



**BERNALILLO COUNTY
AUDIT COMMITTEE MEETING
CITY/COUNTY BUILDING
ONE CIVIC PLAZA NW, 10TH FLOOR, CONFERENCE ROOM B**

MEETING MINUTES
Wednesday, April 29, 2015
2:00pm to 4:00pm

Call to Order

The meeting was called to order at 2:00pm

Audit Committee (Representing the County Commission)

Mandy Funchess, CPA, Chair
Paulette Becker, CPA, Esq., Secretary

REDW Internal Auditors

Jessica Bundy, REDW
Melisa Martinez, REDW
Tina McGregor, REDW

County Personnel/Guests

Tom Zdunek, County Manager
Vince Murphy, Deputy County Manager, Community Services Division
Shirley Ragin, Deputy County Manager, Finance Division
Jeff P. Lovato, MBA, Accounting & Budget Director
Jackie Sanchez, Financial Manager, Accounting & Budget Department
Anthony Infantino, Financial Projects Coordinator, Accounting & Budget Department
Cindy Torres, Audit Liaison and Accounting Officer, Accounting & Budget Department
Ryan Travelstead, Financial Administrator, Accounting & Budget Department
Veronica Vigil-Steimle, Administrative Officer III, Accounting & Budget Department
Rod Rolston, Interim Chief Information Officer, Information Technology
Renetta Torres, Director, Human Resources
Roger Paul, Deputy County Manager, Public Works
Shureka Sid Covington, Chief Deputy, Sheriff's Office
Brian Lindley, Sergeant, Sheriff's Office
Mary Murnane, Director, Fleet and Facilities Management Department
Ruth Lott, Financial Project Coordinator, Fleet and Facilities Management Department
Dwight Coleman, Fleet Administrator, Fleet and Facilities Management Department
Dinah Esquibel, Purchasing Manager, Procurement and Business Department
Randy Baca, Inventory Administrator, Procurement and Business Department

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of minutes from last meeting The minutes of the February 12, 2015, meetings were unanimously approved as distributed.

Review of the Internal Audit Reports

POWERPOINT PRESENTATION CREATED/NARRATED BY JESSICA BUNDY, MELISA MARTINEZ
AND TINA MCGREGOR

- I. FLEET MANAGEMENT
- II. SHERIFF'S OFFICE INVENTORY AND TRAINING
- III. INFORMATION TECHNOLOGY

FLEET MANAGEMENT (MELISSA MARTINEZ PRESENTED THIS REPORT)

1. Monitoring of Fuel Consumption: There was no process to track or investigate unusual fuel activity of trends. Additionally, 14 of the 22 vehicles tested from the Fuel Usage report had mileage entry errors.
2. Accountability of Auto Parts at the Fleet Facility: Low value assets, such as auto parts maintained at the Fleet Facility, should be properly accounted for and tracked with a monthly physical count. November 2014 and January 2015, monthly physical counts were not completed.
3. Reassignment or Disposal of Fleet Assets: Fleet Standard Operating Guidelines state that all unit reassignments or disposals should have documentation to support the change.
4. Vehicle Repair and Maintenance: Preventative maintenance should be completed and documented in the M5 system. During the testing of 22 vehicles serviced it was determined that: fourteen vehicles had no evidence to indicate a full inspection was performed on the vehicle for the last preventative maintenance service, and six vehicles did not have maintenance completed timely.
5. Security and Access to Fleet Data: During our testing of 58 employees identified as active M5 system users, we identified four employees that had been terminated but were still listed as active users.
6. Sourcing of Auto parts: All parts maintained at the inventory warehouse are listed on a master parts list and should be requested from the warehouse prior to ordering the part directly from a vendor. Three of the 22 work orders tested, parts available at the inventory warehouse were ordered directly from vendors.

Management addressed questions from the audit committee.

- 1.) Fleet/Facilities Management Department (FFMD), with the aid of the Accounting Department, will draft a recommended document to become part of the County's Administrative Instructions.
- 2.) A sturdy, lockable cabinet is being acquired to better manage and control the stock. Access will be controlled by the Shop Supervisor who will also be responsible for monthly inventory counts.
- 3.) The revised Fleet Management Standard Operating Guidelines, SOG, has been in re-write since February 2015 following the implementation of the new M5 software. Once all newly established processes and procedures have been incorporated this document will replace the existing Fleet guidelines.
- 4.) Mileage tracking currently is a manual process. As part of the upgrade, Fleet purchased a "Vehicle Identification Box" (VIB) as part of the fuel management system that, once installed, will automatically update the vehicles mileage into M5 removing the need for manual driver input; reducing overall error rate. Fleet began testing and installing the VIB devices in March 2015 and will begin full installation in June 2015.
- 5.) As part of the M5 upgrade, Fleet has been working with County Human Resources (HR) and with our software vendor, AssetWorks, since January 2015 to create an HR interface to eliminate this issue. The interface is nearing completion and should be fully implemented in the system by July 2015.

FLEET MANAGEMENT (MELISSA MARTINEZ PRESENTED THIS REPORT) CONT'

- 6.) Fleet discontinued this test and has elected to remain with the current system. Therefore, parts that are stocked by the warehouse will be requested from the warehouse. If not available, they will be ordered from the vendor.

Mandy Funchess, audit committee chair, made motion to approve the Fleet Management audit report with changes. Paulette Becker, audit committee member, second. Motion passed

(To view final internal audit reports, go to the County's Transparency Portal, "BerncoView," located on its website, www.bernco.gov)

SHERIFF'S OFFICE INVENTORY AND TRAINING (JESSICA BUNDY PRESENTED THIS REPORT)

1. Inventory Tracking: Inventory in the warehouse does not appear to be tracked in a way to prevent items from being stolen or misplaced. Included in the warehouse are firearms, tasers, vests, voice recorders, badges, pepper spray, etc. Additionally, inventory was not counted in 2014, and there was no documentation kept on file of previous counts performed.
2. Firearm Tracking: There were discrepancies between the firearms and the inventory listings. Firearm inventory is counted by a qualified Rangemaster and Inventory Technician annually and reconciled to the department inventory. The process to track and organize firearms does not appear to be adequate. Eight of 15 firearms tested were not included on the Warehouse Inventory Report.
3. Firearm Qualifications: BCSO policy requires that all employees qualify every calendar quarter with the service handgun carried by the deputy while on duty. Five of 21 deputies tested had one or more firearms that they qualified with but were not included on their inventory listing.
4. Assignment of Inventory: Discrepancies were identified between the personnel inventory sheet and the inventory system and the inventory in the possession of the deputies.
5. Instructor Certification: There was no process in place to ensure that at least one instructor teaching the classes are currently certified with The New Mexico Law Enforcement Academy.

Management addressed questions from the audit committee.

- 1.) We will follow the guidelines as referenced in the Bernalillo County Sheriff's Office Rules and Regulation. The inventory will be maintained by the Inventory Technician. We expect to have this completed by November 2015.
- 2.) A detailed inventory will be created with the description of, and location of, all firearms stored within the inventory section ad range house. A quarterly spot inspection will be done to ensure this policy is being followed. This process will be overseen by the Range Master and we expect to have process in place and functioning by November 2015.
- 3.) Range Staff will verify with the inventory section that all firearms are listed, or not listed if the firearm is turned in, on the inventory sheet prior to the quarterly qualification and ensure that all duty carried firearms are qualified with each quarter.
- 4.) All inventory transfer sheets will be stored within the inventory section under controlled access. All inventory sheets will be reviewed by a supervisor to ensure that serial numbers are correct and the inventory sheet has been completed properly. This process is expected to be fully functional by November 2015.
- 5.) Instructors without Basic Instructor certification will only teach new hire cadets and not advanced training courses. This process will be overseen by the In-service Training Coordinator and expected to be implemented and functional by November 2015.

Mandy Funchess, audit committee chair, made motion to approve the Sheriff's Office Inventory and Training audit report. Paulette Becker, audit committee member, second. Motion passed

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INFORMATION TECHNOLOGY (TINA MCGREGOR PRESENTED THIS REPORT)

1. IT Disaster Recovery Plan: The County does not have a formal, documented IT disaster recovery plan (DRP) and there is no real IT disaster recovery strategy in place.
2. Removable Media Security: Administrative Instructions IT03 prohibits plugging in non-County owned computer equipment into the County information systems.
3. Security of Computers in the Human Resources (HR) Department: The County HR Department has its own IT personnel who manage desktops, laptops and HR servers. Although HR has its own IT personnel the computers are all on the same network but on a different domain as the rest of the County. Lack of operating system security updates could result in security breaches, malware infections and data corruption that could affect not just the HR department but all areas of the County.
4. Local Administrator Rights: Administrative Instruction IT03 states that only IT personnel are to be given local or global administrative rights. Four of the 29 workstations tested had non-work related and prohibited software installed, which creates a security risk to the County.
5. IT Governance: The County does not have any formal structured IT governance process or no formal structure for communications between the organizational areas/departments and IT.
6. User Access Control Policies and Procedures: There is not a formal documented user access control policy. IT implemented a new Technology Request Form (TRF) and procedure in July 2014.
7. Data Storage: Laptops are not encrypted and therefore that loss of a laptop could result in sensitive data being compromised. From interviews with Records Management, it appears that some sensitive data is stored on share drives where it can be accessed by any user.
8. Software License Tracking: IT does not have an automated system that scans all computers on the network for software inventory and license tracking.
9. IT Security Awareness Training: The County employees do not receive regular/annual security awareness training after new hire orientation. Additionally, there are no policies and procedures to address security awareness training and frequency of training.
10. Computer Security Incident Response Plan (CSIRP): IT has developed a draft computer security incident response plan. However, it lacks the following elements of a complete plan.
11. Password Settings: Users are required to change their password every 180 days. Security best practice recommends passwords to be changed at a minimum of every 90 days.
12. Password Resets: The Service Desk does not have a procedure to verify that the user is who they say they are. This is a potential security risk.
13. Administrative Instructions: IT Administrative Instructions that were assessed had 16 of 19 review date of November 17, 2011. Administrative Instructions and current practices are not aligned.

Management addressed questions from the audit committee.

- 1.) The Countywide business impact analysis will be reviewed and updated where necessary and used to formulate the DRP policy by September 2015. IT will develop written data backup and restore procedures by June 2015.
- 2.) Any removable media device plugged into our client systems today is scanned by Trend Micro OfficeScan. If virus or malware is detected it is cleaned or quarantined by Trend.
- 3.) HR will have an IT consultant conduct a technology assessment of IT services within the County to provide recommendations for improved operational effectiveness, reliability, and security of existing systems. The HRIS Manager and the Security Administrator recently verified that all desktops in the HR Department have the current version.

INFORMATION TECHNOLOGY (TINA MCGREGOR PRESENTED THIS REPORT)CONT'

- 4.) IT has created a script that identifies users in the workstation administrator group. The script has been run and users have been removed from the administrator group. IT Security will run the script weekly and remove unauthorized users from the workstation administrator group.
- 5.) IT will chair a committee to create a formal IT Governance process. The formal written IT Governance process will be submitted for approval by the County Executive staff by December 2015.
- 6.) IT will add a requirement to the Administrative Instructions to address how a user requests access to technology resources by June 2015. IT will review how the TRF form is stored and named to determine if there is a simpler method.
- 7.) IT will add information to the security training at employee orientation specifically addressing storing data on network drives by May 2015. IT will work with HR to create a computer training module in their Learning Management System (LMS) scheduled for deployment later this year. This module will include security awareness training and network storage.
- 8.) IT will research automated software inventory tools and make a recommendation for purchase subject to budget availability to County management by May 2015. IT will also include a software management piece within the IT Governance project. The Software management piece will be a future phase to be completed in FY17.
- 9.) IT will work with HR to create a computer training module in their new LMS system scheduled for deployment later this year. This module would make it mandatory for all County employees to complete the security awareness training module annually.
- 10.) IT has completed the Incident Response Plan. This plan will be submitted to county management for final approval. IT will test the final approved incident response plan by July 2015.
- 11.) IT agrees that changing passwords every 90 days is an ideal situation. IT believes that their 180 days requirement is the optimal compromise between ideal security and creating additional security risks to the County's network.
- 12.) IT will develop and implement a procedure to verify users requesting a password reset by May 2015.
- 13.) IT will review all IT Administrative Instructions and make changes to reflect current practices as required by September 2015.

Mandy Funchess, audit committee chair, made motion to approve the Information Technology audit report. Paulette Becker, audit committee member, second. Motion passed

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Internal Audit Status Update (presented by Jessica Bundy)

Jessica Bundy presented a status update on audits currently in progress from the FY15 internal audit plan.

- Three audit reports were presented today, April 29, 2015.
 - 1.) Fleet Management
 - 2.) Sheriff's Office Inventory and Training
 - 3.) Information Technology
- Inventory Control Warehouses will be presented at the next meeting.
- FY16 Risk Assessment and Internal Audit Plan for FY16/FY17 will be presented at the next meeting for review and approval.

Internal Audit Status Update (presented by Jessica Bundy) cont'

- Treasurer's Office is on hold till 2016, hours reallocated as needed.
- The follow-up internal audit will commence in June 2015.

Adjournment

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

CONFIRMED NEXT MEETING DATE

AN AUDIT COMMITTEE MEETING WILL BE HELD FROM 2:00PM-4:00PM
THURSDAY, JULY 30, 2015 IN CONFERENCE ROOM B

EXECUTIVE SESSION

COMMITTEE WENT INTO EXECUTIVE SESSION

ADJOURNMENT

MEETING WAS ADJOURNED AT 4:00PM BY MANDY FUNCHESS