



## Office of the State Auditor Releases City of Santa Fe Fiscal Year 2021 Audit to the Public

**SANTA FE, July 31, 2023** – Today, the City of Santa Fe's Fiscal Year 2021 (FY21) Audit is available to the public. The City worked with its Independent Public Accountant, Carr Riggs & Ingram CPAs, to submit the FY21 external financial statement and compliance audit to the New Mexico Office of the State Auditor (OSA) on Friday, June 30, 2023. The FY21 audit covers the time period beginning July 1, 2020, and ending June 30, 2021.

Carr Riggs & Ingram CPAs will present the FY21 audit report to the Finance Committee tonight, July 31, 2023, to the Audit Committee on Thursday August 3, 2023, and to the Governing Body at the next regular meeting on Wednesday, August 9, 2023.

### Highlights from the Audit:

- The Independent Auditor's report on the FY21 financial statements expresses an unmodified, or "clean" opinion. This is the best opinion type, and it means that the auditor concluded that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.
- The FY20 audit report identified 21 findings, and the FY21 audit report identified 22 findings.
- 10 of the findings from the FY20 audit were resolved in the FY21 audit, demonstrating the progress that the City is making to improve internal controls over financial information and implement improvements to business process.
- The Independent Auditor's report on compliance for each major federal program and on internal control over compliance expresses a qualified opinion. This means that the auditors concluded that the City complied, in all material respects, with Federal grant requirements, except for specific requirements related to the Airport Improvement Program and the Federal Transit Cluster.

**Mayor Alan Webber said**, "This 'clean' opinion is the best you can get and expresses confidence in our financial statements. We've fixed 10 findings from the year before. We've already addressed some of the findings in this audit and now we'll go to work to address the other findings, while improving our overall performance."

**Emily K. Oster, Finance Director for the City of Santa Fe, said**, "I am proud of the hard work that our dedicated team put in to complete the Fiscal Year 2021 audit. The findings identified in the audit provide a roadmap for corrective action, which in many cases is already implemented or underway. We are making progress towards achieving our goal of timely and accurate financial reporting."

**John Blair, Santa Fe City Manager said**, "There are two takeaways for every Santa Fe resident today—the clean audit illustrates residents should continue to have faith in the quality financial work conducted at the City, and the City has resolved its problems related to timely audits and we're getting back on track."

I'm proud of everyone on Team Santa Fe who's working to ensure future audits are clean, accurate, and on-time."

The City is actively working with its auditors and accounting consulting team on completing the FY22 audit. The Finance Director's goal is to submit the FY22 and FY23 audits to the State Auditor's Office by the deadline of December 31, 2023.

### **Findings Summary:**

Of the 21 findings identified in the FY20 audit, 10 (48%) were resolved in the FY21 audit. The FY21 audit report identified 22 findings, 11 were repeated from FY20 with modifications, and 11 are new.

### **Breakdown of the 22 findings in FY21:**

- There are four material weaknesses in financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.
- There are three significant deficiencies in financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- There are two material weaknesses related to federal grant requirements.
- There are two material non-compliance and material weaknesses related to federal grant requirements.
- There are three significant deficiencies related to federal grant requirements.
- There are three other matters that are required to be reported by the State Audit Act (Section 12-6-5 NMSA 1978).
- There are five other noncompliance that are required to be reported by the State Audit Act (Section 12-6-5 NMSA 1978).

### **Additional City Actions:**

- The City has taken action to fill key positions, improve business practices, update critical software, and get caught up on financial reporting.
- In the past year the City has hired a Finance Director, Grants Manager, Purchasing Officer, and Controller. These new staff members bring substantial experience and knowledge of governmental accounting, financial reporting, and auditing.
- The Munis ERP system was successfully upgraded in January 2023. The new version of the system provides additional functionality needed to improve business practices through modernization and automation.
- The City is actively working with its auditors and accounting consulting team on completing the FY22 audit.
- The Finance Director's goal is to submit the FY22 and FY23 audits to the State Auditor's Office by the deadline of December 31, 2023.

[Click here to read the full list of findings and details, and for a link to the report on the OSA website.](#)