



## **BERNALILLO COUNTY INTERNAL AUDIT PLAN**

### **YEARS ENDING JUNE 30, 2012 AND 2013**

#### **BACKGROUND**

REDW<sub>LLC</sub> (REDW) is engaged to provide internal audit services to Bernalillo County (the County) for the fiscal years ending June 30, 2012 and 2013.

REDW's audit team includes the following:

- ◆ Steve Cogan, Principal
- ◆ Bruce Bleakman, Principal
- ◆ Jessica Bundy, Internal Audit Manager
- ◆ Jeremiah Armijo, Senior
- ◆ Matt Mazzei, 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, 2012 and 2013. 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. This audit plan does not include any procedures that may be necessary under the Ethics Ordinance.

#### **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, various County personnel, and external auditor. Responses were received from the following individuals regarding perceived risks and areas that would benefit most from internal audit procedures:

County Commissioners

- ◆ Art De La Cruz, District 2
- ◆ Maggie Hart Stebbins, District 3
- ◆ Michael Wiener, District 4
- ◆ Wayne Johnson, District 5

County Managers

- ◆ Tom Zdunek, Interim County Manager
- ◆ Julie Baca, Deputy County Manager Community Services
- ◆ Tom Swisstack, Deputy County Manager Public Safety
- ◆ Teresa Byrd, Interim Deputy County Manager Finance Division

Elected Officials

- ◆ Willow Misty Parks, Probate Judge
- ◆ Maggie Toulouse, County Clerk
- ◆ Patrick Padilla, Treasurer

Other County Employees

- ◆ Fidel Bernal, Deputy County Treasurer
- ◆ Jeff Lovato, Accounting Director
- ◆ Lisa Sedillo-White, Purchasing Director
- ◆ Cindy Torres, Accounting Officer
- ◆ Kevin Sourisseau, Financial Projects Coordinator
- ◆ Bonnie Ulibarri-Romero, Financial Projects Coordinator

2. We considered the internal audit reports for the previous five years.
3. We read the County’s June 30, 2010 audited financial statements.

**RISK MATRIX**

Appendix A is a chart of departments/topics that were identified during the risk assessment process and 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 in FY2010, 2011 and anticipated audits for 2012 and 2013.

**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, 2012 and 2013.

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
Risk assessment and planning	Conduct a risk assessment update of departments and activities within the County. Plan the nature, extent and timing of internal audit procedures for the year.	July 2011	150-180
Cash Counts	Perform unannounced cash counts at various locations within the County that collect monies and test for compliance with AI 57.	Throughout year	50
Parks and Recreation	Evaluate and test controls in place to safeguard County cash, equipment and supplies. Perform cash counts at various locations.	July 2011	200-210

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
Treasurer's Office Investments/Bonds	Determine if bond issuance is performed in accordance with State Statutes as well as County policies and procedures. Analyze a sample of current investments to determine if they are permitted by State statutes, properly approved and monitored in accordance with County policies and procedures.	August 2011	200-220
Human Resources (HR)- Employment Practices	Evaluate the consistency of annual performance evaluations, controls surrounding sick leave usage, and overall employment practices. Examine the policies and procedures surrounding internal promotions and position qualification standards. Analyze employment contracts for reasonableness and assess for consistency with HR policies and procedures.	September 2011	220-240
Budget and Finance- 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. Perform an analysis of budgeted salaries expense for FY 2011 to determine if budgeted amounts are reasonable based on expected staffing levels. Determine if staffing levels are appropriate and if unnecessary overtime hours are being built into the budget.	December 2011	220-260
Zoning, Building, and Planning	Determine if the department's processes are in compliance with State Statutes. Evaluate a sample of permits issued to determine if they were issued in accordance with County policies and procedures. Evaluate and test compliance with controls over cash collections and the reconciliation process from Kiva to SAP.	February 2012	220-240
Payroll-Timekeeping/Overtime	Assess the controls and safeguards over timekeeping including overtime, sick leave, special pay, and personal leave usage.	March 2012	200-240
Solid Waste Department	Evaluate and test compliance with policies and procedures over cash and payment collections, low income credit, and late penalty assessment. Test customer invoices to determine if payments are being collected and if penalties are assessed when appropriate. Determine if funds are being utilized in accordance with Bernalillo County Code Chapter 70 - Solid Waste.	April 2012	160-200

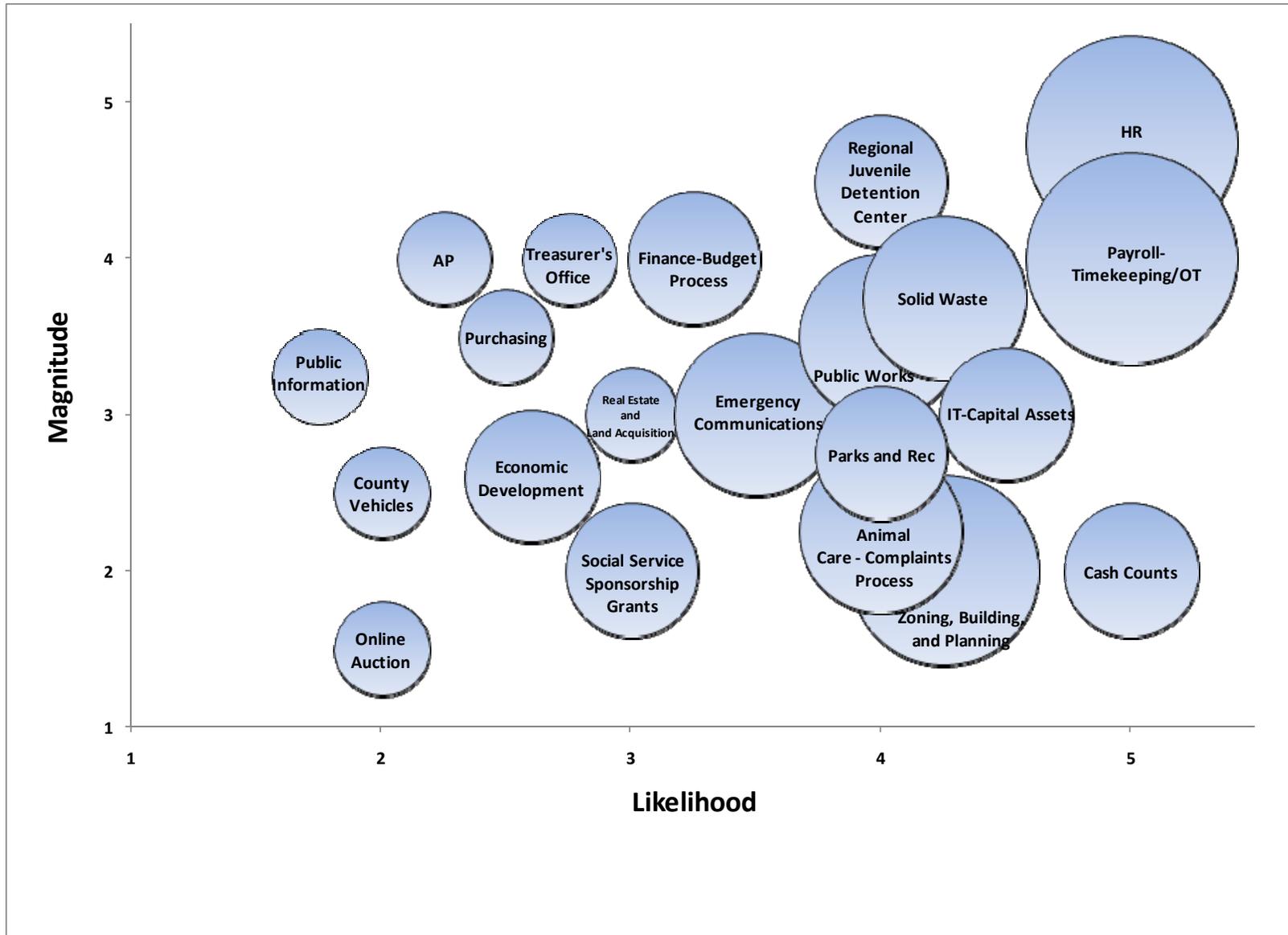
<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Information Technology (IT)- Capital Assets	Assess the adequacy and reasonableness of the internal controls surrounding the safeguarding of IT equipment. Examine the inter-departmental transfer process and determine if equipment is located at the assigned department. Determine if equipment is being disposed of in accordance with policies and applicable regulations.	June 2012	160-180
Internal Audit Follow-Up and Special Projects	Analyze open internal audit findings from prior internal audits. Assess current status of the findings and provide the County with an updated audit matrix.  This time is also set aside to conduct a special audit for any issues that arise during the year including investigating complaints that are considered to be outside of the Ethics Ordinance but referred to Internal Audit by the contract Attorney or otherwise warrant attention.	Throughout year	360-380
Total planned hours for fiscal year ending June 30, 2012			<b>2,140-2,400</b>
Risk assessment and planning	Conduct a risk assessment update of departments and activities within the County. Plan the nature, extent and timing of internal audit procedures for the year.	July 2012	150-180
Cash Counts	Perform unannounced cash counts at various locations within the County that collect monies and test for compliance with AI 57.	Throughout year	50
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.	August 2012	240-260
Animal Care-Complaints Process	Test policies and procedures are being followed and represent solid internal controls. Evaluate the process for handling animal care incidents including case management and complaint follow-up.	October 2012	180-200
Real Estate/Lease Acquisition procedures	The County acquires or uses various properties throughout the County through purchases and leases. Evaluate and test compliance with the process and related policies and procedures for these transactions for efficiency and effectiveness.	November 2012	220-240
Public Information Requests	Test the process for responding to requests for public information and test compliance with policies and applicable laws.	December 2012	180-200

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Public Works- Construction Projects	Evaluate project funding processes and determine if funding sources are being properly expended. Examine major contract budgets to test projects are not excessively going over budget on these capital projects.	February 2013	260-280
Regional Juvenile Detention Center	Evaluate policies and procedures over the joint powers agreement with Sandoval County. Examine cost recoveries from various municipalities.	March 2013	190-210
Emergency Communications	Evaluate policies and procedures and test that Communications is providing timely responses and accurate information to requests for public safety support. Test compliance with applicable regulations.	April 2013	200-220
Economic Development/ Social Service Sponsorship Grants	Evaluate the policies and procedures over the County's economic development activities including the prioritization and selection of projects. Determine the effectiveness of the County's monitoring activities over expenditures made by the recipients.	May 2013	240-260
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year including investigating complaints that are considered to be outside of the Ethics Ordinance but referred to Internal Audit by the contract Attorney or otherwise warrant attention.		300
Total planned hours for fiscal year ending June 30, 2013			<b>2,210-2,400</b>

### **AUDIT COMMITTEE APPROVAL**

A draft of this plan was discussed and approved by the audit committee on July 27, 2011. The plan is ready for submission to the County Commissioners for their approval.

# APPENDIX A



## APPENDIX B

<b>Audit</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Follow- Up Audits	X	X	X	X	X	X
ERP / SAP Controls	X			X		
Capital Assets (IT Focus in 2012)	X				X	
Building Maintenance & Operation	X					
State Contracts Billing	X					
Community Custody	X					
Construction Management Contracts	X					
Cornell Contracts	X					
Region I Taskforce	X					
Court Services	X					
Sheriff's Department-Evidence unit		X		X		
Cash Counts		X				X
Property Tax Assessment		X				
Tax Increment Development District (TIDD's)		X				
Tru Touch Technologies Grant Compliance		X				
Community Custody		X				
Public Safety		X				
Human Resources			X		X	
Payroll			X		X	
Assessor Data Entry			X			
ACH/Wire transfers			X			
Mats/Substance Abuse			X			
MDC			X			
South Valley Economic Development Center			X			
Animal Care				X		X
Housing				X		
Accounts Payable				X		
Purchasing				X		
Take Home Vehicles				X		
Grants/ CIP-Billing of State Contracts				X		
Solid Waste Department					X	
Parks and Recreation					X	
Budget and Finance Budget Process					X	
Zoning, Building & Planning					X	
Treasurer's Office- Investments/Bonds					X	
Real Estate/ Lease Acquisition procedures						X
Public Information Requests						X
Social Service Sponsorship Grants						X
Regional Juvenile Detention Center						X
Emergency Communications						X