



Bernalillo County
Audit Committee Meeting
City Council Committee Room

MEETING MINUTES

Wednesday, July 27, 2011
2:00pm to 4:00pm

Call to Order

The meeting was called to order at 2:00pm

Audit Committee (Representing the County Commission)

Demesia Padilla, CPA, Chair
Paulette Becker, CPA, Esq., Member
Maxwell Kagan, CPA, Secretary

REDW Internal Auditors

Jessica Bundy, REDW
Steve Cogan, REDW
Jeremiah Armijo, REDW
Orlando Moreno, REDW

County Personnel/ Guests

Commissioner Michael C. Wiener
Commissioner Michelle Lujan Grisham
Tom Zdunek, Interim County Manager
Julie Baca, Deputy County Manager, Community Services
Teresa Byrd, Interim Deputy County Manager, Finance
Maria Zuniga, Interim Budget Director, Finance
Jeff P. Lovato, MBA, Accounting Director
Cindy Torres, Audit Liaison, Accounting
Bonnie Romero, CPA, Financial Projects Coordinator, Accounting
Kevin Sourisseau, CPA, Financial Projects Coordinator, Accounting
Patrick Padilla, Treasurer
Fidel Bernal, CPA, Chief Deputy Treasurer
Emily Madrid, Accounting Manager, Treasurer's Office
Paul Roybal, CIO, Information Technology
Randy Landavazo, ERP Manager
Manuel Ruiz, Animal Care Services
Virginia Chavez, Employment Manager, HR
Roger Paul, Interim Deputy County Manager, Public Works
Dinah Esquivel, Purchasing Manager

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of minutes from last meeting The minutes of the May 18, 2011 meeting were unanimously approved as distributed.

REVIEW OF THE INTERNAL AUDIT REPORTS

POWERPOINT PRESENTATION CREATED/NARRATED BY JESSICA BUNDY AND STEVE COGAN

Animal Care Services Fee Collection and Licensing (Jessica Bundy presented this report)

1. Cash Handling and Compliance with AI 57: The procedures should include processes for recording transactions immediately, reconciling daily cash receipts to the sales recorded in the KIVA system, immediate cancellation of checks, depositing cash and checks within 24 hours of receipt, segregation of duties, issuance of system generated receipts and reporting of variances or shortages to the Accounting Director.
2. Inventory Controls: The regular inventory counts should be compared and reconciled to the issuances of license tags recorded in the KIVA system. Reconciling the physical count of the tags to the system will help to ensure that all tags are accurately recorded and accounted for.
3. Customer Billings: The ACS department should create a detailed sales process that includes a review of the customer's application prior to acceptance of payment to ensure the customer is charged accurately according to fee schedules.
4. Unpaid Licensing Fees: ACS should consider the cost/benefits of instituting a process that allows for multiple renewal notices, including the use of communication methods other than mail. Additionally, ACS should create a process for tracking outstanding renewals so that adequate follow-up can be monitored and the success of re-registration efforts can be analyzed.
5. Incomplete Applications: The verification of income should be documented on the Spay and Neuter Assistance Program (SNAP) voucher application and all documents used in determining an individual's eligibility should be retained. This will help to ensure that only individuals who meet the eligibility requirements are being issued a SNAP voucher and that all documentation used to support the issuance of the voucher is on file.

Manuel Ruiz, Interim Director of Animal Care Services, addressed questions from the audit committee.

1. Overall, the Animal Care department will create a customized, daily, cash handling procedure to ensure that ACS is complying with AI57.
2. ACS will conduct a monthly count and reconciliation of license tags. (Up to 6 tags can be entered under one ACPL number.) ACS will work with IT to create a custom report generated from KIVA showing reconciliation to the physical count.
3. The Director will be responsible for ensuring every customer receives a receipt and is billed correctly.
4. Animal Care Services will send out formal notices and conduct home visits to ensure licenses are renewed. Communications Specialist and Administrative Assistant Senior will be responsible for conducting a monthly audit and the ACS Officer's will be responsible for follow-up to ensure compliance.
5. Animal Care Services will begin documenting verification of income on the SNAP Voucher. The Administrative Assistant Senior will be responsible for receiving all SNAP certificates and verifying income.

Interim County Manager, Tom Zdunek, does not want field officer to handle cash in the field. Recommendation was made to implement hand held credit card machines. Treasury will work with Animal Care Services to determine if this is a viable option.

Demesia Padilla, audit committee member, made motion to approve Animal Care audit report with changes. Maxwell Kagan, audit committee member, second. Motion passed.

SAP User Access Controls (Steve Cogan presented this report)

1. Lack of current approved access monitoring policies and procedures: Current processes should be documented in writing and a formal policy should be submitted by the ERP Department Manager to the CIO.
2. Untimely employee status notification: The ERP Manger should obtain monthly reports from HR which identify the new employees for potential SAP access and the employee transfers or terminations affecting SAP access.

3. Incompatible roles existed and built-in SAP modules not utilized: User access should be based on job descriptions which will help ensure that incompatible roles are not created. SAP's Profile Generator can help in this process. Default profile should be limited to ERP security and monitored frequently. Passwords to default profiles should not be trivial, should be changed frequently and locked in a safe to ensure limited access.

SAP User Access Controls (Steve Cogan presented this report cont')

Randy Landavazo, ERP Manager of Information Technology, addressed questions from the audit committee.

1. Adoption of the SAP Application Security Strategy will occur July 1, 2011. Creation and/or ongoing development of policies and Procedures will continue throughout the fiscal year, to be approved and adopted by the CIO by June 30, 2012.
2. The ERP Manager will continue to work with the HR Department to improve/expand upon the current data interface process. In addition, the ERP staff will continue to work with HR to finish the development and implementation of an employee "On-Boarding" form that will be utilized to establish security roles and system access, with an anticipated "go-live" by September 30, 2011. ERP will also move toward implementation of a Move/Add/Change (MAC) form to accommodate all employee transfers.
3. ERP Business Systems Analyst established a "User Request Form" that identifies applicable roles (with descriptions) and conflicting roles for use in Segregation of duties (SOD) evaluations. These steps will begin July 1, 2011 and continue throughout the fiscal year, to be completed by June 30, 2012.

Demesia Padilla, audit committee member, made motion to approve SAP User Access Controls audit report with changes. Paulette Becker, audit committee member, second. Motion passed.

An Overview of Fiscal Year Ending June 30, 2012 and 2013 Internal Audit Plan

(Jessica Bundy and Steve Cogan presented this report)

Review of the Fiscal Year 2012 and 2013 Internal Audit Plan. Based on discussions the following changes were made to the plan.

- Move Treasurer's Office investments/bonds audit from November 2011 to August 2011.
- Move the Budget and Finance Budget Process audit from April 2012 to December 2011.
- Move Solid Waste audit from December 2011 to April 2012. Also, change the scope to controls and billings.
- Combine Special Projects hours and internal audit follow-up into one category.

The Internal Audit Plan will be presented to the County Commission for approval at the meeting of August 23, 2011.

Demesia Padilla, audit committee chair, made motion to approve with changes Years Ending June 30, 2012 and 2013 internal audit plan. Paulette Becker audit committee member, second. Motion passed.

ADJOURNMENT

Demesia Padilla, audit committee member, made motion to adjourn meeting. Audit Committee went into Executive Session. Paulette Becker audit committee member, second. Motion passed.

CONFIRMED NEXT MEETING DATE

**THE NEXT MEETING WILL BE FROM 2:00PM TO 4:00PM ON OCTOBER 19, 2011
IN CITY COUNCIL COMMITTEE ROOM**