CITY of ALBUQUERQUE
TWENTY SEVENTH COUNCIL

COUNCIL BILL NO. R-26-52 ENACTMENT NO. ______________

SPONSORED BY: Brook Bassan, by request

RESOLUTION

APPROVING THE OFFICE OF INTERNAL AUDIT FY2027 AUDIT PLAN AS SUBMITTED BY THE ACCOUNTABILITY IN GOVERNMENT OVERSIGHT COMMITTEE.

WHEREAS, the Mayor and the City Councilors were invited to recommend audit areas to be included in the plan; and

WHEREAS, the Accountability in Government Oversight Committee approved the audit plan of the Office of Internal Audit on June 24, 2026; and

WHEREAS, Article 2-10-11 (B), the Accountability in Government Ordinance, requires the Accountability in Government Oversight Committee to transmit the audit plan to the Council for final approval as a resolution.

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE:

That the Audit Plan attached hereto is hereby adopted for FY2027.

[Bracketed/Underscored Material] - New
[~~Bracketed/Strikethrough Material~~] - Deletion

City of Albuquerque
Accountability in Government Oversight Committee
P.O. Box 1293, Albuquerque, NM 87103

June 24, 2026

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

Dear Council President Peña:

The Accountability in Government Oversight Committee has completed its review of the Office of Internal Audit's Fiscal Year (FY) 2027 Audit Plan. The Committee approved the Audit Plan and is pleased to transmit it to the City Council for consideration and approval by resolution.

The Audit Plan is based on a risk assessment of City departments and programs. Approximately 2,731 audit hours will be available for audit work during FY2027.

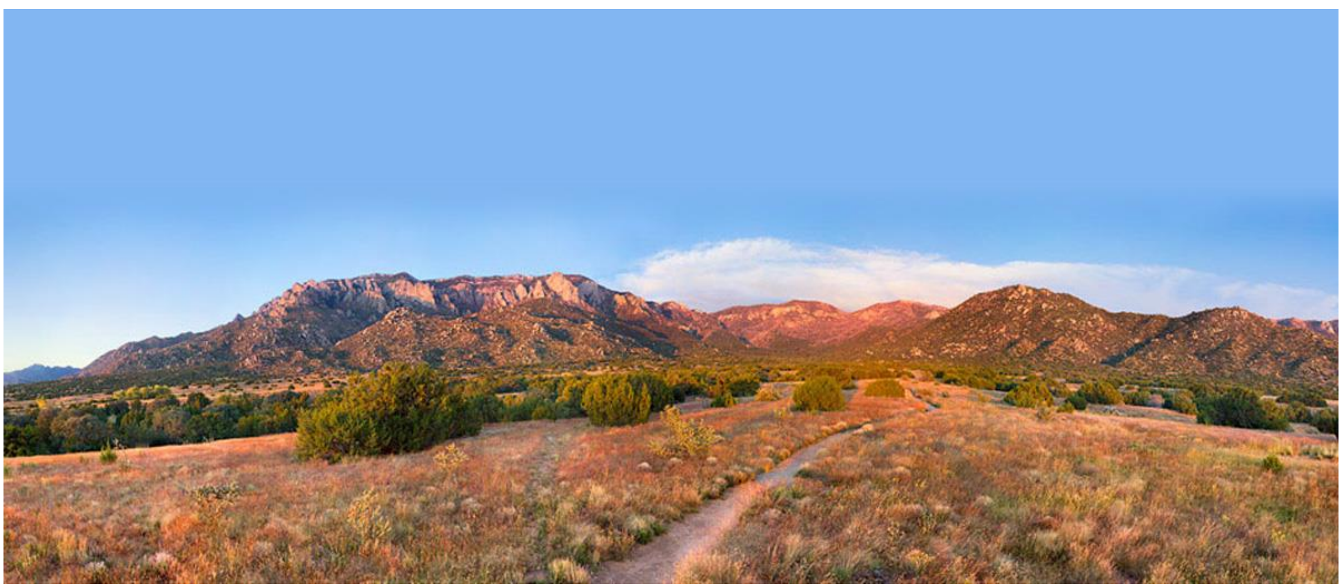
Sincerely,

Esteban A. Aguilar, Jr., Esq.
Vice Chair, Acting Chair
Accountability in Government Oversight Committee

City of Albuquerque

Office of Internal Audit

Fiscal Year 2027 Audit Plan



Overview

The Office of Internal Audit (OIA) is responsible for conducting independent audits and assessments of operations for the City of Albuquerque (City). OIA benefits the City and its citizens by making recommendations that reduce costs, increase revenues, increase effectiveness and efficiency, and improve internal controls. Our mission is to provide objective and independent evaluations and effective solutions that promote the City government's transparency, accountability, efficiency, and effectiveness for the citizens of Albuquerque.

Introduction

By Section 2-10-11 ROA 1994 of the Accountability in Government Ordinance, OIA is pleased to submit the Fiscal Year 2027 Annual Audit Plan (FY2027 Audit Plan). The US Government Accountability Office's Generally Accepted Government Auditing Standards – 2024 Revision (Government Auditing Standards) and the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards) encourage the chief audit executive to establish a risk-based approach to determine the priorities for City Auditor activities.[1]

An Audit Plan is created by soliciting ideas from various internal and external sources, examining data and processes, and assessing risk factors. Audit services considered for the Audit Plan are compiled from suggestions by the Accountability in Government Oversight Committee (AGO), City Administration, the City Council, City employees, the general public, and OIA staff. All suggestions are evaluated and rated based on risk factors such as financial impact, risk perception, organizational management changes, time since the last internal/external audit, and control factors such as regulatory environment and fraud potential.

An Audit Plan facilitates the efficient allocation of OIA's current and planned resources and prioritizes potential audit services based on the level of risk posed to the City. The FY2027 Audit Plan dedicates resources to audit services based on the risk assessment performed, completion of carryover audits from the prior year, special requests, strategic reviews, monitoring activities,

[1] U.S. Government Accountability Office, *Government Auditing Standards: 2024 Revision*, GAO-24-106786 (February 2024), https://www.gao.gov/assets/d24106786.pdf, accessed June 1, 2026. *International Standards for the Professional Practice of Internal Auditing*, 2000 and 2010, October 2017, <https://www.theiia.org/globalassets/site/standards/mandatory-guidance/ippf/2017/ippf-standards-2017-english.pdf>, accessed June 1, 2026.

follow-up audits, and advisory services. The majority of this Audit Plan is comprised of eight audits.

Objective and Principles for Audit Plan Development

The annual planning process aims to establish and schedule audit activities for the next fiscal year. The principles and procedures discussed in this document have been developed to provide a method for fulfilling this objective. However, the Audit Plan does not present the order in which audits will be performed because, as previously mentioned, OIA must remain flexible in executing the highest-priority audits throughout the year. Additionally, audit scope and objectives will be defined or refined once a meeting about them is held and preliminary information is obtained and assessed.

OIA recognizes and observes the following principles to provide practical guidance for developing the Audit Plan.

- The Audit Plan is flexible, which allows the audit function to focus on stakeholder needs, accelerate audit cycles, drive timely insight, and reduce inefficiencies.
- The Audit Plan represents a dynamic and continuous process that adapts to changing business cycles, regulatory demands, and economic environments.
- The Audit Plan is a working document that may be revised throughout the year to reflect changing risks and priorities at the City Auditor's discretion and professional judgment.

The Audit Plan is developed with the understanding that any method or system of prioritizing audits has risks and limitations. As a result, it will be evaluated quarterly. The City Auditor will exercise authority to reassess available resources and audits/projects while incorporating special requests and strategic reviews to ensure OIA captures immediate coverage of high-risk areas.

While OIA operates independently from other city entities, OIA leadership meets regularly throughout the year with City Council members, City administration, and department directors and management to solicit input regarding emerging risks.

OIA extends its gratitude and appreciation to the Mayor’s Office, City Council, AGO, City leadership and employees, and public members for providing input on the 2027 Audit Plan and supporting our office's general mission throughout the year.

Audit Selection and Prioritization

OIA electronically surveyed AGO, City Administration, City Council, City employees, and the general public. Survey participants were asked to identify City departments, divisions, contracts, vendors, and processes that would benefit from an independent audit or review. Survey suggestions were then compiled, evaluated, and rated using OIA's risk assessment matrix. OIA's risk assessment uses a weighted average to prioritize audits. The following risk factors were utilized: economic impact, risk perception, organizational changes, environmental factors, time since the last internal/external audit, results from the previous audit, and the quality of the organization's internal controls. Audit selection was also informed by the City's Five-Year Goals to help align audit resources with strategic priorities.[2]

The final step in completing the Annual Audit Plan is to estimate the number of available staff hours in the year and apply these to the estimated hours needed to complete selected audits. OIA's available resources limit the number of audit services completed each year. As a result, the Audit Plan does not, nor intends to, examine every City department, division, vendor, or potential risk. OIA believes that the Audit Plan utilizes resources strategically and that high-level priorities and risks are being appropriately addressed now.

Estimated Audit Hours

The City's FY2027 approved budget for OIA is $1.27 million and provides for eight budgeted positions. The annual hours available were adjusted to reflect that not all budgeted positions have been filled. OIA estimated the total annual hours available for FY2027 to be approximately 11,267. From the annual hours available, OIA reduced standardized hours per auditor for holidays, vacation and sick leaves, continuing professional education credits, supervision, administrative duties, and other assigned projects. OIA reduced additional hours to complete FY2026 carryover audits, anticipate special requests and strategic reviews, perform monitoring activities and follow-up audits, and conduct cash counts and internal quality checks.

[2] City of Albuquerque, *Five-Year Goals*, available at https://www.cabq.gov/progress/2004-progress-report/five-year-goals/, accessed June 8, 2026.

The resulting 2,731 hours represent the audit hours available to conduct FY2027 audits. Refer to Appendix A for the Calculation of Estimated Audit Hours.

Further, OIA will develop and perform detailed procedures during each audit to address identified specific risks. Each audit includes its own risk assessment process, further evaluating risk and allocating audit effort to the highest risks. OIA management accepts responsibility for the quality control system and continually strives to improve OIA's operations.

City management is responsible for establishing internal controls to detect and prevent fraud. Although fraud detection is not a primary responsibility of OIA, all audits consider the possibility that fraud, waste, or abuse may be occurring. OIA also assumes the risk of inequity as part of our audit process. This is in accordance with Government Auditing Standards, which specify that the management of public resources should be done effectively, efficiently, economically, and ethically.

OFFICE OF INTERNAL AUDIT

Annual Audit Plan

For the Year Ending June 30, 2027

DESCRIPTION	Estimated Hours
City Clerk's Office Qualifying Contributions Examination[3] Goal Area: Government Excellence and Effectiveness	400
City Clerk's Office Candidate Campaign Financing Goal Area: Government Excellence and Effectiveness	300
Citizen's Independent Salary Commission Evaluations of the Salaries of the Mayor and City Councilors[4] Goal Area: Government Excellence and Effectiveness	200
Finance & Administrative Services Department Indirect Overhead (IDOH) Compliance Process Goal Area: Government Excellence and Effectiveness	450
Health, Housing & Homelessness Gateway Center Targeted Audits Goal Area: Human and Family Development	400
Finance & Administrative Services Department New Mexico Gas Company Franchise Fees Goal Area: Government Excellence and Effectiveness	300
Health, Housing & Homelessness Housing Forward Fund Goal Area: Human and Family Development	450

[3] Amending Articles XII, XIII, and XVI of the City Charter Relating to Elections and Public Campaign Financing. The ordinance requires OIA to conduct audits on a percentage of qualifying contributions submitted by candidates to the City Clerk's Office throughout the qualifying period.
[4] The Commission's first evaluation of salaries report was issued on February 26, 2013. Source: Citizens' Independent Salary Commission, "Citizens' Independent Salary Commission Report and Recommendations," < https://www.cabq.gov/audit/documents/2013_02_26_10_34_36.pdf>, accessed June 1, 2026.

Technology & Innovation Department System Access Controls Goal Area: Government Excellence and Effectiveness	200
TOTAL HOURS INCLUDED IN FY2027 AUDIT PLAN	**2,731**

Appendix A

Quality Control Compliance

Audits conducted by OIA are performed in accordance with the Government Auditing Standards. These standards provide the foundation for government auditors to lead by example in independence, transparency, accountability, and quality through the audit process. Each audit organization performing audits by Government Auditing Standards must have an external peer review conducted by reviewers independent of the audit organization; such a review must occur at least once every three years. The objective of the peer review is to determine whether an audit organization's quality control system is suitably designed. A peer review also assures that an audit organization follows established policies, procedures, and applicable standards. In November 2025, OIA passed its seventh independent external quality control review for the period of July 1, 2022 through June 30, 2025.

Types of Audit and Non-Audit Services

Below are brief explanations for each type of audit service provided by OIA.

- Audits – An audit report is the result of a performance audit. Performance audits evaluate programs, processes, and activities against stated criteria, such as specific requirements, measures, or defined business practices as determined by the audit topic area.

- Monitoring and Follow-Ups – These activities analyze the implementation of corrective actions in response to findings and recommendations issued in audits and strategic reviews. This means determining whether recommendations have been completed (closed), are ongoing (open), are contested (management accepts risk), or management failed to respond to OIA's inquiry.

- Special Requests – Audits and assessments not specifically identified in the Annual Audit Plan, but are anticipated and subsequently assigned based on the impact and value of addressing new and emerging issues.

- Strategic Reviews are reportable non-audit work including, but not limited to bench marking, best practices, and compliance reviews requested by an official or the City auditor and at the discretion of the City Auditor. Strategic reviews may originate from a request from the City Council or the Administration. Strategic reviews may also be initiated by the City Auditor to address concerns, emerging issues, or out of scope audit issues that are time sensitive. Strategic reviews are limited in scope and do not require extensive planning. Additionally, although recommendations are made to the affected area, responses to the strategic review report are not requested.

Staff

Marisa C. Vargas	City Auditor
Vacant	Internal Audit Manager
Vanessa Meske	Lead Auditor
Connie Barros-Montoya	Principal Auditor
Vacant	Principal Auditor
Stacy Martin	Staff Auditor
Kayla Martinez	Staff Auditor
Leslie Rendon	Executive Operations Coordinator

APPENDIX A

Calculation of Estimated Audit Hours Available for FY2027

	Lead Auditor	Principal Auditor	Principal Auditor*	Staff Auditor	Staff Auditor	Executive Operations Coordinator	Total
Total FY2027 Annual Hours Available	**2,080**	**2,080**	**1,907**	**2,080**	**2,080**	**1,040**	**11,267**
Less Hours For:							
Holidays	104	104	96	104	104	104	
Vacation	120	120	80	120	120	120	
Sick Leave	80	80	80	80	80	80	
Continuing Professional Education	40	40	40	40	40	40	
Professional Organizations	80	0	0	40	0	0	
City Training	10	10	10	10	10	10	
Administrative Duties	80	80	80	80	80	N/A	
Other Assigned Duties	80	60	60	60	60	N/A	
Supervision	400	60	60	40	0	N/A	
Total Less Hours:							**3,476**
Total FY2027 Annual Hours Available							**7,791**
Total FY226 Carryover							**2,840**
Non-Audit Work:							
Monitoring							**200**
Follow-Ups							**400**
Internal Quality Check							**100**
Financial Transactions and Internal Controls							**320**
Special Requests and/or Strategic Reviews							**600**
Request for Recurring Continuous Improvement Department Assessments							**600**
Total FY2027 Annual Hours Available							**2,731**

*This position is vacant as of the audit plan issuance; available hours reflect current staffing.

**Audit supervision and administrative hours for the City Auditor and Audit Manager were not included in the direct audit hours.