



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

***MEETING MINUTES***  
*Friday, February 12, 2016*  
*11:00am to 1:00pm*

**Call to Order**

The meeting was called to order at 11:00am

**Audit Committee (Representing the County Commission)**

Mandy Funchess, CPA, Chair  
Paulette Becker, CPA, Esq., Secretary  
Armando Sanchez, CPA, Member

**REDW Internal Auditors**

Jessica Bundy, REDW  
Steve Cogan, REDW  
Matt Doxtator, REDW

**County Personnel/ Guests**

Shirley Ragin, Deputy County Manager, Finance  
Pamela Moon, Director of Accounting & Budget  
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  
Manny Ortiz, County Treasurer  
Isabella Percella, Chief Deputy Treasurer, Treasurer's Office  
Virginia Chavez, Assistant Chief of Operations, MDC  
Emily Madrid, Chief Financial Administrator, MDC  
Donald Vigil, Assistant Chief Security, MDC  
Michelle Fasctelli, Financial Services Administrator II, MDC  
James Hampsten, Lieutenant, Sheriff's Department  
Andrew Galvan, Fiscal Administrator, Sheriff's Department  
Christy Chavez, financial Assistant, Sheriff's Department  
Randy Landavazo, ERP Manager, ERP/IT Department  
Monica Roybal, Fiscal Officer, Legal Department  
Palmela Ortiz-Reed, Paralegal, Legal Department  
Misha Goodman, Director, Animal Care  
Roger Paul, Deputy County Manager, Public Works

**Approval of Agenda**

The agenda was unanimously approved as distributed.

**Approval of minutes from last meeting:** The Internal Audit minutes of the September 24, 2015 and the External Audit Exit minutes of the October 28, 2015 meetings were unanimously approved as distributed.

# Review of the Internal Audit Reports

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## INTERNAL AUDIT REPORTS AND POWERPOINT PRESENTATION PRESENTED BY JESSICA BUNDY

- I. RATIFY E-MAIL APPROVAL ON CHANGES TO THE FOLLOW-UP ON OPEN INTERNAL AUDIT OBSERVATIONS
- II. CASH RECEIPTS AND ACH PAYMENT PROCESS
- III. MDC BUDGET PREPARATION AND MONITORING

### **RATIFY E-MAIL APPROVAL ON CHANGES TO THE FOLLOW-UP ON OPEN INTERNAL AUDIT OBSERVATIONS (JESSICA BUNDY PRESENTED THIS REPORT)**

*Mandy Funchess, audit committee chair, made motion to officially approve to ratify email approvals on changes to the Follow-up on Open Internal Audit Observations. 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](http://www.bernco.gov))*

### **CASH RECEIPTS AND ACH PAYMENT PROCESS (JESSICA BUNDY PRESENTED THIS REPORT)**

1. Segregation of Duties: Proper internal controls over cash receipting require segregation between the employees responsible for the cash collection, reconciliation, and depositing functions.
2. Administrative Instruction No. AD 02 Inconsistencies: AI No. AD 02 had some requirements that did not seem practical given the decentralized nature of the County's cash receipting process. Cash handling is required to be specifically listed in the job description of all employees that collect cash.
3. Cash Receipts Posted to Wrong Cash Desk: Identified were seven out of 178 transactions, or 4%, that were posted to the incorrect cash desk.
4. Inadequate Document of Cash Reconciliation to Deposit: One out of ten locations tested did not have a reconciliation process and five transactions in other locations sampled did not have documentation of reconciliation.
5. Untimely Deposits: Twelve out of 178 receipts tested, or 7%, were not deposited within the required timeframe. Locations interviewed were not aware of the 24 hour requirement.
6. Checks not Endorsed: Identified were two of ten locations tested that were not endorsing check and did not have a stamp to endorse their checks before deposit.
7. Access to Cash not Restricted: All employees were allowed to receive cash at one of the locations tested. At three other locations, all employees had access to the safe.
8. Inadequate Employee Backup Process: Two of the ten locations tested had backup processes in place; however, those processes caused cash receipts to not be deposited within the 24 hour period.
9. Receipt Sign Not Displayed: Five of ten locations tested did not have a sign posted.

*Overall Management's response: Management concurs with the auditor's comments and will create a corrective action plan to remediate the situation. The remediation plan will ensure that all addressed recommendations pertaining to Cash Receipts and ACH Payment processes are followed. In addition, a Change Drawer Distribution Log by Custodian will be created to track change drawer funds and will be centralized in the Accounting Department. The implementation of the remediation plan will be completed by June 30, 2016.*

*Mandy Funchess, audit committee chair, made motion to approve the Cash Receipts and ACH Payment Process audit report with changes. Paulette Becker, audit committee member, second. Motion passed*

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## **MDC BUDGET PREPARATION AND MONITORING (JESSICA BUNDY PRESENTED THIS REPORT)**

1. **Overall Budget Process:** There is not a consistent understanding of how the budget is created, approved or monitored nor is there adequate communication regarding the final approved budget or each cost center's performance relative to the established budget.
2. **Journal Entries Approval and Support:** Identified were three of 22 journal entries that did not have evidence of approval in the SAP System. These approvals were not captured within the system and the only evidence to rely on was email correspondence.

Management addressed questions from the audit committee.

- 1.) The Assistant Chiefs and Captains will be given an overview of the budget on a quarterly basis by the Chief Financial Administrator. The Assistant Chiefs will be invited to attend the budget meetings and quarterly overview of the budget. The Budget Office will also assist in providing budget training requested by MDC. This process will begin the 3<sup>rd</sup> quarter of FY16.
- 2.) The SAP system did not display the approval workflow line that would normally appear on the workflow screen for the journals identified in the observation. The ERP technical team acknowledges that a system anomaly occurred and is conducting further research along with their system consult and developer resources to determine the cause.

*Mandy Funchess, audit committee chair, made motion to approve the MDC Budget Preparation and Monitoring audit report. Paulette Becker, audit committee member, second. Motion passed*

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### **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 10:30AM-12:30PM**

**WEDNESDAY, APRIL 27, 2016 IN CONFERENCE ROOM B**

#### **EXECUTIVE SESSION**

**COMMITTEE WENT INTO EXECUTIVE SESSION**

#### **ADJOURNMENT**

**MEETING WAS ADJOURNED AT 1:00PM BY MANDY FUNCHESS**