



## ORDINANCE 22-19

### AN ORDINANCE ESTABLISHING CHAPTER 4.24 OF THE TOWN OF TAOS CODE REGARDING AUDIT AND FINANCE COMMITTEES

**WHEREAS**, the Government Finance Officers' Association recommends the establishment of an Audit Committee as a "best practice" in assuring that recommendations of the Town's independent auditors are implemented on an annual basis and that any findings identified in audits are addressed within that fiscal year; and

**WHEREAS**, based on the recommendation of the Town Council, Town Finance Director and Town Auditors, as well as the recommendation of the Government Finance Officers Association as a "Best Practice", the Town of Taos established an Audit Committee on November 27, 2012 by Resolution 12-65 to assist the Town Council in assuring that recommendations of the Town's independent auditors were implemented on an annual basis and that any findings identified within audits were addressed within that fiscal year; and

**WHEREAS**, the Town of Taos Council, based on the recommendation from the Audit Committee, established a Finance Committee with the passage of Resolution 18-52 on July 24, 2018 to provide investment and debt management advice, timely guidance to the Mayor, Council, Manager, and Finance Director regarding budgets, and other on-going financial issues; and

**WHEREAS**, the Town Council has consistently moved toward increased transparency and accountability of public funds, recognizes the desirability of establishing even further controls in managing the Town's finite resources, and that the Town Council is ultimately responsible for ensuring that management is meeting the Town's internal control and financial reporting responsibilities; and

**WHEREAS**, the importance of the work of the Audit and Finance Committees toward ensuring the financial health of the Town of Taos is recognized, and it is the desire of the Town of Taos to establish the committees through ordinance in the Town of Taos Code;

**NOW, THEREFORE, BE IT ORDAINED** by the Governing Body of the Town of Taos, meeting in Regular Session on the 25<sup>th</sup> day of October, 2022, and after having held a public hearing on the matter, the following ordinance is hereby adopted, approved, and ratified:

**Section 1. Resolution 22-34 and Resolution 18-52 are hereby repealed.**

**Section 2. The Town of Taos Code shall hereby be amended to include the following sections:**

**SECTION 4.24.010: ESTABLISHED**

There is hereby established the Town of Taos Audit Committee (hereinafter referred to as the "Audit Committee").

**SECTION 4.24.020: COMPOSITION**

The Audit Committee shall consist of three (3) members, to be comprised of one (1) member of the Town Council, one (1) current or former member of a financial institution, and one (1) business representative. To ensure the committee's independence and effectiveness, no Audit Committee member shall be an employee, spouse of an elected official/employee, or person that commingles assets with an elected official/employee of the Town of Taos. While committee members need not be accountants, they should possess sufficient knowledge and experience in finance, business, and/or accounting to discharge the committee's duties.

**SECTION 4.24.021: APPOINTMENT**

The members of the Audit Committee shall be appointed by the Mayor with ratification by the Town Council. The term of the members of the Audit Committee will run concurrent with the Mayor's term.

**SECTION 4.24.022: REMOVAL**

Audit Committee members may be removed or replaced by a majority vote of the Governing Body when said removal is deemed to be in the best interest of the Town.

**SECTION 4.24.030: MEETINGS**

- A. Meetings of the Audit Committee shall be held at least annually, or as requested by the Town Manager or Finance Director, as deemed necessary by the Audit Committee, or as otherwise needed in order to effectively carry out the duties of the Audit Committee. All meetings of the Audit Committee shall be conducted in accordance with the provisions of Town of Taos Municipal Code and the New Mexico Open Meetings Act. Meetings shall be subject to all applicable laws and policies. The Finance Committee will follow Roberts Rules of Order.
- B. Each year at its first meeting the Audit Committee will elect a Chair and Vice- Chair. The Chair of the Audit Committee shall be a Councilmember of the Town of Taos.
- C. Meeting agendas will be prepared by the Chair, with the assistance and input of the Finance Director, who shall serve as Secretary to the Audit Committee or cause to have staff present to serve that function. Consistent with New Mexico law, agendas shall be published and provided in advance to all members at least 72 hours prior to the meeting, along with all attachments and appropriate briefing materials.
- D. Minutes of the Audit Committee meetings shall be copied to the Town Manager, Town Attorney, Mayor and Council and filed and maintained as a public record in the Office of the Town Clerk.
- E. The Audit Committee may conduct an Executive Session where it is determined that the topic of the proposed discussion meets the limited exemptions of the Open Meetings Act, NMSA 1978, Section 10-15-1(H).



#### **SECTION 4.24.040: DUTIES AND RESPONSIBILITIES**

- A. To carefully review, upon completion of the Town's annual audit, all audit findings in the audit report and consult with external auditors regarding any portion of the audit, including but not limited to, exceptions, irregularities, and deficiencies disclosed in the annual audit. The Audit Committee is empowered to meet with management to discuss audit findings, disagreements with the external auditors, or any other matter within the purview of the Audit Committee's responsibilities as outlined herein. The Audit Committee should satisfy itself that appropriate and timely corrective action has been, or will be, taken by management, or as necessary by Town Council, to remedy any identified weaknesses. The Audit Committee shall recommend to the Town Council what corrective action should be taken, if any.
- B. To consider the effectiveness of the internal control system, including information technology security and control, review the effectiveness of the system for monitoring compliance with laws and regulations, and review the process for communicating the Town's ethics policies to Town personnel and monitoring compliance therewith. The Audit Committee shall recommend to the Town Council what corrective action should be taken, if any.
- C. To establish a process by which employees, taxpayers, or other citizens may confidentially report suspected illegal, improper, wasteful, or fraudulent activity under provision of the State Auditor's Fraud program.
- D. To annually present a written Audit Committee report detailing how it discharged its duties and any recommendations to the Town Council.
- E. To take such other actions as may be deemed appropriate given the applicable law and the overall mandate to the Audit Committee.

#### **SECTION 4.24.050: COMPENSATION**

The members of the Audit Committee shall serve as such without compensation.

#### **SECTION 4.24.060: ESTABLISHED**

There is hereby established the Town of Taos Finance Committee (hereinafter referred to as the "Finance Committee").

#### **SECTION 4.24.070: COMPOSITION**

The Finance Committee shall consist of six (6) members, to be comprised of the three (3) members of the Audit Committee and, additionally, three (3) community members with Backgrounds in either economics, public finance, business administration, real estate or a similarly applicable field. The Town Manager and Finance Director shall serve as staff to and ex-officio members of the Finance Committee.

#### **SECTION 4.24.071: APPOINTMENT**

The members of the Finance Committee shall be appointed by the Mayor with ratification by the Town Council. The term of the members of the Finance Committee will run concurrent with the Mayor's term.

**SECTION 4.24.072: REMOVAL**

Finance Committee members may be removed or replaced by a majority vote of the Governing Body when said removal is deemed to be in the best interest of the Town.

**SECTION 4.24.080: MEETINGS**

- A. Meetings of the Finance Committee shall be held at least quarterly, or as requested by the Town Manager or Finance Director, as deemed necessary by the Finance Committee, or as otherwise needed in order to effectively carry out the duties of the Finance Committee. All meetings of the Finance Committee shall be conducted in accordance with the provisions of Town of Taos Municipal Code and the New Mexico Open Meetings Act. Meetings shall be subject to all applicable laws and policies. The Finance Committee will follow Roberts Rules of Order.
- B. Each year at its first meeting the Finance Committee will elect a Chair and Vice-Chair. The Chair of the Finance Committee shall be a Councilmember of the Town of Taos.
- C. Meeting agendas will be prepared by the Chair, with the assistance and input of the Finance Director, who shall serve as Secretary to the Finance Committee or cause to have staff present to serve that function. Consistent with New Mexico law, agendas shall be published and provided in advance to all members at least 72 hours prior to the meeting, along with all attachments and appropriate briefing materials.
- D. Minutes of the Finance Committee meetings shall be copied to the Town Manager, Town Attorney, Mayor and Council and filed and maintained as a public record in the Office of the Town Clerk.
- E. The Finance Committee may conduct an Executive Session where it is determined that the topic of the proposed discussion meets the limited exemptions of the Open Meetings Act, NMSA 1978, Section 10-15-1(H).

**SECTION 4.24.090: DUTIES AND RESPONSIBILITIES**

- A. To provide independent review, oversight, and recommendations as to the Town's budget, borrowing, taxation, financial capacity, monthly revenue reports and projections, economic market data for the Town, recommendations with regards to the tax base, debt management, bond and credit rating and investment of public funds. The Finance Committee may also be asked to review and provide recommendations on LEDA applications, the financials for and soundness of Town sponsored affordable housing projects, the financing of water, sewer, solar, and other utilities capital projects, the purchase or assignment of water rights, and proposed economic development projects. Additionally, the Finance Committee shall examine and comment on any proposal or project which requires the underwriting, sponsorship or financial commitment of the Town through loans, grants, PILOT's, tax credits, deferrals or waivers, the donation, swap or sale



of land or buildings, and long-term lease agreements for land or facilities that financially obligate the Town or which may impact the financial capacity, resources and soundness of the Town, now or in the future. The Finance Committee is a policymaking board pursuant to NMSA 1978, Section 10-15-1(B).

- B. To review and recommend on such other financially-related matters as may arise and that are consistent with the purpose and intent of the Council in creating the Committee, to sit in, upon request of the Mayor, Town Council or Town Manager, on the selection or review of such contracts, decisions or contractors for Town projects and/or, upon such request, to review and recommend possible action on a specific financial matter, concern or complaint that has been brought to the attention of the Mayor, Council or Town Manager by internal or external parties.

**SECTION 4.24.100: COMPENSATION**

The members of the Finance Committee shall serve as such without compensation.

**SECTION 4.24.110: RELATIONSHIP WITH THE BOARD OF FINANCE**

The Finance Committee is not to be confused with the Town's Board of Finance which, pursuant to NMSA 1978 Sections 6-10-9 and 6-10-10 (1933), receives, handles and accounts for all public monies, deposits and depositories and makes investments on behalf of the Town. Nothing herein shall prevent the Board of Finance from soliciting recommendations from the Finance Committee on matters within its authority.

**ORDAINED, ADOPTED, AND APPROVED** this 25<sup>th</sup> day of October 2022, by the following vote:

Mayor Pro Tem Darien Fernandez	<u>absent</u>
Councilmember Nathaniel Evans	<u>yes</u>
Councilmember Corilia Ortega	<u>yes</u>
Councilmember Marietta Fambro	<u>yes</u>

**TOWN OF TAOS**



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Pascualito M. Maestas, Mayor

**ATTEST:**



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Francella Garcia, Town Clerk

**APPROVED AS TO FORM:**



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Christopher Stachura, Town Attorney