



## **BERNALILLO COUNTY INTERNAL AUDIT PLAN YEARS ENDING JUNE 30, 2014 AND 2015**

### **BACKGROUND**

REDW<sub>LLC</sub> (REDW) is providing the following audit plan for internal audit services to Bernalillo County (the County) for the fiscal years ending June 30, 2014 and 2015.

REDW's audit team includes the following:

- ◆ Steve Cogan, Principal
- ◆ Bruce Bleakman, Principal
- ◆ Jessica Bundy, Manager
- ◆ Shannon Sanders, Senior
- ◆ Jeremiah Armijo, Senior
- ◆ Melisa Martinez, Senior

This audit plan summarizes planning and risk assessment procedures and describes the planned allocation of internal audit resources for the years ending June 30, 2014 and 2015. As additional information is obtained throughout the year, we will reevaluate the risk areas and will adjust the audit plan as considered necessary upon approval by the Audit Committee.

### **PLANNING AND RISK ASSESSMENT**

To plan the nature, scope and extent of internal audit services for the year:

1. Recommendations were solicited concerning the audit plan from the County Commission, County Manager, County Attorney, elected officials, department directors, and various County personnel. Responses were received from the following individuals regarding perceived risks and areas that would benefit most from internal audit procedures:

#### **County Commissioners**

- ◆ Debbie O'Malley, District 1
- ◆ Maggie Hart Stebbins, District 3
- ◆ Lonnie Talbert, District 4
- ◆ Wayne Johnson, District 5

#### County Managers

- ◆ Tom Zdunek, County Manager
- ◆ Vincent C. Murphy, Deputy County Manager Community Services Division
- ◆ Teresa Byrd, Deputy County Manager Finance Division
- ◆ Jarvis Middleton, Deputy County Manager Public Works Division
- ◆ Tom Swisstack, Deputy County Manager Public Safety Division

#### Elected Officials

- ◆ Dan Houston, County Sheriff
- ◆ Manny Ortiz, County Treasurer
- ◆ Tanya Giddings, County Assessor

#### Other County Employees

- ◆ Michael Garcia, Deputy County Clerk
- ◆ Randy Autio, County Attorney
- ◆ Fidel Bernal, Deputy County Treasurer
- ◆ Virginia Chavez, MDC Assistant Chief of Operations
- ◆ Kevin Sourisseau, MDC Chief Financial Administrator
- ◆ Jeff Lovato, Accounting Director
- ◆ Lisa Sedillo-White, Purchasing Director
- ◆ Joseph Crelier, Risk Management Director
- ◆ Paul Roybal, Chief Information Officer
- ◆ Adrienne Candelaria, Purchasing Special Projects Coordinator
- ◆ Cindy Torres, Accounting Officer
- ◆ V. C. (Ginny) Montoya, Accounting Officer
- ◆ Shirley Ragin, Budget and Business Improvement Director
- ◆ Anthony Infantino, Financial Administrator – General Ledger

#### External Auditor

- ◆ Tyler Zundel, Moss Adams

2. We considered the internal audit reports from the previous six years.
3. We read the County's June 30, 2012, audited financial statements.

### **RISK MATRIX AND AUDIT CHART**

Appendix A depicts departments/topics that were identified during the risk assessment process which are ranked by likelihood of occurrence and magnitude of potential impact. Bubble size is correlated to the number of times a concern was expressed in an area. All higher risk departments/topics were incorporated into the two year plan or were audited in the previous year. Appendix B lists audits performed from 2008 through 2013 and anticipated audits for 2014 and 2015.

### **PLANNED ALLOCATION OF EFFORT AND TIMING**

Based on our planning and risk assessment, we propose the following allocation of internal audit resources for the years ending June 30, 2014 and 2015.

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Risk Assessment and Planning	Conduct a risk assessment over departments and activities within the County. Plan the nature, extent and timing of internal audit procedures for the year.	July 2013	140-150
Internal Audit Follow-Up	Analyze open internal audit findings from prior internal audits. Assess current status of the findings and provide the County with an updated audit matrix.	July 2013	120-140
Project Management Meetings	Attend meetings or discuss issues throughout the year with various County personnel.	Throughout year	80-100
Cash Counts	Perform unannounced cash counts at various locations within the County that collect monies and test for compliance with AI 57.	Throughout year	20
Community Custody Program (CCP)	Test the CCP fee assessment process to ensure inmates are charged the correct fees and that fees are collected timely. Test the collection process on past due amounts.	September 2013	160-180
Health and Social Services	Evaluate current agreements for health services. Determine if there are processes and controls in place for the monitoring of the health promotion program. Ensure the health regulations are followed and certifications are issued are in compliance with policies and procedures.	September 2013	100-120
Real Estate/Land Acquisition Procedures	Test the acquisition process for appropriate documentation and adequate controls. Determine if real estate/land transactions are processed in compliance with policies and procedures. Additionally, test that real estate sales are in accordance with polices and applicable laws and regulations.	November 2013	120-140
Youth Services Center	Evaluate policies and procedures over the joint powers agreement with Sandoval County. Examine cost recoveries from various municipalities. Determine if processes are in place to ensure proper monitoring of various functions and areas at the juvenile detention center.	November 2013	180-200
Sheriff's Office	Evaluate processes and controls for the Judicial Operations Division and related civil processes operating under the Sheriff's Office for compliance with applicable state statutes.	December 2013	80-100
Assessor's Office – Real Property	Evaluate if systems in place are adequate for input and updates of property valuation data of real property.	January 2014	280-300
Emergency	Evaluate policies and procedures and test that Communications is providing timely responses	January 2014	150-180

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Communications	and accurate information to requests for public safety support. Test compliance with applicable regulations. Evaluate the new computer aided dispatch system to determine if it is utilized effectively.		
Economic Development Assistance Process	Test controls surrounding the issuance and monitoring of assistance funding. Test processes in place for tracking the progress of development goals. Evaluate funding agency requirements and ensure processes and controls are in place to support compliance.	March 2014	120-140
Human Resources	Ensure compliance with various rules and regulations. Analyze training for areas that should be updated on a regular basis and the utilization and effectiveness of the Learning Management System. Test the NEOGOV system to ensure it is functioning as intended and processes are being followed.	March 2014	200-210
Risk Management-Loss Control and Prevention	Evaluate the internal controls surrounding the County's loss control and prevention programs.	May 2014	140-160
Capital Assets / Construction In Progress	Determine if assets are placed in service in a timely manner as required by policies, procedures or other measures. Evaluate tracking of fixed assets and processes for additions, updates and deletions to the records.	May 2014	140-160
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	100
Total planned hours for fiscal year ending June 30, 2014			<b>2,130-2,400</b>
Risk Assessment and Planning	Conduct a risk assessment update over the departments and activities within the County. Plan the nature, extent and timing of internal audit procedures for the year.	July 2014	100-120
Internal Audit Follow-up	Analyze open internal audit findings from prior internal audits. Assess current status of the findings and provide the County with an updated audit matrix.	July 2014	160-180
Project Management Meetings	Attend meetings or discuss issues throughout the year with various County personnel related to issues that may impact the internal audit process.	Throughout year	80
Cash Counts	Perform unannounced cash counts at various locations within the County that collect monies and test for compliance with AI 57.	Throughout year	20
Bond Funds	Evaluate controls and processes in place to ensure compliance with bond covenants and	September 2014	140-160

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
	other requirements. Analyze requirements for bond funds that have time limits and determine if adequate processes are in place to ensure funds are utilized on a timely basis. Ensure compliance with new County Debt policy.		
Housing	Evaluate processes and controls in place to ensure compliance with funding agency requirements. Evaluate accounting policies, procedures and staff training for proper controls. Test the Housing accounting system integration with SAP.	September 2014	180-200
Accounts Payable	Assess the invoice management process for adequate controls. Perform data analysis to determine if the new process reduced the time for payment.	November 2014	180-200
Fleet Management	Test policies and procedures for Fleet Management to ensure they are being followed by all departments with adequate supporting documentation for requesting and upgrading vehicles County wide. Also examine new GPS tracking system and fleet management system to determine that they are being utilized effectively. Ensure controls are operating effectively over fuel consumption.	November 2014	160-180
Information Technology / ERP	Test configurations controls, access-related controls, process-related controls, and the related policies and procedures. Test ERP system access controls in various departments and employees ability to view information within the system to ensure sensitive information is not accessible to everyone. Ensure that purchases for IT related items including software are properly approved by IT and are evaluated for need prior to the purchase.	January 2015	180-200
Treasurer's Office	Test tax payments to ensure they are handled and recorded in accordance with policies and applicable regulations. Evaluate compliance with the Treasurer's investment policy and applicable State Statutes.	January 2015	240-280
Sheriff's Office	Test internal controls over inventory to determine adequacy and to ensure procedures in place to track inventory are functioning properly.	March 2015	100-120
Payroll, Timekeeping and Scheduling	Examine the internal controls surrounding the new timekeeping system. Test to determine the adequacy of implementation and identify any gaps in internal control. Determine if the new system implementation resulted in cost savings	March 2015	200-220

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
	and process improvement. Assess current scheduling systems for appropriateness.		
Clerk's Office	Evaluate processes and controls in place to ensure compliance with legislated mandates. Test records for voter registration are properly maintained and updated.	May 2015	120-140
Purchasing - Contract Monitoring/Performance	Evaluate the contract monitoring process and test controls to determine if contracts are carried out in accordance with the agreements. Determine if adequate controls are in place to ensure compliance with new requirements for the state procurement code and timeliness for completing the process.	May 2015	180-200
Budget Process	Determine if the budget process is in compliance with State Statutes and County policies. Evaluate procedures in place for monitoring budget compliance and determine if budget amendments are properly handled. Determine where processes could be improved to reduce errors or non-compliance.	TBD 140-160	
County and Departmental Strategic Plans	Assess whether action steps presented in the strategic plan were appropriately carried out. Analyze the monitoring function for adequacy. Assess interdepartmental processes and communication for proper follow up.	TBD 200-220	
Substance Abuse	Evaluate various program processes and controls under substance abuse, which may include Metropolitan Assessment and Treatment Services, Addiction Treatment Program, Community Addiction Program, or Supportive Aftercare Community.	TBD 120-140	
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	100
Total planned hours for fiscal year ending June 30, 2015			<b>2,140-2,400</b>

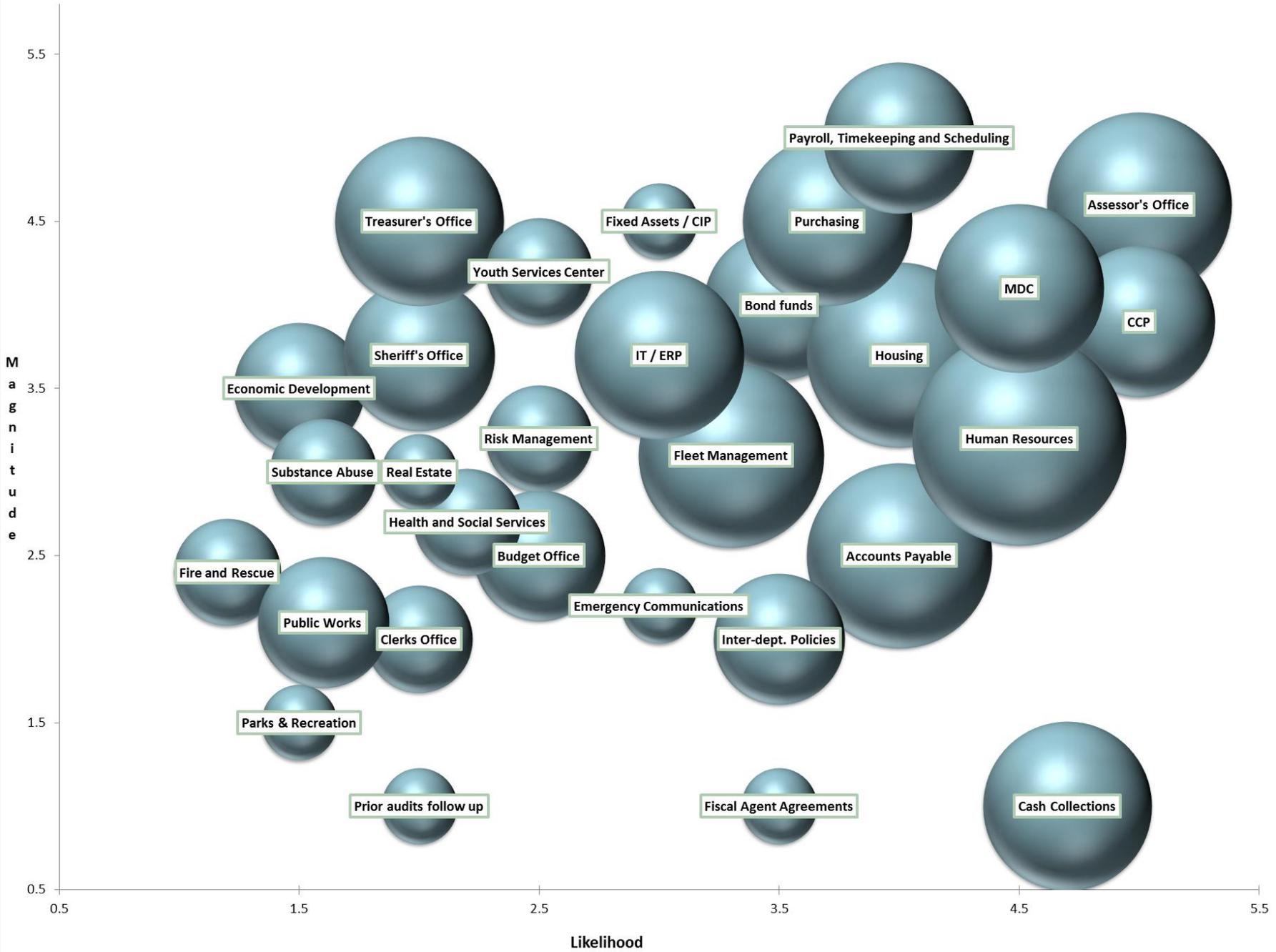
### **AUDIT COMMITTEE APPROVAL**

A draft of this plan was discussed and approved by the audit committee on July 31, 2013. The plan is ready for submission to the County Commissioners for their approval.

*REDW LLC*

Albuquerque, New Mexico  
July 31, 2013

# Appendix A-Risk Matrix



APPENDIX B-Audit Chart

Audit	2008	2009	2010	2011	2012	2013	2014	2015
Accounts Payable				X				X
ACH/Wire transfers			X					
Animal Care				X		X		
Assessor's Office		X	X			X	X	
Budget and Finance Budget Process					X			X
Building Maintenance & Operation	X							
Capital Assets (IT Focus in 2012)	X				X		X	
Cash Counts		X			X	X	X	X
Clerk's Office								X
Community Custody Program	X	X					X	
Construction Management Contracts	X							
County and Departmental Strategic Plans								X
Court Services	X							
Economic Development Assistance							X	
Emergency Communications							X	
ERP / SAP Controls	X			X				X
Finance Office- Bonds					X			X
Fleet Management								X
Follow-Up Audits	X	X	X	X	X	X	X	X
Grants/ CIP- Billing of State Contracts				X				
Health and Social Services							X	
Housing				X				X
Human Resources			X		X		X	
Information Technology								
MDC			X			X		
Parks and Recreation					X			
Payroll-Timekeeping			X		X			X
Public Safety (Including Fire & Rescue)		X						
Public Works - Take Home Vehicles				X				
Public Works Construction and Maintenance Projects						X		
Purchasing				X				X
Real Estate/ Lease Acquisition Procedures							X	
Receiving Process						X		
Records Retention/ Public Information Requests						X		
Risk Management							X	
Sheriff's Office		X		X			X	X
Social Service Sponsorship Grants						X		
Solid Waste Department					X			
South Valley Economic Development Center			X					
State Contracts Billing	X							
Substance Abuse			X					X
Tax Increment Development District (TIDD's)		X						
Treasurer's Office					X			X
Youth Services Center							X	
Zoning, Building & Planning					X			