

**FINANCE COMMITTEE**  
**Wednesday September 23, 2009**  
**3:00 pm**  
**Council Chambers**

**MEMBERS PRESENT:**

Ms. Kathy Tapia, Co-Chairperson  
Councilman Morris Madrid, Member  
Mr. Gilbert Vallejo's, Member

Mr. Matt Martinez, Member  
Mr. Ernesto Salazar, Member

**MEMBERS ABSENT:**

Mayor Tony E. Marquez, Jr. Chairman

**OTHERS PRESENT:**

Mr. Abran H. Romero, Finance Director  
Mr. Timothy Dodge, City Manager

Mrs. Tana Vega, Deputy Finance Dir., Recorder

**AGENDA ITEM #1 - CALL MEETING TO ORDER:**

Ms. Kathy Tapia, Co-Chairperson called the Finance Committee to order at 3:15 p.m.

**AGENDA ITEM #2 - ROLL CALL**

Roll call was taken by Mrs. Tana Vega. A quorum was established.

**AGENDA ITEM #3 - APPROVAL OF AGENDA**

Councilman Morris Madrid entered a motion to approve the agenda of September 23, 2009. Motion was seconded by Mr. Gilbert Vallejo's. Motion carried by unanimous vote.

**AGENDA ITEM #4 – APPROVAL OF MINUTES – August 19, 2009**

Co-Chairperson Kathy Tapia questioned why the minutes for July 24, 2009 had not yet been submitted for approval and if the person taking the minutes was the correct person transcribing them. She asked that the minutes for July 24, 2009 be provided at the next meeting. Mr. Matt Martinez entered a motion to approve the minutes of August 19, 2009. Motion was seconded by Mr. Ernesto Salazar. Motion carried by unanimous vote.

**AGENDA ITEM #5 – REVIEW OF FINANCIAL REPORTS**

Mr. Abran Romero briefly discussed the August Financial Reports stating that as of now we are in line with revenues and expenditures. Mr. Romero went on to explain that we are expecting an increase in workers' comp insurance and increased liability due to an increase to 280 employees. Mr. Romero also explained that he has paid the premium on the policy in full for the entire year in order to avoid budgetary problems at the end of the year. Discussion continued in regards to how monies are distributed throughout the different funds within the City.

Mr. Romero went on record to notify Finance Committee in regards to a theft that occurred at the Recreation Center for around \$300.00. Committee questioned the policies and procedures in place to detect and deter theft. Mr. Romero explained the current policies and where he believes there is room for improvement.

Committee went on to discuss what has been done in regards to fixed assets which have been a problem in recent years. Mr. Martinez entered a motion that an RFP for GASB34 and Assets Valuation. Motion was seconded by Mr. Salazar. No vote taken.

## **AGENDA ITEM #6 – REVIEW OF JULY AND AUGUST CASH BALANCE REPORT**

Ms. Tapia began the discussion in regards to the Cash Balance Report stating that there seems to be formula errors. Discussion continued as to what needs to be adjusted and fixed on the Cash Balance Report. Committee requested that the information be fixed by the next meeting to reflect accurate numbers.

## **AGENDA ITEM #7 – FY2010 BUDGET APPROVAL LETTER FROM DFA**

Ms. Tapia questioned why the letter states that we have received conditional approval on the audit. Mr. Romero explained that this was conditional upon approval by City Council which is on the agenda for tonight.

## **AGENDA ITEM #8 – INVESTMENT POLICY DRAFT**

Mr. Romero stated that in regards to the investment policy he would like any suggestions that Committee may have to change or include in it. Ms. Tapia stated that the investments should be kept locally. Mr. Vallejo's stated that in regards to long-term investments we need to make sure that we retain the flexibility to get the best rate available at that time and to make sure the Manager has latitude in the decision making. Committee went on to discuss the benefits of keeping the investments local, leading to a consensus that for the betterment of the City of Las Vegas this will be necessary. Committee requested that this item be presented at the next meeting for follow up.

## **AGENDA ITEM #9 – FY 2008 AUDIT REPORT**

(Verbatim, Recorder 57min, 13sec.)

Mr. Madrid, "I am giving Committee a little bit of back ground as to why I recommended to table that report at the last Council meeting. It was because there are findings mentioned in there in regards to internal control. And they are some of the same findings that are in the Agreed Upon Procedures, the next item. They referred to internal controls weaknesses that have been there since FY07 yet they weren't cited in the regular Financial Audit. This firm has been doing the Audit for three years. Saying there is material weaknesses now when they never said anything for the previous two years. So that is why I didn't want to accept the report because they didn't reveal these weaknesses until they had a contract for an additional \$40,000.00 that really smells."

Mr. Romero, "Yea we paid over \$105,000.00 in Audit fees."

Mr. Madrid, "And they wouldn't release a regular audit until we agreed to do these additional procedures, so essentially they held us hostage. The State Auditor agreed to it, that's another issue, maybe a political issue I don't know, but that's not right either."

Mr. Salazar, "And who's the Audit Firm?"

Mr. Romero, "Accounting and Consulting Group, yes we eighty sixed them. Yea I got a real funny feeling with them. I don't believe that any of the procedures were completed; I don't feel that they did a thorough job. I believe there is a lot of issues that are going to come out in the FY09 Audit Report but that's good, gives us a good solid footing of the issues that we need to address."

Mr. Salazar, "So are you planning to ever accept the report?"

Mr. Madrid, "Well we have to accept it in some form to get our final budget approved because the State Auditor has accepted it."

Mr. Romero "Well my understanding is as long as the State Auditor approved it, it's automatically approved with DFA."

Mr. Madrid "One or the other has to accept it, not both, that's what the letter said. So the State

Auditor accepted it and released it so....”

Mr. Salazar, “So we can approve it with the exception that we are not happy without 07, 08, and 09 issues.”

Mr. Madrid, “And I have these points to get into the record tonight.”

Mr. Vallejo’s, “That we disagree with the findings.”

Mr. Madrid, “Yea, how come these issues were not presented before?”

Mr. Salazar, “Will the Co-Chair entertain a motion to approve it with the exception?”

Ms. Tapia “Well this isn’t asking really for our approval.”

Mr. Salazar, “Well you guys are going to do it at the Council meeting right?”

Mr. Madrid, “Yes, it’s an action item on the Agenda. We could still table it again but...”

Mr. Salazar, “No I think we better move on with it.”

Mr. Romero, “It’s in our best interest to approve it.”

Mr. Madrid, “We really don’t have, we tried to reject it, we really did, and there was meetings and letters to Tim and you know basically the State Auditor shoved it down our throat.”

Mr. Romero, “That’s the AUP not the 08 Audit.”

Mr. Madrid, “Well the 08 Audit also.”

Mr. Romero, “But the 08 Audit will need amendments because once we get the legal opinion on the Anti-Donation they need to pull that out.”

Mr. Madrid, “And that’s another thing they’re still giving him adjustment as of a couple of weeks ago. On the regular Audit that had already been accepted, I mean I’ve never heard of that before.”

Mr. Salazar, “What’s going on then?”

Mr. Madrid “Well the Auditors I think, now that they know that they are on our radar, and that we do know how to read an Audit Report, they are trying to make it completely clean.”

Mr. Romero , “”And part of the issue too is that Accounting and Consulting Group did provide a clean opinion for a small school district in Northern NM and a Financial Officer perpetrated a \$3.4 million fraud, and they gave them a clean opinion two months before the Superintendent found it. So there is some significant issues with the quality of work. That’s why we need to make sure we stand by the issues that we have with their work.”

Mr. Salazar, “Well I guess to support the Council action tonight we should do something here.”

Mr. Madrid, “We could recommend to accept it with the noted exceptions to what we think would have been a quality Audit.”

Mr. Salazar, “are we going out of line by doing that?”

Mr. Dodge, “No.”

Mr. Salazar, “I so move then.”

Mr. Vallejo’s, “Second.” (Verbatim, Recorder end 1:02:02) Motion carried by unanimous vote.

**AGENDA ITEM #10 –AGREED UPON PROCEDURES (AUP) REVIEW**

Mr. Madrid began this discussion with some background information in regards to what he feels are the issues with the AUP. He cited #2 in the AUP and the issue with LCC stating that there was a lack of a paper trail that should have been included with the supporting documents. Mr. Madrid then went on to express concern with the \$300,000.00 “Emergency” purchase for a gas line. He felt that those involved and a lack of proper documentation were cause for concern. Mr. Madrid also questioned why the Auditors have cited a lack of internal control on every one of the AUP items, when this is the same firm we have had for three years and they have never cited this before. Mr. Salazar questioned the \$300,000 issue and if it is being investigated. Discussion ensued as to if the process was followed, if the work was actually done and if procedure #2 of the procurement code was ever completed. Committee consensus resulted in a request that an investigation be conducted by the City Manager in regards to the \$300,000 and the process followed. No action taken at this time.

**AGENDA ITEM #11 – ADVERTISING PAYROLL POSITION**

Mr. Romero gave a brief explanation stating that this item was included to keep Committee updated as to where we are currently in the process of hiring a Payroll Clerk. He explained that at this time we have only received one internal application, and will be making recommendations soon.

**AGENDA ITEM #12 - ADJOURN**

Ms. Tapia entertained a motion by Mr. Martinez to adjourn. Motion was seconded by Mr. Madrid. Motion carried. The meeting adjourned at 4:40 pm.

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Mayor Tony E. Marquez, Jr. Chairman

Date

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Tana Vega, Recorder  
Transcribed by Felicia Mondragon

Date