

SANTA FE COUNTY

Resolution 2011 - 80

A RESOLUTION TO ESTABLISH THE SANTA FE COUNTY AUDIT COMMITTEE AND TO DEFINE ITS PURPOSE, FUNCTIONS, MEMBERSHIP, STRUCTURE, AND OTHER REQUIREMENTS

WHEREAS, The Office of the State Auditor provided training and identified that the role of County Commissioners shall be to oversee the financial reporting process, set the proper tone at the top in the County's control environment, and to establish an audit committee; and

WHEREAS, Santa Fe County recognizes that sound financial reporting is an essential element of public sector accountability and transparency; and

WHEREAS, the Board of County Commissioners recognizes that three parties share responsibility for the quality of the County's financial reporting: management, the independent auditors, and the Board; and

WHEREAS, the Board of County Commissioners recognizes that the ultimate responsibility for internal financial controls and financial reporting of the County activities rests with the Board; and


WHEREAS, the Board of County Commissioners recognizes that it is essential to the effectiveness of the audit process to have an audit committee that will provide regular and direct communication between the independent auditors and the Board; and

WHEREAS, the Board of County Commissioners recognizes that the objectivity and independence of a financial statement audit is enhanced by having a forum in which audit-related issues can be discussed candidly with independent auditors.

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners hereby establishes the Santa Fe County Audit Committee and defines its purpose, function, membership, structure, and other requirements in the "Responsibility and Requirements of the Santa Fe County Audit Committee" document attached hereto as Attachment A.


APPROVED, ADOPTED AND PASSED this 31st day of May, 2011.

BOARD OF COUNTY COMMISSIONERS



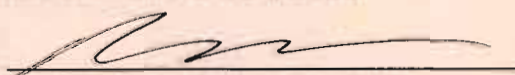
Virginia Vigil, Chairperson

ATTEST:



Valerie Espinoza, County Clerk

APPROVED AS TO FORM:



Stephen Ross, County Attorney



Responsibilities and Requirements of the Santa Fe County Audit Committee
April 26, 2011

Statement of Purpose

The purpose of the Santa Fe County Audit Committee (Audit Committee) is to perform a variety of financial oversight functions on behalf of Santa Fe County and its Board of County Commissioners (BCC), to ensure ongoing BCC involvement with internal controls and financial reporting, and to ensure that the financial reports presented by Santa Fe County are a reliable and fair representation of the County's financial position.

Core Functions

1. The Audit Committee will ensure that County management is maintaining a comprehensive framework of internal control, and that the established framework is adequate to protect the assets of Santa Fe County.
 - a. Review controls in areas of purchasing, accounts payable, accounts receivable, payroll, fixed assets, and cash on a County-Wide level.
 - b. Make recommendations for changes to the internal control framework, if deemed appropriate, and monitor implementation of recommendations.
 - c. Any other actions necessary to carry out this function.

2. The Audit Committee will ensure that the financial statements are properly audited and that any problems therein are disclosed and properly resolved.
 - a. Review the financial statements and auditors' reports and assist the BCC in interpreting the audit report including the opinion and findings and recommendations.
 - b. Facilitate regular communication with the independent auditor and the BCC to provide an avenue for detailed discussion of internal controls and other audit-related issues.
 - c. If need arises, discuss confidential personnel related matters or litigation as they relate to any audit-related issues in an executive session of a Board of County Commissioners regularly scheduled meeting.
 - d. Ensure resolution of audit findings by making recommendations for corrective action, and monitoring implementation of those recommendations.
 - e. Assess the performance of the independent auditing firm.
 - f. Any other actions necessary to carry out this function.

3. The Audit Committee will oversee and review the internal audit function of the County as applicable.
 - a. Review any requests for internal audit to determine whether staff or a contracted auditor should conduct the internal audit if need arises for a special audit.

- b. Assist in the procurement of any contracted internal auditor including the scope of work and selection process.
- c. Provide a forum for internal auditors to report findings of management abuse or control override.
- d. Review all internal audits and report to the BCC on findings of internal auditor.
- e. Ensure resolution of audit findings by making recommendations for corrective action monitoring implementation of those recommendations.
- f. Any other actions necessary to carry out this function.

Audit Committee Membership and Structure

The Audit Committee will be composed of three voting members. Member One shall be a staff representative from the County's Finance Division as appointed by the BCC. Member Two shall be a staff representative from the County's Legal Division as appointed by the BCC. Member Three shall be appointed by the County Manager or her/his designee. Audit Committee members shall meet the following qualifications.

Qualifications of the Committee as a whole -

1. A sufficient level of financial literacy to perform each core function as stated above.
2. Ability to deliberate meaningfully on any issue likely to be brought before the Audit Committee.
3. Ability to exercise an appropriate degree of "professional skepticism" when dealing with all audit-related issues.
4. Specific expertise in accounting, auditing, financial reporting or internal controls (a Certified Public Accountant is preferred but not required).
5. Knowledge of multiple processes within the financial structure of the County.
6. Must be able to maintain confidentiality when exposed to information about County employees or Elected Officials.

All members must adhere to the requirements of the Code of Conduct Ordinance No. 2010-12.

The members of the Audit Committee shall serve on staggered terms according to the following schedule:

1. Member One shall serve for an initial term of two (2) years and may be appointed to serve for one subsequent term of two (2) years.
2. Member Two shall serve for an initial term of one (1) year, and may be appointed to serve for one subsequent term of two (2) years.
3. Member Three, first appointed under this Resolution, shall serve for a term of three (3) years but may not serve a subsequent term. Thereafter, this Member shall serve a two (2) year term and may serve a subsequent term of two (2) years.
4. Any Audit Committee member who is absent without prior permission from the Chair, from two or more meetings in a one-year period shall be considered no longer active and the position vacant. A new member shall be appointed by a majority vote of the BCC to complete the term, and may serve one subsequent term.

5. A vacancy due to the resignation or removal of an Audit Committee member shall be filled as soon as possible. The new Member shall complete the term of the departing Member and may serve for a subsequent term, the duration of which is outlined above.

The Audit Committee shall hold six regularly scheduled meetings per year and may hold special meetings as needed. At a minimum, meetings must be held according to the following:

1. Two voting members shall constitute a quorum.
2. One meeting shall be at the start of the audit process to discuss audit-related matters with the independent auditing firm.
3. One meeting shall be at the completion of the audit process to discuss audit-related matters with the independent auditing firm as well as any findings of the auditors resulting from the audit.
4. The Audit Committee may require the presence of any County employee or Elected Official at any of its meetings.

Evaluation and Reporting Requirements

The Audit Committee shall re-evaluate its core functions on an annual basis to ensure that they meet the needs of the County, and to identify ways to improve its own performance. Such a review should specifically address changes needed as a result of changes in laws, regulations and professional standards as may occur from time to time.

The Audit Committee shall provide a written report to the BCC within two months of the completion of the annual independent audit and official release by the NM Office of the State Auditor. At a minimum, the report should provide information about the audit, including the financial statements, the conduct of the auditing firm, any findings brought to the Committee's attention, the management response to those findings, and any corrective actions to be undertaken. Further, the report shall outline how the Committee discharged its duty within each core function. Finally, the report should put forth proposed changes to the core functions of the Audit Committee, if any, with an explanation as to why the change is needed. This report shall become a matter of public record.

The Audit Committee may also provide updates to the BCC at any other time as deemed necessary. These updates may be verbal or in writing and shall be a matter of public record.

The *Responsibilities and Requirements of the Santa Fe County Audit Committee* may be amended, rescinded, or superseded by the Santa Fe County BCC at any time by a properly executed and recorded Resolution.