



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

MEETING MINUTES
Wednesday, June 27, 2012
2:00pm to 4:00pm

Call to Order

The meeting was called to order at 2:00pm

Audit Committee (Representing the County Commission)

Maxwell Kagan, CPA, Chair
Paulette Becker, CPA, Esq., Secretary
Mandy Funchess, CPA, Member

REDW Internal Auditors

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

County Personnel/Guests

Tom Zdunek, County Manager
Vince Murphy, Deputy County Manager, Community Services
Teresa Byrd, Deputy County Manager, Finance
Jeff P. Lovato, MBA, Accounting Director
Bonnie Romero, CPA, Financial Projects Coordinator, Accounting
Cindy Torres, Accounting Officer, Audit Liaison, Accounting
Virginia Montoya, Accounting Officer, Accounting
Fidel Bernal, CPA, Chief Deputy Treasurer
Emily Madrid, Accounting Manager, Treasury
Kim McKibben, Solid Waste Director
Deborah Pearson, Solid Waste
Virginia Chavez, Human Resources

Announcements

The appointment of a third committee member, Mrs. Mandy Funchess, CPA, to fill the position that was vacated by Demesia Padilla, CPA. Mandy Funchess is a Senior Audit Manager with Schlenker & Cantwell.

Approval of Agenda

The agenda was approved as distributed.

Approval of minutes from last meeting: A motion to approve the minutes was made by Maxwell Kagan, Chair. *Paulette Becker, audit committee member, second the motion.* The minutes of the April 25, 2012 meeting were approved as distributed.

REVIEW OF THE INTERNAL AUDIT REPORTS

POWERPOINT PRESENTATION CREATED/NARRATED BY JESSICA BUNDY AND JEREMIAH ARMIJO

TIMEKEEPING PROCESS (JEREMIAH ARMIJO PRESENTED THIS REPORT)

1. Temporary Salary Increases
 - a. The rate on the agreement was correct and the employee received inaccurate compensation.
 - b. Temporary salary increase form could not be provided.
 - c. Prior period adjustments surrounding temporary salary increases were not always processed accurately
2. Prior-Period Adjustments
 - a. AI-16 (C) requires the Payroll Office to maintain all signed timecards. Some timecards did not have support to substantiate employee acknowledgement, supervisory review and approval.
 - b. Some employee's timecards were incorrectly adjusted from regular time to vacation time.
 - c. Administrative Instruction BD-05 states that if an adjustment is needed then the department should prepare a corrected timecard (CTC) for submission to payroll by the end of the following pay period. Adjustments were delayed to future pay periods.
3. Time Entry

Timesheets tested were inaccurately entered for annual leave, overtime pay and regular time.
4. Timecards and Overtime Authorization Forms

Overtime authorization timesheets do not include date or signature lines.

Teresa Byrd, Deputy County Manager Finance, acknowledged that improvement was needed in the timekeeping area. Lots of changes are coming. The County currently is working on implementing an electronic timekeeping system. (see official report for management response.)

Maxwell Kagan, audit committee member, made motion to approve the Timekeeping Process audit report. Paulette Becker, audit committee member, second. Motion passed.

SOLID WASTE (JESSICA BUNDY PRESENTED THIS REPORT)

1. Delinquent Accounts

The solid Waste department did not have formal policies and procedures in place for how and when they process legal letters for delinquent customer accounts.
2. Gross Receipts Tax Rate

Customers were charged the incorrect gross receipts tax rate.
3. Low Income Program Credit

Accounts tested did not have proof of residence and lack of supporting documentation does not meet the guidelines.
4. Compliance with AI-57

Solid Waste payment window did not display a sign stating that customers should contact the Accounting Department when personnel fail to provide them with a receipt. According to AI 57, such a sign must be displayed.

Kim McKibben, Solid Waste Director, addressed questions from the audit committee. Kim indicated that without legal resources, Solid Waste did not have any real ability to collect on open accounts if the owner disregarded the collection letter. County Legal has hired a full-time attorney who is delegated to work on Solid Waste delinquent accounts and has begun work. The attorney is also drafting a formal memorandum that will reflect the policy and practice of collections. Copies will be made of all necessary documents to maintain the applicant's file. A sign is now posted in compliance with AI 57. (see official report for management response.)

Maxwell Kagan, audit committee member, made motion to approve the Solid Waste audit report. Paulette Becker, audit committee member, second. Motion passed.

2ND YEAR OF INTERNAL AUDIT PLAN -FISCAL YEAR ENDING JUNE 30, 2013

Jessica Bundy, REDW, presented an update on the internal audit plan for FY13. The preliminary plan is presented below.

- 1) July 2012 -Risk Assessment and Planning (150-180)
- 2) Cash Counts (50)
- 3) Internal Audit Follow-up (240-260)
- 4) October 2012 -Animal Care (180-200)
- 5) Real Estate/Lease Acquisition procedures (220-240)
- 6) December 2012 -Public Information Requests (180-200)
- 7) Public Works-Construction Projects (260-280)
- 8) Regional Juvenile Detention Center (190-210)
- 9) Emergency Communications (200-220)
- 10) Economic Development/Social Service Sponsorship Grants (240-260)
- 11) Special Audits (300)

As part of the FY13 risk assessment by REDW, a new internal audit plan for FY13 and FY14 will be developed. It will be presented to the Audit Committee for review and approval at the next meeting. It will then be taken to the County Commission for approval at the meeting of August 28, 2012.

INTERNAL AUDIT STATUS UPDATE

The "Follow-up" and the "Information Technology-Equipment" audits are wrapping up and will be presented at the next meeting.

Adjournment

Maxwell Kagan, audit committee member, made motion to adjourn meeting. Paulette Becker audit committee member, second. Motion passed.

CONFIRMED NEXT MEETING DATE

AN AUDIT COMMITTEE MEETING WILL BE HELD FROM 2:00PM-4:00PM
MONDAY, AUGUST 6, 2012 IN CONFERENCE ROOM B

EXECUTIVE SESSION

COMMITTEE WENT INTO EXECUTIVE SESSION

ADJOURNMENT

MEETING WAS ADJOURNED AT 4:00PM BY MAX KAGAN