



OC-19-37  
**City of Albuquerque**  
*Office of Internal Audit*  
P.O. BOX 1293, ALBUQUERQUE, NM 87103

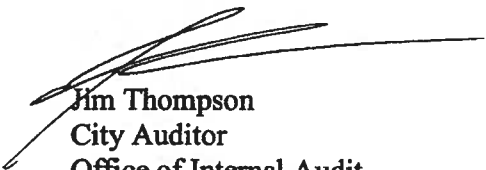
August 29, 2019

Councilor Klarissa Peña  
President of City Council  
P.O. Box 1293  
Albuquerque, NM 87103

Dear Councilor Peña:

We have completed the Office of Internal Audit's Annual Report for fiscal year 2019. The Accountability in Government Oversight Committee approved the Annual Report on August 28, 2019, and we are pleased to transmit it to the City Council.

Sincerely,



Jim Thompson  
City Auditor  
Office of Internal Audit



***City of Albuquerque***  
***Accountability in Government Oversight Committee***  
**P.O. Box 1293 Albuquerque, New Mexico 87103**

August 29, 2019

Honorable Mayor Tim Keller, Members of the City Council, and Citizens of Albuquerque:

The Accountability in Government Oversight (AGO) Committee would like to recognize the Office of Internal Audit (OIA) City Auditor and his staff for their continued service to the Administration, City Council and the Citizens of the City of Albuquerque.

As this annual report demonstrates, OIA produces audits and non-audit services that include recommendations intended to improve City operations. It also shows the service OIA provides by offering its knowledge and expertise in responding to requests for assistance from department personnel.

The AGO Committee has found the OIA staff to be a professional and respected resource for the City of Albuquerque. As an independent, objective set of eyes that can help the organization accomplish its objectives, OIA is certainly an integral part of the City of Albuquerque government.

Sincerely,

Edmund E. Perea, Esq., Chairperson for  
Accountability in Government Oversight Committee

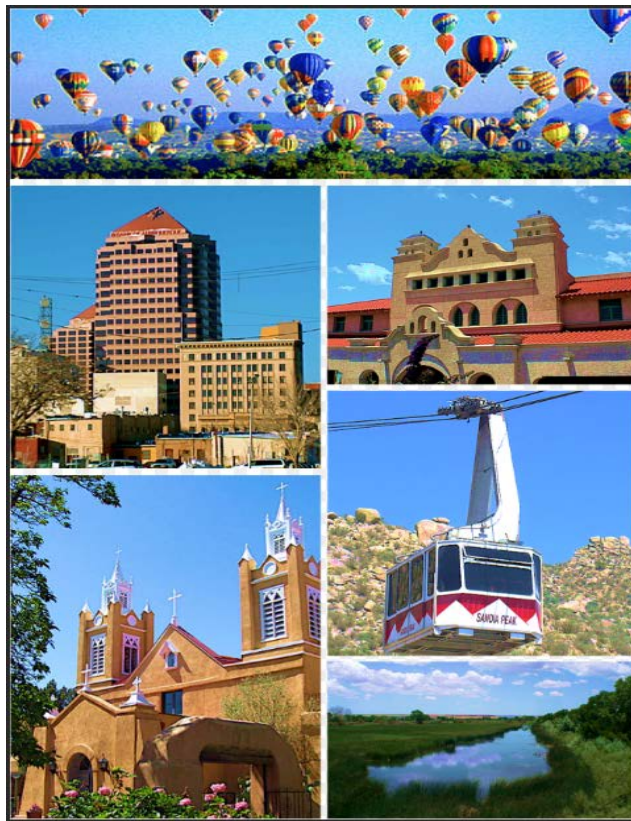
John A. Carey  
Elizabeth Metzger  
Daniel O. Trujillo  
Laura Smigielski Garcia



City of Albuquerque

# Office of Internal Audit

Fiscal Year 2019 Annual Report



Increasing the City's efficiency, effectiveness, and accountability to the citizens of Albuquerque



# Office of Internal Audit

Fiscal Year 2019 Annual Report

July 1, 2018 - June 30, 2019

## TABLE OF CONTENTS

	<u>Page</u>
Letter from the City Auditor .....	i
Organizational Chart.....	1
Audit Reports .....	2
Strategic Review Reports.....	8
Audit Hours by Department.....	12
OIA Budget.....	13
Performance Measures .....	14
Implementation of Recommendations .....	17
OIA Staff.....	18
Staff Bios .....	20

### Mission Statement

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*Provide independent audits that promote transparency,  
accountability, efficiency, and effectiveness of City  
government for the citizens of Albuquerque.*

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# *City of Albuquerque*

## *Office of Internal Audit*

P.O. Box 1293 Albuquerque, New Mexico 87103

August 28, 2019

Honorable Mayor Keller, Members of the City Council, Members of the Accountability in Government Oversight (AGO) Committee, and Citizens of Albuquerque,

I am pleased to present the Office of Internal Audit's (OIA) Annual Report for the fiscal year-end June 30, 2019 (FY2019). The Annual Report illustrates OIA's performance and is required by Section 2-10-14 ROA 1994 of the Accountability in Government Ordinance.

The work performed by OIA promotes transparency, accountability, efficiency and effectiveness of City government for the Citizens of Albuquerque. In FY2019, OIA completed various audits contained in the Annual Audit Plan, as well as non-audit services requested by the Administration and City Council to address emerging issues. For example, City management requested OIA to perform a strategic review of the Legal Department to address emerging issues and operational concerns.

OIA issued 12 audit reports, completed 7 strategic reviews, performed 6 follow-up reviews, and responded to 43 requests for assistance in FY2019. Projects completed in FY2019 identified potential cost savings of approximately \$6 million and provided assurance through audit and non-audit services totaling \$213 million.

The AGO Committee provides functional oversight of OIA to ensure audits, strategic reviews, follow-ups, and other non-audit services are performed in an impartial, equitable, and objective manner. Audit and non-audit services provide objective findings and recommendations to help the Administration and City Council:

- Improve program performance and operations,
- Reduce costs,
- Facilitate decision making by parties with responsibility to oversee or initiate corrective action,
- Contribute to public transparency and accountability, and
- Ensure that taxpayer dollars are spent efficiently and effectively.

The term for two AGO Committee members will expire on September 1, 2019. The Mayor and City Council are responsible for appointing the respective At-large members. OIA continually strives to maximize the value of our services and looks forward to our continued service to the AGO Committee, Citizens of Albuquerque, the City Council, and the Administration by providing independent value-added services.

OIA looks forward to another successful and productive year in FY2020. Our FY2020 audit plan includes expanded internal audit services, including 17 audits, 6 strategic reviews, and 6 follow-up reviews. OIA will continue to update our audit risk assessment and evaluate the effectiveness, efficiency, and economy of the City's operations throughout FY2020. Our audit plan is flexible and allows us to add new audits in response to new risks identified during the year.

I would like to take this opportunity to thank the AGO Committee and all OIA staff for their commitment to serving the public and for ensuring that our audits are done independently, objectively, unbiasedly, and with integrity.

Sincerely,

Jim Thompson, CPA, CFE  
City Auditor

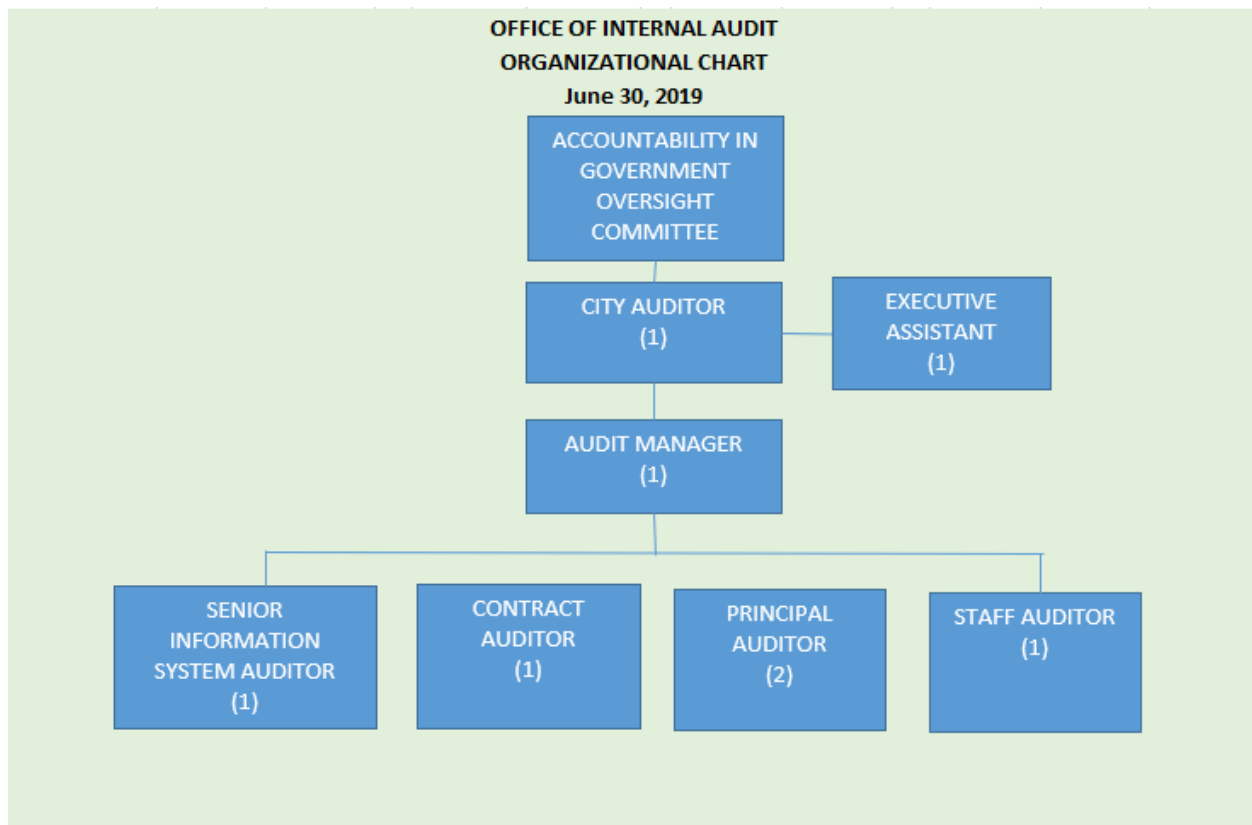
# Organizational Chart

June 30, 2019

Section 2-10-5 ROA 1994 of the Accountability in Government Ordinance creates the Accountability in Government Oversight (AGO) Committee. The AGO Committee consists of five members from the community at large. The primary functions of the AGO Committee are to appoint the City Auditor of the Office of Internal Audit (OIA), approve OIA's annual audit plan, and approve audit, strategic review, and follow-up reports.

## AGO Committee Composition

Name	Term Expiration	Representative
Edmund E. Perea	8/31/2019	Law Enforcement
Elizabeth Metzger	8/31/2019	CPA
Daniel O. Trujillo	8/31/2020	Management Consultant
John A. Carey	8/31/2021	At Large
Laura Smigielski-Garcia	8/31/2021	At Large



# FY2019 Audit Reports

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Audit No. 18-101

Management of Off-Site Parking Revenue

September 13, 2018



The Aviation Department manages four off-site parking operator contracts. The contracts were executed between 17 and 23 years ago and contract information such as fees, charges, and exemptions have not been updated since originally established.

The purpose of this audit was to determine whether the Aviation Department has an effective process for managing its off-site parking revenue contracts and if the contract fees align with comparable medium hub airports. The audit period was July 1, 2015 through June 30, 2017.

Off-site parking contracts fees are not aligned with other medium hub airports with similar contracted fee structures. Rather, at two percent of gross revenue, 20 cents per trip fee, and an annual \$100,000 revenue exemption, Albuquerque has the lowest rates encountered. Of the nine other medium hub airports with similar fee structures, the average fee was nine percent gross receipts/revenue and per trip fees between \$1 and \$6.75. Updating contracts and enhancing policies and procedures will help ensure a more active management approach for the Aviation Department's off-site parking revenue contracts.

Audit No. 17-102

Fund 225 Use & Tracking

October 24, 2018

Fund 225 accounts for contributions and donations earmarked for specific projects and provides support to the City of Albuquerque's museum, community events, balloon center, and libraries. and accounts for contributions and donations earmarked for specific projects.

The purpose of this audit was to determine if resources are used for the intended purpose of the fund, and if the Cultural Services Department (CSD) has an effective process for ensuring Fund 225 is used to support the intent and appropriated projects of the fund. The audit period was July 1, 2015 through June 30, 2017.



CSD Management had included other revenue, in addition to contribution and donation revenue, from facility rentals, special events, ticket fees, and special admissions, which significantly increased the amount of revenue available for use. Collectively, non-contribution/donation revenue for

FY2016 and FY2017 was approximately \$2.2 million. Fund 225 revenue was used to cover gaps in capital and operational expenses. In addition, the expense of Fund 225 resources did not comply with specific appropriation categories approved by City Council. In total, CSD overspent their approved budgets for FY2016 and FY2017 by approximately \$677 thousand.

Audit No. 18-102

Inspection Tag Inventory Controls

October 24, 2018



The Planning Department's (Planning) Building Safety Division is responsible for ensuring construction work within the City complies with approved plans and building standards. This responsibility lies with City inspectors who perform inspections for permitted projects. If an inspector deems the permitted work to be compliant with approved plans and building standards, an inspection approval tag is issued and the result is entered into the City's electronic permitting and inspection database known as POSSE.

The initial purpose of the audit was to determine if inspection tag inventory controls were effective for ensuring inspection tag accountability, accuracy and safeguarding. However, the audit discovered that the City considers POSSE as the official record for City inspections and the audit finding was modified to address Planning's current practices.

Inspection approval tags are not the City's official record for successful building code inspections, which may provide a false sense of assurance to stakeholders. The City's official record for successfully passing code inspections is maintained in the POSSE system. However, Planning has not updated the City's website and Development Process Manual to align with current practices or informed stakeholders about the insignificance of the inspection approval tags.

Ultimately, a misconception exists between Planning and stakeholders about the assurance inspection approval tags provide. To Planning, the inspection approval tags carry no value. To the stakeholders, the tags signify that work has been completed according to applicable regulations and approved by a certified inspector. This misconception must be addressed by Planning, which would mitigate the risk of stakeholders placing false reliance on the physical inspection tags.

Audit No. 18-105

Parts Plus of New Mexico, Inc. – (Two Reports Issued)

February 27, 2019

The City contracts with Parts Plus to provide automotive parts and tools for numerous departments that perform vehicle maintenance.



The purpose of this audit was to review and report on Parts Plus billing and insurance compliance for the period July 1, 2016 through June 30, 2018. A separate report was issued to Parts Plus and the City detailing the applicable findings for each entity.

The audit found that Parts Plus was using incorrect discount rates for parts and manufacture retail prices are not being used to establish the price from which discounts are applied to. The City was undercharged by \$17,607 and overcharged by \$17,631 as a result of applying incorrect price and discount rates. City departments were not verifying the accuracy of contractual pricing compliance prior to ordering parts and authorizing payment.

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**Audit No.      18-103      Personal Identifiable Information Security on City Systems**

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**February 27, 2019**



The City has adopted a Sensitive Data Policy that includes the handling, use, and safeguarding of Personal Identifiable Information (PII). Safeguards of PII are important to ensure the City is protecting PII from loss, theft, or misuse while simultaneously supporting the City's mission.

The purpose of the audit was to identify City systems storing PII and to determine if the information is secure. The audit period was October 2, 2018 to January 23, 2019.

The audit determined that The Department of Technology & Innovation does not maintain an active inventory of systems and devices that contain PII. The City also does not have comprehensive policies and procedures for classifying and safeguarding PII. In addition, individuals with access to the City's computer environment are not always trained on or aware of their responsibility to safeguard PII.

OIA identified 27,037 records containing high-risk PII in one of the three City systems tested. According to the 2018 Cost of Data Breach Study – Global Overview, performed by the Ponemon Institute LLC, the average cost per record breached is \$148 per record. A breach of the 27,037 records would result in a cost of approximately \$4 million to the City.

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**Audit No.      19-101**

**City Vehicle Collision Repair**

**February 27, 2019**

Vehicle collision repair costs are paid from the City's Internal Service Fund 705 (Risk Management Fund).

The purpose of this audit was to determine if a.) all accidents involving City vehicles are reported to Risk Management; b.) auto claims are reviewed to ensure that estimated repair costs are reasonable and proper; c.) totaled vehicles are properly assessed and supported; and d.) subrogation opportunities are properly pursued and documented. The audit period was July 1, 2016 through June 30, 2018.



A Third Party Administrator (TPA) provided investigative, adjusting, and administrative services for the City's Risk Management Division (Risk Management), and consulted with Risk Management to help assure claims are handled in a manner that is consistent with Risk Management objectives. However, the TPA was not performing several important requirements of its contract, such as conducting independent tests for cost reasonableness; preparing, obtaining, and comparing repair estimates; documenting vehicle damage; and reviewing vendor invoices for accuracy and contractual pricing compliance.

Additionally, not all City vehicle accidents are reported to Risk Management and Risk Management's master record of employees involved in vehicle accidents does not reflect all vehicle accidents.

Audit No. 19-103

Franchise Fee Revenue Audit

April 25, 2019



The Albuquerque Bernalillo County Water Utility Authority (Authority) was granted a franchise by the City under City ordinance Section 13-4-9 ROA 1994. As consideration for this franchise, the Authority shall pay to the City a franchise fee of 4 percent of the Authority's annual gross revenue within the City limits.

The purpose of this audit was to determine if the Authority was in compliance with the franchise fee City ordinance Section 13-4-9-8 (A), (B), and (C) ROA 1994. The audit period was July 1, 2015 through June 30, 2017.

The areas addressed in this audit will help the Authority and the City improve compliance with, and monitoring of the franchise fee ordinance. The audit identified that:

- Certain revenues were excluded from gross revenue,
- Certain customers were not assigned to appropriate billing jurisdictions resulting in jurisdictional mismatches,
- The Authority did not prepare and submit an annual reconciliation of franchise fees, and
- The City did not request or review an annual reconciliation of franchise fees.

Audit No. 17-104

Payroll Audit – Department of Municipal Development

April 25, 2019

KRONOS Workforce Central (KRONOS) and Oracle PeopleSoft Enterprise Resource Planning (PeopleSoft) are the systems used to process payroll for the Department of Municipal Development (DMD). Employee time (timecard data) is entered, reviewed, and approved in KRONOS throughout each pay period. At the end of each pay period, KRONOS transfers timecard data to PeopleSoft. PeopleSoft processes this information, which results in the issuance and payment of employee payroll.



The purpose of this audit is to determine whether the DMD has an effective process for approving employee timecards and maintaining approval documentation for leave and specialty time taken. The audit period was July 1, 2016 through June 30, 2018.

The audit determined that DMD does not have a process to ensure the consistent maintenance of supporting documentation and approval for the types of leave, special pay, and timecard alterations that require such controls. DMD paid approximately \$176 thousand in unsupported/unapproved wages for the tested transactions during the scope of this audit.

In addition, DMD and all other City Departments are not ensuring employees and supervisors are completing the timecard approval process at the end of each pay period prior to payroll processing.

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**Audit No.     19-106                      MWI, Inc. – Citywide Vendor Audit (Two Reports Issued)**

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**June 27, 2019**



The City Contracts with MWI, Inc. (MWI) to provide line location services for New Mexico 811 (NM811) calls placed throughout the City. NM811 dispatches locators from the utility companies to mark the buried lines before any digging occurs.

The purpose of this audit was to review and report on MWI contract and billing compliance. The audit period was May 2016 through August 2018.

MWI is not billing in accordance with the City contract and the City is not sufficiently reviewing invoices from MWI for accuracy prior to payment. The audit identified estimated under billings of \$89,712 for the audit period. In addition, an unlicensed MWI employee is performing line location services for the City. The contract states, “All employees of the contractor who will perform related work must have a valid New Mexico State Electrical License.”

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**Audit No.     19-104                      Allocation & Use of Quarter Cent Public Safety Tax**

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**April 27, 2019**

Aggregate Quarter Cent Public Safety Tax allocations totaled \$36.6 million and \$37.2 million for fiscal years 2017 and 2018, respectively. Public Safety Tax is to be used in specific percentages for the following purposes: police 34 percent; fire/emergency preparedness 34 percent; corrections 6 percent; and crime prevention and intervention 26 percent.



The purpose of this audit was to determine whether the Quarter Cent Public Safety Tax revenues are allocated in accordance with City Ordinance Section 4-3-8 ROA 1994; whether Quarter Cent Public Safety Tax expenses are tracked and monitored to ensure funds are spent as originally intended; and if the Public Safety Tax Advisory Board is performing its duties in accordance with City Ordinance Section 2-6-11 ROA 1994. The audit period was July 1, 2016 through June 30, 2018.

Overall, the Quarter Cent Public Safety Tax revenue is allocated in accordance with City Ordinance Section 4-3-8 ROA 1994. However, without the oversight of the Public Safety Tax Advisory Board, the transparency of the allocation needs improvement, as the information and detailed amounts are not reported or separately tracked, monitored or identified in the City's annual budget.

# FY2019 Strategic Review Reports

Strategic Review No. 18-403

Planning Department - Cash Counts

August 22, 2018



OIA conducted a surprise cash count of the \$1,100 change fund maintained by the Planning Department's (Planning) Plaza del Sol site. OIA counted the change fund, reviewed cash handling certificates, and verified the adequacy of procedures for securing funds.

The petty cash fund was accounted for without exception, and the change fund contained a shortage of \$0.05. Procedures for securing cash are adequate; however, the current petty cash and change fund practices do not fully comply with the City's Cash Management Manual and applicable Administrative Instructions.

OIA noted four areas for improvement with the Planning's petty cash practices and procedures and four areas for improvement regarding the change fund practices and procedures.

Strategic Review No. 18-404

Special Investigations Division Cash Count

August 22, 2018

On an annual basis, the OIA conducts counts of petty cash funds and deposit verifications for the Special Investigations Division (SID) of the Albuquerque Police Department (APD).

The primary objectives of the strategic review were to determine if all petty cash funds entrusted to custodians are accounted for at the fiscal year-end and are subsequently deposited in the SID's main checking account.

No exceptions were noted for the above objectives. All petty cash funds were accounted for at fiscal year-end, and subsequently deposited in the SID's main checking account.



December 12, 2018



OIA conducted a surprise cash count of the \$100 change fund maintained by the Parks & Recreation Department's (PRD) Open Space Administrative Office (Open Space). OIA counted the change fund, reviewed cash handling certificates, and verified the adequacy of procedures for securing funds.

The petty cash fund was unaccounted for and has been missing since the previous petty cash custodian terminated employment with the City of Albuquerque on December 29, 2016. Open Space did not comply with City regulations and did not notify the PRD director, Treasury Department, or OIA at the time of the fund's disappearance.

Management stated that Open Space was planning to follow-up on the issue but unintentionally overlooked the issue and was in the process of reporting the missing funds. The petty cash fund has been unaccounted for since December 2016 and there has not been a need to replenish petty cash since that time. As a result, Open Space may no longer require a petty cash fund.

December 12, 2018

The City Attorney contacted OIA and requested assistance regarding certain financial operations within the Legal Department. The request was made because the City Attorney had previously identified a significant internal control breakdown in the department's contract management and oversight processes. Discussions were held with OIA and it was determined that the City Attorney sought to confirm whether fully executed contracts existed with the various outside law firms during FY2018 and requested assistance in assessing Purchasing Card (P-Card) expenses and budget activities.



The strategic review identified six outside legal counsel providers that did not have fully executed contracts. In addition, payments had been made to outside counsel with no contracts or had exceeded the approved contract amount.

The review also found that City legal did not have policies and procedures in place over P-Card and budgeting processes.

## Strategic Review No. 19-303 Improving Transparency, Tracking and Reporting of 3/8 Cent Municipal Hold Harmless Gross Receipts Tax

April 25, 2019



A City Councilor requested OIA to conduct an independent review of the quarterly tracking and reporting process for the 3/8 Cent Municipal Hold Harmless Gross Receipts Tax (3/8 Cent GRT) pursuant to Resolution R-18-93.

The review found that the quarterly reports submitted to the City Council by the Administration do not meet the reporting requirements as detailed in Resolution R-18-93, which requires the report to be submitted to City Council as an Executive Communication and contain the actual expenditures at the program level broken out by department and specific purpose. Rather, the reports were submitted directly to City Council via interoffice memo and the majority of the line items included in the report were reported as 1/12th of the estimated annual expenditures, not actual costs. The few remaining line items were reported using a budget comparison or change in budget, and were not actual costs.

OIA made recommendations to the Administration and City Council for improving transparency and the tracking/reporting accuracy of the 3/8 Cent GRT in accordance with Resolution R-18-93.

## Strategic Review No. 19-304 Department of Municipal Development and Parks & Recreation Department - Capital Implementation Plan Labor Recovery

June 27, 2019

A City Councilor requested OIA to review the process for calculating and recording the Capital Implementation Plan (CIP) labor recovery charges for the Department of Municipal Development (DMD) and Parks & Recreation Department (PRD).



The City is currently recovering CIP direct labor costs, indirect administrative labor and overhead expenses through labor recovery entries charged to various capital projects. The FY 2019 approved budget authorizes funding for CIP labor recovery totaling \$14.4 million for 166 CIP positions.

In practice, costs directly related to capital projects including allowable labor can be directly allocated to specific projects, and indirect costs, when appropriate, can be allocated on a reasonable and beneficial basis to capital projects. However, the City's current processes and systems are not

adequate to ensure labor hours directly related to capital or non-capital projects (e.g., labor for operation and maintenance) are properly calculated, tracked, verified, recorded, and reported.

## Strategic Review No. 19-305 Citywide - Metropolitan Redevelopment Fund (Fund 275)

June 27, 2019



A City Councilor requested OIA to conduct an independent review of the revenues and expenditures of the Metropolitan Redevelopment Fund (Fund 275) for FY2011 through FY2019.

The review identified total Fund 275 revenues and expenses, including transfers, of \$5.6 million and \$4.4 million, respectively. The review also found that the City does not have policies and procedures specific to the administration of Fund 275 and the required Metropolitan Redevelopment Agency annual reports were not prepared or submitted since FY2011.

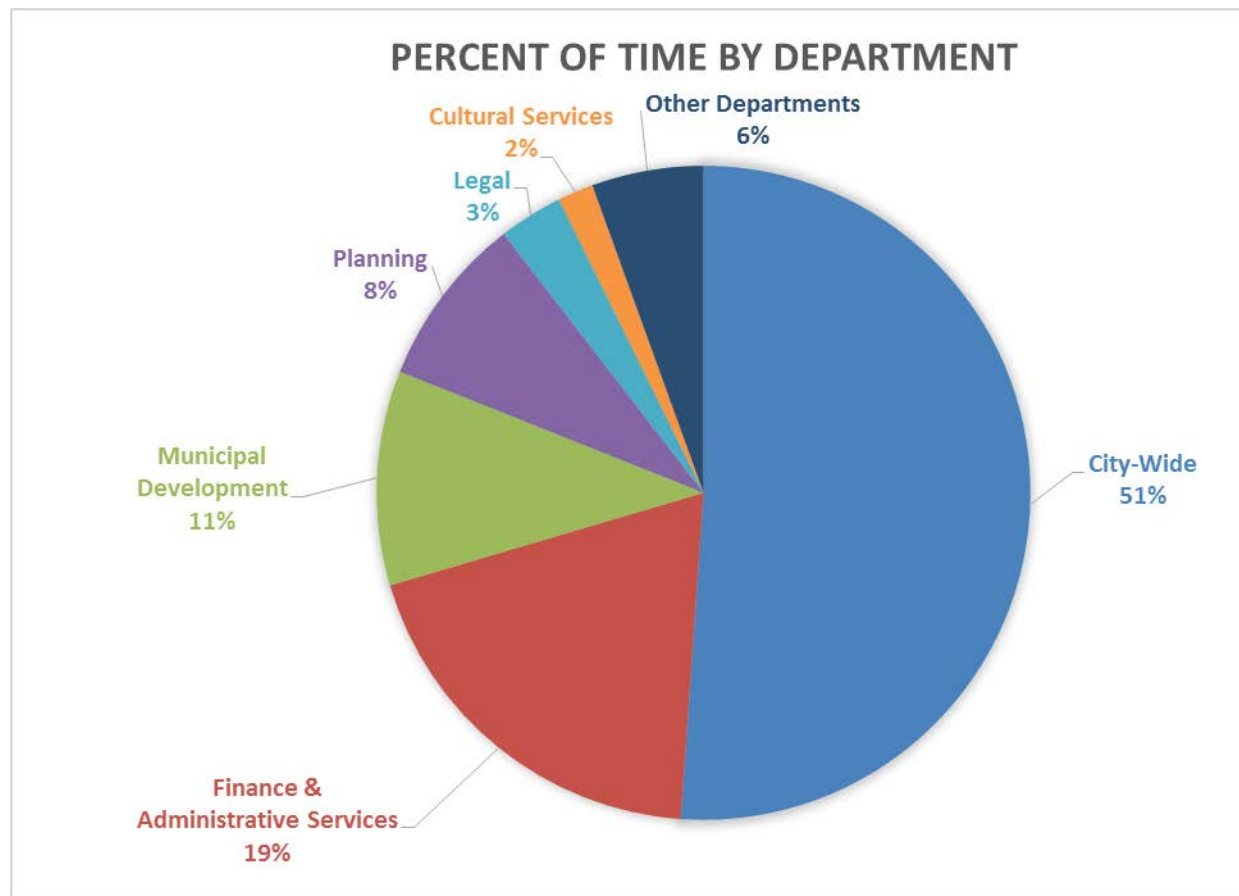
Our assessment of compliance with State Metropolitan Redevelopment Code, Sections 3-60A-5 through 3-60A-18 NMSA 1978 (MR Law) and the City's Metropolitan Redevelopment Agency Ordinance, Section 14-8-4 ROA 1994 (MRA Ordinance) was limited to our review of supporting documents for revenue and expense transactions and our inquiries with Fund 275 management. Our review also noted:

- Revenues and expenses are not consistently recorded to the underlying project from which they should have been derived from and committed to;
- Supporting documentation for revenue transactions selected for review totaling \$262 thousand was either unavailable or did not have sufficient detail to verify the complete purpose and description of the transaction;
- Expenses totaling \$5 thousand were recorded to an incorrect financial account (Ex: security services were charged to Repairs & Maintenance); and
- Two expenses were authorized by other departments and were not approved by Fund 275 management.

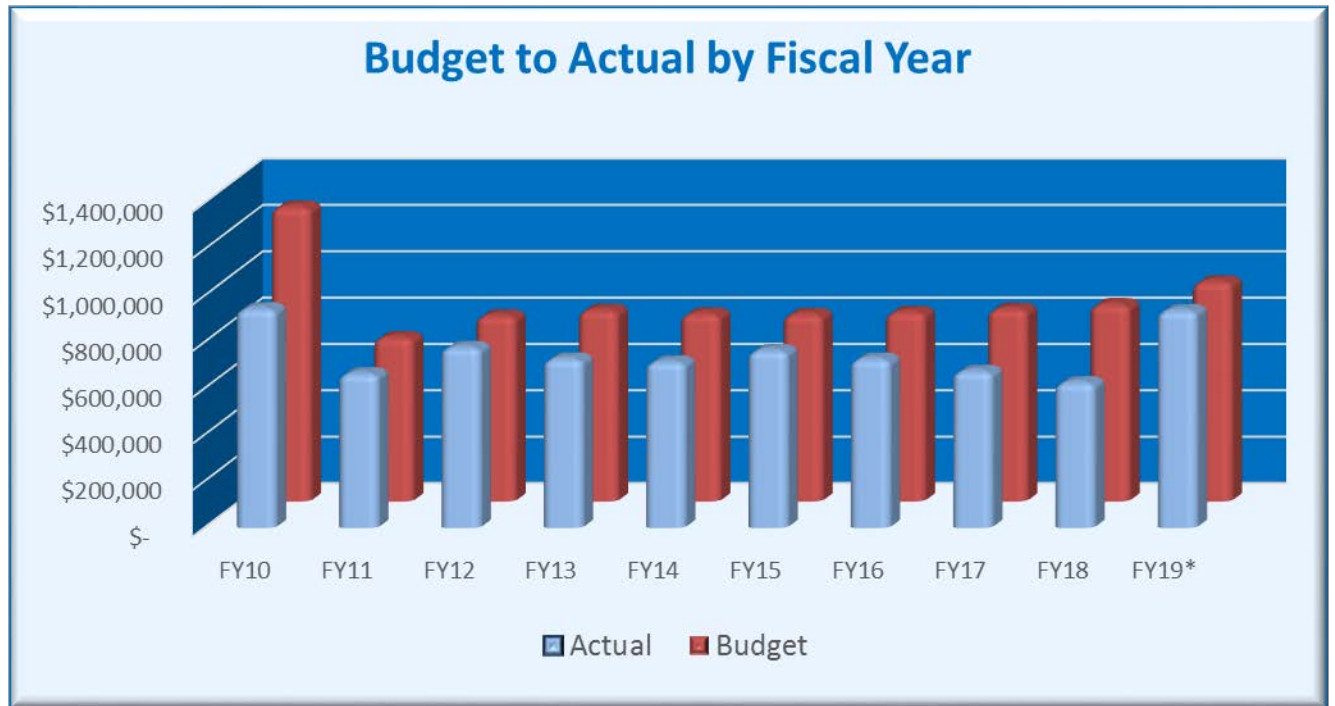
# Audit Hours by Department

Department	Hours
City-Wide	3,477
Finance & Administrative Services	1,314
Municipal Development	722
Planning	578
Legal	216
Cultural Services	120
Other Departments	376
Total	6,803

The table above only includes directly applicable hours for OIA projects. Excluded hours include paid holidays, vacation leave, sick leave, and administrative time. Administrative time includes department activities such as staff meetings, required training to maintain certifications, and required management activities to maintain the day-to-day operations of the office. The chart below illustrates the percentage of time OIA dedicated to City departments in FY2019.



# OIA Budget



*\*Actual expenditures for FY2019 are approximate, as they are unadjusted and unaudited.*

**Note:** For FY2010, the budget also contained activity for the Office of Inspector General (OIG). OIA and OIG became separate departments in FY2011.

# Performance Measures

The Program Strategy for OIA is to enhance public confidence and promote efficiency, effectiveness, accountability, and integrity in City government by:

- ✦ Ensuring compliance with City ordinances, resolutions, rules, regulations and policies;
- ✦ Recommending operational improvements and measuring the efficiency and effectiveness of City programs; and
- ✦ Recommending programs/policies, which educate and raise the awareness of all City officials and employees.

The OIA Program Strategy is part of the City's Goal No. 8, *Government Excellence and Effectiveness*.

## OIA's FY2019 Performance Measures

### REPORTS ISSUED

One of OIA's outputs is measured by the number of reports completed during each fiscal year. OIA completed 12 audit, 7 strategic review and 6 follow-up reports in FY2019. Although the project mix differed from our goal, the value of OIA's efforts has been very beneficial to the City.

Strategic reviews are particularly valuable and are designed to provide rapid responses to urgent City issues or ensure compliance in high-risk areas. For example, a City Councilor requested OIA to perform a performance review of Capital Implementation Plan labor recovery charges for the Department of Municipal Development and Parks & Recreation Department to provide a rapid response to a very urgent City Councilor's operational concern. OIA completed seven strategic reviews in FY2019. The chart below illustrates the project goals versus actuals for FY2019.



### Audit Reports

The FY2019 Goal was to complete 15 audit reports. Twelve audit reports were issued and another six audits were in various stages of completion at year-end. Audits require a significant amount of planning and documentation in order to comply with *Government Auditing Standards*. In addition, the audited entity and/or the Administration prepare formal responses to the audit recommendations, which are included in the final report.

### Strategic Reviews (Special Projects)

The FY2019 Goal was to complete five strategic reviews. Seven strategic reviews were completed and two were in process at year-end. Strategic reviews are performed at the request of the Administration and/or City Council, or in response to emerging issues. Generally, they do not require as much planning or documentation as audits and typically can be completed in less time than an audit.

### Follow-Up Reviews

The FY2019 Goal was to complete five follow-up reviews. Six follow-up reviews were completed in FY2019.

OIA follows up on recommendations made in past audits to determine the status of implementation. Follow-up reviews help motivate the audited entities to make the recommended changes. The follow-up reviews are generally conducted one year after an audit is completed.

## REQUESTS FOR ASSISTANCE

### FY2019 Requests for Assistance

Goal: 35 Requests



Actual: 43 Requests



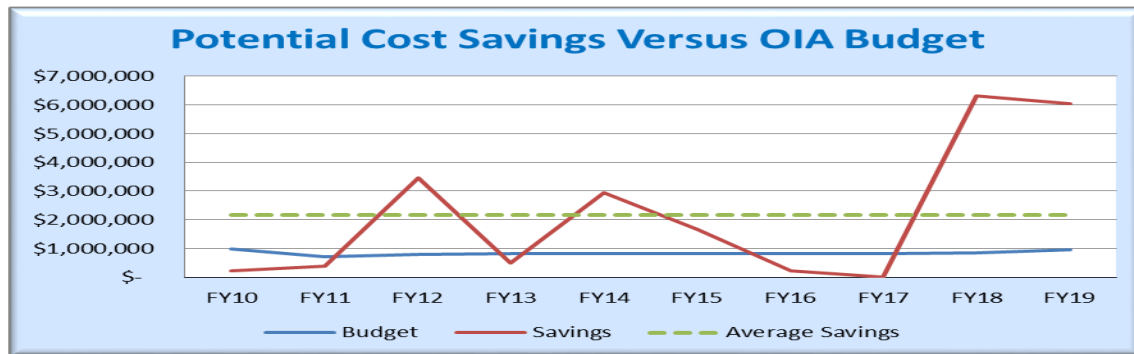
 = 5 requests

## AFTER AUDIT SURVEY RATINGS

Another quality measure of OIA services is the average ratings provided by auditees after audits are completed. Each audited department or vendor is asked to complete an after-audit survey. The survey requests the auditee to provide a rating of the auditor, the audit process, and the audit report on a one to five scale, with five being the highest rating. The after audit survey goal is 4.5. Four responses were received from the twelve audits performed in FY2019. The average rating for the response was 3.8.

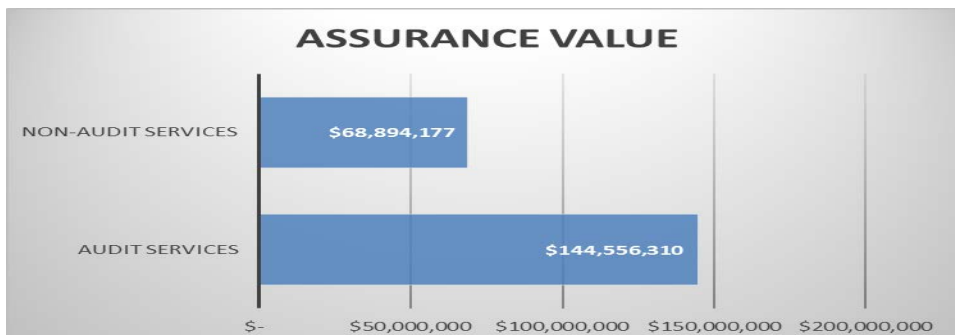
## SAVINGS IDENTIFIED BY PROJECTS

Many projects result in increased efficiencies and compliance. However, the value gained from some projects cannot be easily quantified. As a result, this measure may not be achieved every year, as illustrated below.



## ASSURANCE PROVIDED

Audits and non-audit services involve verification and testing of transaction to evaluate information in the City's accounting records for accuracy and compliance with significant policies, laws, regulations, contracts, etc.. Audit and non-audit service procedures are often applied on a sample basis to a population, like payroll for a department, and the exception or error rate of the sample is then projected over the entire population tested to derive a level of assurance about the population as a whole. OIA's services provide an assurance value relative to the populations that were subject to the audit and non-audit procedures. In FY2019, OIA estimated a combined assurance value of \$213,450,487.



# Implementation of Recommendations

OIA strives to improve the operational efficiency of departments by identifying the root causes to audit findings and proposing value added recommendations to address the findings.

Follow-up procedures rely on the department(s) providing the status of the recommendations. Follow-up procedures are substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the findings and recommendations.

OIA conducted 6 follow-up reviews in FY2019. City departments *fully implemented or resolved* 88 percent (21) of audit report recommendations and 12 percent (3) were *in process* at the time the follow-ups were performed. The table below illustrates each follow-up and the status of associated recommendations.

Follow – up No.	Title	Original Report Date	Recommendations		
			Fully Implemented or Resolved	In Process	Not Implemented
<b>19-17-306F</b>	Accounts Payable Internal Controls Best Practices	June 28, 2017	1	0	0
<b>19-16-104F</b>	ACH & Wire Transfer Payments	June 28, 2017	2	0	0
<b>19-13-102F</b>	Senior Home Services Audit	May 1, 2013	9	1	0
<b>19-16-105F</b>	Control & Tracking of Parking Meter Revenue	June 22, 2016	2	1	0
<b>19-14-107F</b>	Taser International Body-Camera Procurements	May 5, 2015	6	0	0
<b>19-15-106F</b>	Purchase and Tracking of Ammunition	June 24, 2015	1	1	0
<b>Recommendation Totals</b>			<b>21</b>	<b>3</b>	<b>0</b>

# OIA Staff

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## FY2019 Approved Staff Level = 8

City Auditor, Audit Manager, Contract Auditor, Senior Information Systems Auditor, two Principal Auditors, Staff Auditor, and Executive Assistant



OIA had an approved staffing level of eight (8) for FY2019. Two Principal Auditors and one Staff Auditor positions were vacant at June 30, 2019.

OIA staff members are well educated and hold numerous professional certifications:

- 3 Masters in Business Administration (MBA)
- 3 Certified Public Accountants (CPA)
- 1 Certified Internal Auditors (CIA)
- 1 Certified Information Systems Auditor (CISA)
- 1 Certified Government Auditing Professional (CGAP)
- 3 Certified Fraud Examiner (CFE)
- 1 Certified Information Technology Professional (CITP)
- 1 Certified in Financial Forensics (CFF)
- 1 Certified Six Sigma Green Belt (CSSGB)
- 1 Information Technology Infrastructure Library - Foundation (ITIL F v3)
- 1 Associate in Risk Management (ARM)



The staff is active in numerous professional organizations including:

- The Institute of Internal Auditors (IIA)
- The Association of Local Government Auditors (ALGA)
- The Association of Certified Fraud Examiners (ACFE)
- The Information Systems Audit and Control Association (ISACA)
- The American Institute of Certified Public Accountants (AICPA)
- The Albuquerque Chapter of Certified Public Accountants (ACPA)
- The Association of Government Accountants (AGA)
- The American Society for Quality (ASQ)



ALGA



## STAFF – BIOS

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### **James Thompson – City Auditor**

Jim is a CPA and CFE and has over thirty years of audit experience. Jim has served as the City Auditor since June 2018. Prior to becoming the City Auditor, he worked for several large public accounting firms. Jim began his audit career as an auditor in 1989 with Arthur Andersen, a big four public accounting firm. In 1999, he left Arthur Andersen to join a large local public accounting firm that later merged with a large national firm in 2006. Jim served as a partner in the large national firm's governmental practice from 2006 until his retirement from the firm in 2017. Over the years, he has performed a variety of audits and forensic audits involving large government entities. Jim is experienced in performing audits in accordance with *Government Auditing Standards*. Many of these audits involved city, county, and state & local governments throughout New Mexico. Jim graduated from UNM's Anderson School of Business in May 1989 and proudly served in the United States Coast Guard from 1982 to 1986.

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### **Lawrence L. Davis – Audit Manager**

Lawrence has more than 15 years of audit, accounting, and financial management experience. He has a diverse background from both private and public sectors, which includes financial management experience with multi-billion dollar corporate expense accounts and public pension fund accounting experience with the New Mexico Educational Retirement Board's \$11 billion retirement fund. Lawrence received his BBA and MBA from the University of New Mexico – Robert O. Anderson School of Management with concentrations in accounting and finance, respectively. Lawrence previously worked for the Program Evaluation (Audit) unit of the New Mexico Legislative Finance Committee.

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### **Alan R. Gutowski - Senior Information Systems Auditor**

Alan Gutowski has worked for the Office of Internal Audit (OIA) 2 times, most recently returning as the Senior Information Systems Auditor on May 14, 2016. He has worked for the City of Albuquerque for over 18 years. Alan was the Risk Finance Manager for the City Risk Management Division from January 2012 thru May 2016. He previously worked for OIA from December 2000 – January 2012 as the Senior Information Systems Auditor and as the Audit Manager. Prior to being employed by the City, Alan worked for 10 years in the private sector in the banking and healthcare industries in various positions, and in public accounting in various positions. He graduated from the University of New Mexico, Anderson School of Management with a BBA with a concentration in Accounting. Alan is a CPA licensed in New Mexico, CISA, CITP, ITIL F v3, CFE, CSSGB, and ARM. He is a member of the AICPA, IIA, ISACA, ACFE, AGA, ASQ, and ALGA.

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### **Christina Owens – Contract Auditor**

A member of OIA since November 2011, Christina has over 20 years of audit and investigative experience in the private and governmental sectors. She is a graduate of the University of New Mexico – Robert O. Anderson School of Management and holds a Bachelor of Business Administration degree with an accounting concentration as well as a Master of Business Administration degree. Christina is a CPA licensed in the state of New Mexico and is also a CFE, CGAP, and CFF. She is a member of the AICPA, ACFE, IIA, and ALGA.

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### **Joy Serna - Executive Assistant**

Joy joined the OIA staff as Executive Assistant in 2018, but has been with the City of Albuquerque for over 13 years. Her career began at the Albuquerque Museum of Art and History with the Cultural Services Department. Prior to joining OIA, Joy worked at the Planning Department, where she was the Senior Administrative Assistant for the Code Enforcement Division and also the secretary for the Housing Authority and Appeals Committee. She currently also serves as Executive Assistant for the Office of Inspector General.