become part of the contract documents.

The City reserves the right to not comply with these time frames if a critical addendum is required or if the proposal deadline needs to be extended due to a critical reason in the best interest of the City of Santa Fe.

4. LAWS AND REGULATIONS

The proposing firm's attention is directed to the fact that all applicable Federal Laws, State Laws, Municipal Ordinances, and the rules and regulations of all authorities having jurisdiction over said item shall apply to the contract throughout. They will be deemed to be included in the contract the same as though herein written out in full.

5. METHOD OF AWARD

The proposal is to be awarded based on qualified proposals as per the enclosed rating system and at the discretion and consideration of the governing body of the City of Santa Fe. The selection committee may interview the top three rated proponents; however, contracts may be awarded without such interviews. At its discretion the city reserves the right to alter the membership or size of the selection committee. The City reserves the right to change the number of firms interviewed.

6. COMPLIANCE WITH CITY'S MINIMUM WAGE RATE ORDINANCE (LIVING WAGE ORDINANCE)

A copy of the City of Santa Fe Ordinance No. 2003-8, passed by the Santa Fe City Council on February 26, 2003 is attached. The proponent or bidder will be required to submit the proposal or bid such that it complies with the ordinance to the extent applicable. The recommended Contractor will be required to comply with the ordinance to the extent applicable, as well as any subsequent changes to the Ordinance throughout the term of this contract.

7. CITY LOCAL PREFERENCE

A state of New Mexico Taxation and Revenue Department Resident Business certification of eligibility must be attached. If an offer is received without a copy of the appropriate State of New Mexico Taxation and Revenue Department issued Business Registration Certificate, the preference will not be applied.

The City shall apply the following definitions and preferences:

- 1) "resident business" means a business that has a valid resident business certificate issued by the taxation and revenue department pursuant to Section 13-1-22, and which shows that the resident business resides within the Santa Fe municipal limits.
- 2) When the city makes a purchase using a formal bid process, the public body shall deem a bid submitted by a resident business to be 3% percent lower than the bid actually submitted. In addition, if the bid includes subcontractors who are also resident businesses, the public body shall deem a bid submitted by a resident business with resident business subcontractors to be 6% lower than the bid actually submitted. If a non-resident business hires all resident business subcontractors, the public body shall deem the bid to be 3% percent lower than the bid actually submitted.
- 3) When the city makes a purchase using a formal request for proposals process, not including contracts awarded on a point-based system, the city shall award an additional:
 - (a) three percent or the total weight of all the factors used in evaluating the proposals to a resident business; and
 - (b) three percent or the total weight of all the factors used in evaluating the used in evaluating the proposals to a business with all resident business subcontractors.
- 4) When the city makes a purchase using a formal request for proposals process, and the contract is awarded based on a point-based system, the city shall award additional points equivalent to:
 - (1) three percent of the total possible points to a resident business: and
 - (2) three percent of the total possible points to a business with all resident business subcontractors.
- 5) The maximum available local preference shall be 6%.
- 6) Competitive sealed proposals valued in excess of one million dollars (\$1,000,000.00)
 - (1) If the bid or proposal includes to subcontractors who are also resident business, the public body shall deem a bid or proposal submitted by a resident business to be six percent (6%) lower than the bid actually submitted, if and only if at least fifty percent

(50%) of the subcontracted services go to subcontractors who are resident businesses.

- (2) If a non-resident business hires resident business subcontractors, the public body shall deem the bid or proposal to be three percent (3%) lower than the bid actually submitted, if and only at least fifty percent (50%) of the subcontracted services go to subcontractors who are resident businesses."

8. PROTESTS AND RESOLUTIONS PROCEDURES

Any proponent, offeror, or contractor who is aggrieved in connection with a procurement may protest to the Purchasing Officer. The protest must be in writing and submitted within fifteen (15) days and requirements regarding protest and resolution of protests are available from the Purchasing Office upon request.

SPECIAL CONDITIONS

1. GENERAL

When the City's Purchasing Officer issues a purchase order document in response to the vendor's bid, a binding contract is created.

2. ASSIGNMENT

Neither the order, nor any interest therein, nor claim under, shall be assigned or transferred by the vendor, except as expressly authorized in writing by the City Purchasing Officer's Office. No such consent shall relieve the vendor from its obligations and liabilities under this order.

3. VARIATION IN SCOPE OF WORK

No increase in the scope of work of services or equipment after award will be accepted, unless means were provided for within the contract documents. Decreases in the scope of work of services or equipment can be made upon request by the city or if such variation has been caused by documented conditions beyond the vendor's control, and then only to the extent, as specified elsewhere in the contract documents.

4. DISCOUNTS

Any applicable discounts should be included in computing the bid submitted. Every effort will be made to process payments within 30 days of satisfactory receipt of goods or services. The City Purchasing Officer shall be the final determination of satisfactory receipt of goods or services.

5. TAXES

The price shall include all taxes applicable. The city is exempt from gross receipts tax on tangible personal property. A tax exempt certificate will be issued upon written request.

6. INVOICING

(A) The vendor's invoice shall be submitted in duplicate and shall contain the following information: invoice number and date, description of the supplies or services, quantities, unit prices and extended totals. Separate invoices shall be submitted for each and every complete order.

(B) Invoice must be submitted to ACCOUNTS PAYABLE and NOT THE CITY PURCHASING AGENT.

7. METHOD OF PAYMENT

Every effort will be made to process payments within 30 days of receipt of a detailed invoice and proof of delivery and acceptance of the products hereby contracted or as otherwise specified in the compensation portion of the contract documents.

8. DEFAULT

The City reserves the right to cancel all or any part of this order without cost to the City if the vendor fails to meet the provisions for this order, and except as otherwise provided herein, to hold the vendor liable for any excess cost occasioned by the city due to the vendor's default. The vendor shall not be liable for any excess cost if failure to perform the order arises out of causes beyond the control and with the fault or negligence of the Vendor and these causes have been made known to the City of Santa Fe in written form within five working days of the vendor becoming aware of a cause which may create any delay; such causes include, but are not limited to, acts of God or the public enemy, acts of the State or of the Federal Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather and defaults of sub-contractors due to any of the above unless the city shall determine that the suppliers or services to be furnished by the sub-contractor are obtainable from other sources in sufficient time to permit the vendor to meet the required delivery schedule. The rights and remedies of the city are not limited to those provided for in this paragraph and are in addition to any other rights provided for by law.

9. NON-DISCRIMINATION

By signing this City of Santa Fe bid or proposal, the vendor agrees to comply with the Presidents Executive Order No. 11246 as amended.

10. NON-COLLUSION

In signing this bid or proposal, the vendor certifies they have not, either directly or indirectly, entered into action in restraint of full competition in connection with this bid or proposal submittal to the City of Santa Fe.

SCOPE OF SERVICES '19//P

OVERVIEW OF PROJECT

The City of Santa Fe is soliciting request for proposals to provide professional services related to internal audit services.

SERVICE PROVIDER'S ROLE

The selected service provider shall provide the following scope of services:

I. General Requirements

The successful Provider will provide the City with an independent Internal Audit. The Provider shall be a Certified Internal Auditor. Providers shall comply with Generally Accepted Auditing Standards ("GAAS") as set forth by the Standards for Financial Audits set forth in the U.S. General Accounting Office's Government Auditing Standards and the provisions of U.S. Office of Management and Budget (OMB) Circular A-128 Audits of State and Local Governments.

Services provided will not be for operational or business efficiency assessments, but for an Internal Audit for the adequacy and effectiveness of system or manual internal controls for accounting through the five primarily methods of testing controls within an organization for the purpose of evaluating the effectiveness of proper design and implementation to prevent or detect material misstatement. The five primary methods of tests will include inquiry, observation, examination or inspection of evidence, re-performance, and computer assisted audit technique (CAAT).

Services provided will be for the testing of items & or areas listed below to ascertain existence, valuation, compliance, completeness and accuracy.

Services provided for operations and programs will also be conducted using the above standards and testing to allow for a comprehensive Internal Audit, and not an efficiency assessment, unless specifically stated within a bullet point below.

II. Internal Audit Services to be Provided

The internal auditor will adhere to the Institute of Internal Auditors' guidance including the International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The Institute of Internal Auditors' Practice

Advisories, Practice Guides, and Position Papers will also be adhered to as guidance, as well as, City of Santa Fe relevant policies. The internal audit product shall adhere to IIA's five audit scope standards listed below which outline the internal auditor's responsibilities.

1. Review the reliability and integrity of operating and financial information and how it is identified, measured, classified and reported.
 2. Determine if the systems designed to comply with these policies, plans, procedures, taxes and regulations are being followed.
 3. Review how assets are safeguarded and verify their existence.
 4. Examine City resources to determine how effectively and efficiently they are used.
 5. Review operations and programs to determine if they are being carried out as planned and if they are meeting their objectives.
- The internal auditor will determine whether internal controls over financial and operating data are adequate and effective to provide reasonable assurance that the financial and operating information is accurate, complete and reliable.
 - The internal auditor will determine whether controls over City of Santa Fe operations provide reasonable assurance that resources are used efficiently and economically.
 - The internal auditor will determine whether controls over operations and programs are adequate and effective to provide reasonable assurance that the operations and programs are being carried out as planned and that the results of operations are consistent with goals and objectives.
 - The Internal Audit Plan will include, for each audit, the anticipated date of commencement, completion, and any additional relevant milestone dates.
 - Analyze the data obtained in order to identify deficiencies in controls, duplicative effort, wasteful or unnecessary spending, fraud, material misstatement, lack of compliance with federal, state or local laws or failure to follow management policies/practices.
 - Review, and where appropriate, revise, the applicable section(s) of the City of Santa Fe's policy and procedures manual as necessary.
 - Review other areas as deemed necessary or as requested by the City of Santa Fe.
 - The internal auditor will report significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee in consultation with management of the City of Santa Fe.
 - The internal auditor will attend Audit Committee meetings and provide feedback on internal audits completed.

- The internal auditor will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The internal auditor must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- The response to this RFP should identify the membership and credentials of the review team, and the primary contact's information. The review team will include municipal government internal audit experience.

The contractor will provide in-person reports and information directly to the Audit Committee on a quarterly basis. Such information and reports will include, but are not limited to, the following:

- Progress reports of Internal Audits completed and in progress, as compared to the plan (including budgeted hours).
- At the completion of any Internal Audit, a written report, reflecting all results of agreed-upon procedures. The report should include an overall summary with a background and scope statement, and the results of the Internal Audit, reflecting each detailed observation or finding and recommendations. The contractor will meet with the City to review its findings, conclusions and recommendations. The City will provide written responses which the contractor shall incorporate into the final Internal Audit report. Each Internal Audit report shall include all instances of non-compliance with policies, procedures, contract terms, etc. Report preparation, editing and printing shall be the responsibility of the contractor.
- The contractor will be required to bring to the attention of the City, immediately upon discovery, any instances of material misstatement, internal control weaknesses or suspected fraud, irregularities, illegal acts, collusion, manipulation or kickbacks.

Proposal should include audit program to address key areas identified in recent risk assessments. The most recent Risk Assessment performed for the City of Santa Fe in 2018 led to the development of an audit plan that included reviews of the areas listed below. Additionally, the most recent Fraud Risk Assessment, performed for the City of Santa Fe, provided suggestions for internal audits of the areas listed below. It is expected that the Internal Audits to be performed in FY20 will include, but not be limited to, the same or comparable areas.

- Leases for the City of Santa Fe, either as a Lessor or Lessee. Test for existence, valuation, compliance, accuracy and completeness, internal controls overseeing Leases, who created the lease, who is collecting the rent, who is submitting expenses for reimbursement, who is using the leased property, who is responsible for improvements and repairs & maintenance,

are these being performed, who is performing the work, who is paying for the work performed, is lease being performed and complied to as written.

- Contract and Vendor Management. Test contracts and vendors for existence, valuation, accuracy, compliance and completeness, internal controls overseeing contract and vendor management, contract terms, services rendered, payments made in relation to services provided, who created contract and their relation to the contractor. Review a sample of high-risk contracts citywide to determine if contract work is performed according to contract terms. For examples, test work may focus on reviewing to see if work is verified complete before invoices are paid.
- Human Resources– Review of HR controls, focusing on the City’s hiring and onboarding policies and practices.

CONTRACT

The selected contractor will be required to enter into a Professional Services Agreement with the City of Santa Fe (Exhibit A); in addition, contractor must have/obtain a city business license, New Mexico CRS number and applicable insurances.

SUBMITTAL REQUIREMENTS

'19//P

Proposal shall include the following:

- A cover letter summarizing interest in the contract and statement of understanding of the scope of services
- A narrative that describes in detail the approach to complete the scope of services; include the following with regard to your firm's audit approach and methodology:
- A narrative that describes your firm's audit and internal controls philosophy, in particular with respect to assets and controls of government organizations
- A narrative that describes your firm's experience in auditing technology systems controls, including accounting software systems, PC based software applications, local area networks, cybersecurity controls, etc.
- A narrative that describes the method by which the work completed by the audit engagement team will be documented, in addition to any reports provided, and the availability of such documentation for review by the City upon request
- A narrative that describes the extent to which City personnel will be required to assist or provide support to the members of your staff.
- A narrative that describes any support requirements expected of the Organization (i.e. special reports, technology, etc.)
- A narrative that describes relevant client engagement experience with a similar scope of services:
 - o List all similar client engagements over the past three (3) years. Include client references for these engagements.
 - o Describe your proposed team's experience with similar work for state and local governments
 - o Provide samples of management reports, including audit plans and reports
- A narrative that describes your audit engagement team
 - o Describe the team members and specific roles and responsibilities
 - o Provide resumes of the proposed audit engagement team that specifically describe relevant experience and expertise
- Cost Proposal- Include all costs including labor and travel

**EVALUATION CRITERIA
&
WEIGHTED VALUES**

EVALUATION COMMITTEE MEMBERS

At its discretion, the City reserves the right to alter the membership and size of the committee.

Scores of the evaluation committee members will be totaled to determine the top rated firms.

If interviews are conducted for the top three rated firms, those scores totaled from the evaluation committee members from the interview evaluations will determine the final top rated firm, unless other tangible extenuating circumstances are documented.

Unless noted elsewhere in this RFP, the same evaluation form will be used to separate the interview scores.

EVALUATION CRITERIA	POINTS AVAILABLE
Approach, Team & References	20%
Experience and Qualifications	40%
Schedule, Availability & Timeframe	20%
Cost Proposal	20%
 Total Maximum Allowable Points	 1,000

CITY OF SANTA FE (CSF)
NON-DISCLOSURE AND CONFLICT OF INTEREST STATEMENT

REQUEST FOR PROPOSAL # ' _____ '

EVALUATOR NAME: _____

CSF policy is to prevent personal or organizational conflict of interest, or the appearance of such conflict of interest, in the award and administration of CSF contracts and Purchase Orders.

I, _____, the undersigned, hereby certify that the following statements are true and correct and that I understand and agree to be bound by commitments contained herein.

I am acting at the request of CSF as a participant in the evaluation of *offers/proposals* received in response to the *Request for Offers/ Request for Proposals*, entitled and/or numbered. I am acting of my own accord and not acting under duress. I am not currently employed by, nor am I receiving any compensation from, nor have I been the recipient of any present or future economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service in connection with any *offer/proposal* or involved *Offeror/Proposer* in return for favorable consideration. I have no preconceived position on the relative merits of any of the *offers/proposals* nor have I established a personal preference or position on the worth or standing of any *Offeror/Proposer* participating in this action. CSF policy is to prevent personal or organizational conflict of interest, or the appearance of such conflict of interest, in the award and administration of CSF contracts, including, but not limited to contracts for professional services, agreements with consultants and Purchase Orders.

I hereby certify that to the best of my knowledge and belief, no conflict of interest exists that may diminish my capacity to perform an impartial, technically sound, objective review of this proposal(s) or otherwise result in a biased opinion or unfair competitive advantage. I agree not to disclose or otherwise divulge any information pertaining to the contents, status, or ranking of any *offer/proposal* to anyone other than the team leader or other evaluation team members. I understand the terms and "disclose or otherwise divulge" to include, but are not limited to, reproduction of any part or any portion of any *offer/proposal*, or removal of same from designated areas without prior authorization from the evaluation team leader. I agree to perform any and all evaluations of said *offers/proposals* in an unbiased manner, to the best of my ability, and with the best interest of CSF paramount in all decisions.

I agree to return to CSF Purchasing Department all copies of proposals, as well as any abstracts, upon completion of the evaluation.

SIGNATURE AND DATE:

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to NMSA 1978, § 13-1-191.1 (2006), any person seeking to enter into a contract with any state agency or local public body **for professional services, a design and build project delivery system, or the design and installation of measures the primary purpose of which is to conserve natural resources** must file this form with that state agency or local public body. This form must be filed even if the contract qualifies as a small purchase or a sole source contract. The prospective contractor must disclose whether they, a family member or a representative of the prospective contractor has made a campaign contribution to an applicable public official of the state or a local public body during the two years prior to the date on which the contractor submits a proposal or, in the case of a sole source or small purchase contract, the two years prior to the date the contractor signs the contract, if the aggregate total of contributions given by the prospective contractor, a family member or a representative of the prospective contractor to the public official exceeds two hundred and fifty dollars (\$250) over the two year period.

Furthermore, the state agency or local public body shall void an executed contract or cancel a solicitation or proposed award for a proposed contract if: 1) a prospective contractor, a family member of the prospective contractor, or a representative of the prospective contractor gives a campaign contribution or other thing of value to an applicable public official or the applicable public official's employees during the pendency of the procurement process or 2) a prospective contractor fails to submit a fully completed disclosure statement pursuant to the law.

THIS FORM MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THEY, THEIR FAMILY MEMBER, OR THEIR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.

The following definitions apply:

"Applicable public official" means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

"Campaign Contribution" means a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to either statewide or local office. "Campaign Contribution" includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political

committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

"Family member" means spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law.

"Pendency of the procurement process" means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

"Person" means any corporation, partnership, individual, joint venture, association or any other private legal entity.

"Prospective contractor" means a person who is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person qualifies for a sole source or a small purchase contract.

"Representative of a prospective contractor" means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

DISCLOSURE OF CONTRIBUTIONS:

Contribution Made by: _____

Relation to Prospective Contractor:

Name of Applicable Public Official: _____

Date Contribution(s) Made: _____

Amount(s) of Contribution(s) _____

Nature of Contribution(s) _____

Purpose of Contribution(s) _____

(Attach extra pages if necessary)

Signature

Date

Title (position)

--OR--

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to an applicable public official by me, a family member or representative.

Signature

Date
