



BERNALILLO COUNTY INTERNAL AUDIT PLAN YEARS ENDING JUNE 30, 2015 AND 2016

BACKGROUND

REDW_{LLC} (REDW) is providing the following audit plan for internal audit services to Bernalillo County's (the "County") consideration for the fiscal years ending June 30, 2015 and 2016.

REDW's audit team includes the following:

- ◆ Steve Cogan, Principal
- ◆ Jessica Bundy, Senior Manager
- ◆ 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, 2015 and 2016. 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
- ◆ Shirley Ragin, Deputy County Manager Finance Division
- ◆ Jarvis Middleton, Deputy County Manager Public Works Division
- ◆ Tom Swisstack, Deputy County Manager Public Safety Division
- ◆ Teresa Byrd, Former Deputy County Manager Finance Division

Elected Officials

- ◆ Manny Ortiz, County Treasurer
- ◆ Tanya Giddings, County Assessor

Other County Employees

- ◆ Michael Garcia, Deputy County Clerk
- ◆ Matthew Gonzales, Undersheriff
- ◆ Randy Autio, County Attorney
- ◆ Peter Auh, Deputy Attorney
- ◆ Isabelle Purcella, Chief Deputy Treasurer
- ◆ Christopher Sanchez, Treasury Assistant Accounting Manager
- ◆ Virginia Chavez, MDC Assistant Chief of Operations
- ◆ 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
- ◆ Anthony Infantino, Financial Projects Coordinator

2. We considered the internal audit reports from the previous six years.
3. We read the County's June 30, 2013, 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 2010 through 2014 and anticipated audits for 2015 and 2016.

PLANNED ALLOCATION OF EFFORT AND TIMING

Based on our planning and risk assessment, we recommend consideration and approval of the following allocation of internal audit resources for the years ending June 30, 2015 and 2016.

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
MDC-Timekeeping, OT and Telestaff	Assess the new timekeeping and electronic procedures at MDC utilizing Telestaff. Test the process for overtime approval and monitoring of resource allocation.	September 2014	170-190
Housing	Evaluate processes and controls in place for compliance with funding agency requirements. Evaluate accounting policies, procedures and staff training for proper controls. Test the Housing accounting system integration with SAP. Additionally, test the process to qualify applicants for the housing rehabilitation program.	September 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 assess whether sensitive information is accessible only to appropriate personnel. Assess whether purchases for IT related items including software are properly approved by IT and are evaluated for need prior to the purchase.	December 2014	160-180
Bond Funds	Evaluate controls and processes in place to assess compliance with bond covenants and other requirements. Analyze requirements for bond funds that have time limits and determine if adequate processes are in place so funds are utilized on a timely basis. Test compliance with new County Debt policy.	December 2014	160-180
Treasurer's Office	Test that tax payments are handled and recorded in accordance with policies and applicable regulations. Test account reconciliations are being completed timely and accurately. Evaluate compliance with the investment policy and applicable State Statutes.	January 2015	220-240
Fleet Management	Test policies and procedures for Fleet Management to determine that they are being followed by all departments with adequate supporting documentation for requesting and upgrading vehicles County wide. Also test new GPS tracking system and fleet management system to determine that they are being utilized effectively. Test fuel consumption controls are operating effectively	February 2015	160-180
Sheriff's Office	Evaluate processes and controls for the Judicial Operations Division and related civil processes operating under the Sheriff's Office for	February 2015	200-220

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
	compliance with applicable State Statutes. Test internal controls over inventory to determine adequacy and to confirm that procedures in place to track inventory are functioning properly. Test that training requirements are met.		
Purchasing-Inventory	Evaluate the internal controls surrounding the County's receiving process for all inventory warehouses managed by the Inventory Control section. Analyze controls for receiving, issuing and storing supplies, materials, and equipment.	May 2015	190-210
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	TBD
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.	June 2015	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.	June 2015	180-200
Project Management Meetings	Attend meetings or discuss issues throughout the year with various County personnel.	Throughout year	80
Cash Counts	Perform unannounced cash counts at various County locations that collect monies and test for compliance with AI 57.	Throughout year	20
Total planned hours for fiscal year ending June 30, 2015			1,800-2,000
Accounts Payable	Assess the invoice management process for adequate controls. Perform data analysis to determine if the new process reduced the time for payment.	September 2015	190-210
Clerk's Office	Evaluate processes and controls in place to ensure compliance is monitored with legislated mandates. Test records for voter registration are properly maintained and updated.	September 2015	180-200
Emergency Management	Test emergency planning and follow up process for compliance with regulations. Test training process and maintenance of emergency listings. Determine if the process to authorize and initiate an emergency is effective. Test grant compliance.	November 2015	160-180
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	November 2015	100-120

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
	Aftercare Community.		
Budget Department	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.	January 2016	160-180
Parks and Recreation	Test that Community Center rental fees are collected and recorded properly. Test that reconciliations are performed timely.	January 2016	120-140
Economic Development	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 assess processes and controls are in place to support compliance. Additionally, assess reasonableness of funding allocated for economic or community development and confirm that the business purpose was met.	March 2016	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 is monitored with new requirements for the state procurement code and timeliness for completing the process.	March 2016	190-240
Health and Social Services-Cultural Services and Health Promotion	Test the process for issuing Neighborhood Association Outreach grants and select a sample to ensure awards were to eligible recipients and complied with grant program guidelines / general obligation bond requirements. Additionally, determine if staff cost allocation is being done for the staff working on various areas for Community Services.	April 2016	120-140
Public Works-Capital Improvement Projects	Determine if the process and project selection criteria is followed in identifying and selecting improvement projects. Test that project documentation was maintained to support the overall project cost and materials were properly tracked.		TBD
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 and process improvement. Assess current scheduling systems for appropriateness.		TBD

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
ACH/Wire Transfers	Determine if the process and controls over ACH and wire transfers are followed and there is adequate documentation supporting the transfer and changes to ACH payments.		TBD
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
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	TBD
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.	June 2016	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.	June 2016	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	100
Cash Counts	Perform unannounced cash counts at various County locations that collect monies and test for compliance with AI 57.	Throughout year	20
Total planned hours for fiscal year ending June 30, 2016			1,720-1,970

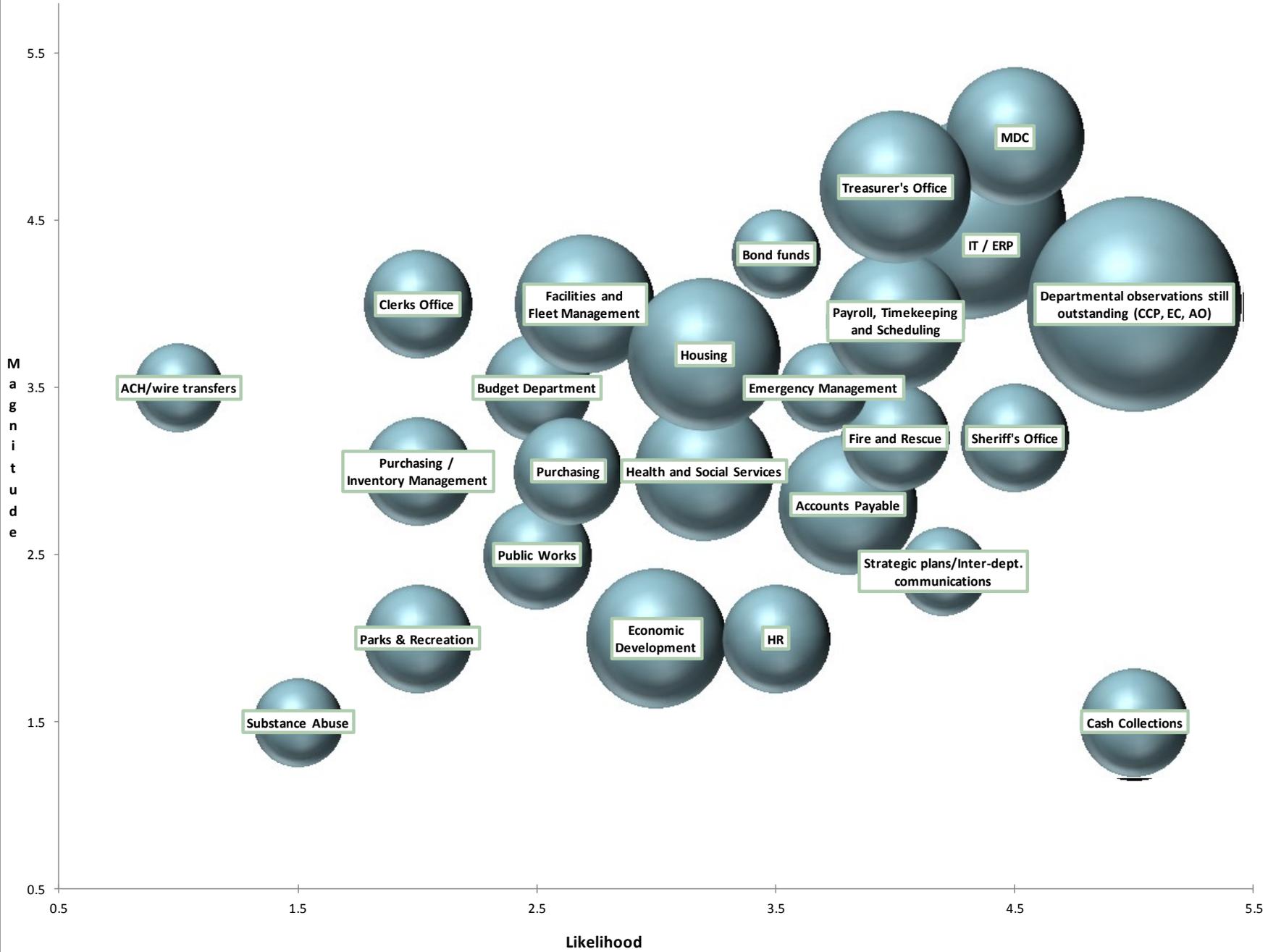
AUDIT COMMITTEE APPROVAL

A draft of this plan was discussed and approved by the audit committee on July 31, 2014. The plan is ready for submission to the County Commissioners for their approval.

REDW LLC

Albuquerque, New Mexico
July 31, 2014

Appendix A-Risk Matrix



APPENDIX B-Audit Chart

Audit	2010	2011	2012	2013	2014	2015	2016
Accounts Payable		X					X
ACH/Wire transfers	X						X
Animal Care		X		X			
Assessor's Office	X			X	X		
Budget Department			X				X
Capital Assets (IT Focus in 2013)			X		X		
Cash Counts			X	X	X	X	X
Clerk's Office							X
Community Custody Program					X		
County and Departmental Strategic Plans							X
Economic Development Assistance							X
Emergency Communications					X		
Emergency Management							X
ERP / SAP Controls		X				X	
Finance Office- Bonds			X			X	
Fleet Management						X	
Follow-Up Audits	X	X	X	X	X	X	X
Grants/ CIP- Billing of State Contracts		X					X
Health and Social Services					X		X
Housing		X				X	
Human Resources	X		X		X		
Information Technology						X	
MDC	X			X		X	
Parks and Recreation			X				X
Payroll-Timekeeping	X		X				X
Public Works - Take Home Vehicles		X					
Public Works Construction and Maintenance Projects				X			
Purchasing / Inventory Management		X		X		X	X
Real Estate/ Lease Acquisition Procedures					X		
Records Retention/ Public Information Requests				X			
Risk Management					X		
Sheriff's Office		X				X	
Social Service Sponsorship Grants				X			
Solid Waste Department			X				
South Valley Economic Development Center	X						
Substance Abuse	X						X
Treasurer's Office			X			X	
Youth Services Center				X			
Zoning, Building & Planning			X				