



# Agenda

**CITY OF SANTA FE AUDIT COMMITTEE MEETING  
SANTA FE COMMUNITY CONVENTION CENTER  
ADMINISTRATIVE CONFERENCE ROOM  
201 WEST MARCY  
MARCH 4, 2020  
2:00 P.M. – 4:00 P.M.**

**VIGI**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA**
- 4. APPROVAL OF AUDIT COMMITTEE MINUTES  
- December 4, 2019 Meeting**
- 5. EXECUTIVE SESSION  
In Accordance with the New Mexico Open Meetings Act, Specifically NMSA  
1978, Section 10-15-1(H), Subpart (2).**
- 6. NEW BUSINESS  
- FY20 Internal Audit Update - Finance Department Staff  
- FY20 Internal Audit Resource Allocation - Discussion and approval**
- 7. PUBLIC COMMENT**
- 8. MATTERS FROM STAFF**
- 9. MATTERS FROM COMMITTEE**
- 10. NEXT MEETING DATE – April 1, 2020**
- 11. ADJOURNMENT**

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Contact the City Clerk's Office at (505) 955-6520 five (5) working days prior to the meeting date**

<b>RECEIVED AT THE CITY CLERK'S OFFICE</b>	
<b>DATE:</b>	<b>February 26, 2020</b>
<b>TIME:</b>	<b>4:25 PM</b>

**SUMMARY INDEX**  
**CITY OF SANTA FE AUDIT COMMITTEE**  
**March 4, 2020**

<b><u>ITEM</u></b>	<b><u>ACTION TAKEN</u></b>	<b><u>PAGE(S)</u></b>
1. CALL TO ORDER	2:05 pm	1
2. ROLL CALL	Quorum Present	1
3. APPROVAL OF AGENDA	Approved	1
4. APPROVAL OF MINUTES December 4, 2019	Postponed	1-2
5. EXECUTIVE SESSION	Discussion in Closed Session	2
6. NEW BUSINESS		
• FY 20 Internal Audit Update	Discussion Only	2-4
• FY 20 Internal Audit Resource Allocation	Discussion	5
7. PUBLIC COMMENT	None	5
8. MATTERS FROM STAFF	None	5
9. MATTERS FROM THE COMMITTEE	None	5
10. NEXT MEETING DATE:	April 1, 2020	5
12. ADJOURNMENT	Adjourned at 3:20 pm	5

**MINUTES OF THE  
CITY OF SANTA FÉ AUDIT COMMITTEE  
MARCH 4, 2020**

**1. CALL TO ORDER**

A regular meeting of the City of Santa Fé Audit Committee was called to order by Cristina Mulcahy, Vice-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 (by phone)  
Cristina Mulcahy, Vice-Chair  
Al Castillo  
Mary Ellen Erpelding-Chacon

**Members Absent:**

Adolfo Montoya (excused)

**Staff Attending**

Mary McCoy, Finance Director  
Debra Harris Garmandia, Controller

**Others Attending:**

Melissa Byers, Stenographer

**3. APPROVAL OF AGENDA**

**MOTION:** Member Erpelding-Chacon moved, seconded by Member Castillo, to approve the agenda as presented.

**VOTE:** The motion was unanimously approved by voice vote.

**4. APPROVAL OF MINUTES:**

- December 4, 2019

**MOTION:** Member Castillo moved, seconded by Member Erpelding-Chacon, to postpone action on the minutes of December 4, 2019 because the minutes were not circulated to the Committee.

**VOTE:** The motion was unanimously approved by voice vote.

## **5. EXECUTIVE SESSION**

In Accordance with the New Mexico Open Meetings Act, Specifically NMSA 1978, Section 10-15-1(H), Subpart (2).

**MOTION:** Member Castillo moved to enter into executive session pursuant to the Open Meetings Act, §10-15-1(H)(2). The motion was seconded by Member Erpelding-Chacon.

**VOTE:** The motion was unanimously approved by voice vote.

The Audit Committee entered into executive session at 2:09 p.m.

The Audit Committee concluded the executive session and returned to open session at 2:55 p.m.

**MOTION:** Member Castillo, pursuant to the Open Meetings Act, §10-15-1(J)(6), moved that the Audit Committee reconvene in open session and state for the record that the matters discussed in the closed session were limited to those specified in the motion for closure. The motion was seconded by Member Erpelding-Chacon.

**VOTE:** The motion was unanimously approved by voice vote.

## **6. NEW BUSINESS**

- **FY20 Internal Audit Update- Finance Department Staff**

Ms. McCoy telephoned Jessica and Caitlin with REDW to provide the update.

The Audit Committee and Finance staff introduced themselves to Jessica and Caitlin.

Jessica reported that there were some challenges in moving the project forward. They found that there are really documented processes and there's been recent changes that have been made that make them go back and reevaluate. There has also been some unresponsiveness from the departments which has caused multiple false starts. They did go onsite on March 3<sup>rd</sup> and did make quite a bit of make progress in getting people to pull information and answer questions so that the testing could be finalized related to contract piece. She asked for the Committee's thoughts on how to move the project forward quicker when there are delays and they are not getting responses from the employees. She asked who that could be escalated to and how to handle those situations.

Ms. McCoy asked that those situations be brought to her attention and for her to feel free to CC any of the Committee members as well as Chair Woodruff on those concerns. Having REDW on site was helpful because face to face communication is always valuable.

Jessica said REDW has spent a lot of time reaching out and having to reschedule. She wanted to the Committee to be aware of that.

Vice-Chair Mulcahy stated to assume incompetence before assuming malice. She wanted to make sure the emails are not landing up in a junk box and people are not getting them.

Ms. McCoy said likely not, but she would look into that. She also proposed a weekly or bi-weekly check in with her and the internal audit team so that if are requests that haven't been fulfilled it can be followed up on.

Caitlin, from REDW, said that would be fine. She said she has received intermittent responses from people so she's confident that the emails are going to the right places. They've also copied Ms. McCoy and Chair Woodruff in the communications so everyone could be aware of where they are at. She thinks adding a status update is a good idea that way Ms. McCoy is aware of where the issues are. Her thought was that maybe some people didn't understand their role in the audit, so they were hesitant to be providing things. Once they met with people, they understood their role. She thinks it will go better from now on.

Jessica said in fairness to the employees, they're asking people to do things in addition to their daily jobs so it does create issues with people's regular work schedules. She agrees that a weekly check in would be helpful.

Jessica said on the lease portion of the project, Claire is working on drafting the recommendations for that. For the vendor and contracts, she and Caitlin are working on that.

Caitlin said they'd be working with Nathan Salazar and Fran from Purchasing on that on March 5<sup>th</sup>. She's confident that they'll have a lot of success.

Jessica said that if everything keeps moving forward as planned they should be able to present to the Committee at their April meeting, the reports on Leases and Vendor and Contracts audit.

Chair Woodruff said that was great timing to have both audits by the April meeting. She asked for an update on how many hours so far that have been charged.

Jessica said they charge an hourly rate, so it stands at about 75 hours right now. Some of the back and forth isn't valuable audit time, so they try to be as efficient as they can to make sure that all the hours charged are adding value to the City.

Vice-Chair Mulcahy asked if there was an hour or dollar limitation on the contract.

Ms. McCoy said dollar limitation.

Vice-Chair Mulcahy asked if we go over, who eats it, the City or REDW.

Chair Woodruff said she thinks we're going to be quite a bit under. She said it would be good timing in April to reassess. They may want to refocus the HR Audit and add another topic within the next month.

Vice-Chair Mulcahy said the emphasis on the leases was because of the gap standards for accounting were changing this coming year. She asked if that was correct.

Ms. McCoy said that was correct and staff had recognized some weaknesses that were concerning.

Member Castillo asked if the scope of the audit has been changed.

Ms. McCoy said the scope has not been changed. Because of the weaknesses there is not the documentation available for them to test against, as far as a traditional audit, where you have those rules and can test against, they're not able to do that. The focus is going to be more on the next steps which will be the recommendations from this team are going to be to bring them up to those standards.

Vice-Chair Mulcahy asked if there's been discussion about developing a standard leasing form for the City.

Ms. Harris Garmandia said it was discussed but hasn't moved forward. Part of what REDW is doing, because there's not a list of leases, is testing for existence and completeness, so we know what type of leases we have. The next step would be to have the conversation about what type of lease agreements the City needs to create.

Jessica said REDW has a listing of recommendations. They will regroup with the City on what are the next steps are. That concluded their update.

Chair Woodruff thanked them and said they have been doing an excellent job.

- **FY20 Internal Audit Resource Allocation - Discussion and approval**

Chair Woodruff asked if there's any other discussion or comments. She said if they're going to wrap up by the April meeting that gives them time to see if there's any other areas they want to add.

Member Castillo said he thinks it's set for the time being. He asked Chair Woodruff if she had suggestions of what the next area would be for internal audit.

Chair Woodruff said it could be an inventory policy procedure review for the Police Department. She thinks it's a higher risk area than HR. She wants to get more information and figure out how much money is left in the budget.

**7. PUBLIC COMMENT**

There were no members from the public present.

**8. MATTERS FROM STAFF**

None

**9. MATTERS FROM THE COMMITTEE**

There were none.

**10. NEXT MEETING DATE – April 1, 2020**

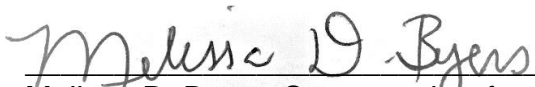
**11. ADJOURNMENT**

Upon motion by Member Castillo and seconded by Member Erpelding-Chacon the meeting was adjourned at approximately 3:20 p.m.

Approved by:

Submitted by:

\_\_\_\_\_  
Stephanie Woodruff, Chair

  
\_\_\_\_\_  
Melissa D. Byers, Stenographer for  
Byers Organizational Support Services