



Bernalillo County
Audit Committee Meeting
Audit Exit Conference for FY10 CAFR
City/County Chambers

MEETING MINUTES

Wednesday, November 10, 2010
1:30pm to 3:30pm

Call to Order

The meeting was called to order at 1:30pm

Audit Committee (Representing the County Commission)

Demesia Padilla, CPA, Chair
Maxwell Kagan, CPA, Secretary
Paulette Becker, CPA, Esq., Member

Moss Adams-External Auditors

Chris Garner, CPA, Senior Manager

County Personnel/Guests

Thaddeus Lucero, County Manager
Julie Baca, Deputy County Manager, Community Services
Jeff P. Lovato, MBA, Accounting Director
Cindy Torres, Audit Liaison, Accounting
Bonnie Romero, CPA, Financial Projects Coordinator, Accounting
Kevin Sourisseau, CPA, Financial Projects Coordinator, Accounting
Trudy McGregor, CPA, Financial Administrator, Accounting
Anthony Infantino, Financial Administrator, Accounting
Nataliya Rubinchik, Financial Administrator, Accounting
Sueko Solosky, Financial Services Administrator, Accounting
Leticia Carreon, Accountant Senior, Accounting
Virginia Montoya, Accountant Senior, Accounting
Martin Gallegos, Fixed Asset Manager
Destry Hunt, County Manager's Office
Fidel A. Bernal, CPA, Chief Deputy Treasurer
Teresa Byrd, Budget Director
Geri Maestas, Payroll, Budget
Kevin Kinzie, Special Projects Coordinator, Finance
Danette Gonzales, Employment Manager, Human Resources
Lisa Sedillo-White, Purchasing Director
Betty Valdez, Housing Director
Ruth Lott, Housing Administrator
Roger Paul, Director of Technical Services, Public Works

County Personnel/Guests (continued)

Greg Stricklin, CPA, MDC
Kim McKibben, Solid Waste Director
Virginia Chavez, Financial Administrator, MDC
Lenore Buffington, Sheriff's Department
Fran Martinez-Romero, Budget and Grant Manager, DSAP
Roger Tannen, Deputy Chief, Office of Emergency Management
Juanita Mesias, Office of Emergency Management
Deborah Pearson, Solid Waste

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of minutes from last meeting

The minutes of the October 13, 2010 meeting were unanimously approved as distributed.

Maxwell Kagan, audit committee member, made motion to approve. Demesia Padilla, audit committee member, second. Motion passed.

PRESENTATION TO AUDIT COMMITTEE

AN EXTERNAL AUDIT PRESENTATION WAS MADE BY CHRIS GARNER, CPA, SENIOR MANAGER WITH MOSS ADAMS.

Chris Garner summarized the status of each area/department and reviewed major highlights, major funds and audits with reasonable assurance not absolute assurance. The County received an "unqualified" opinion or a clean audit for fiscal year 2010.

Financial Statements/Highlights

Chris Garner presented a summary of government wide financial statements which takes all the County funds and combines into one statement. Chris also presented a summary of the governmental funds, the enterprise funds and the statement of activities. He noted that the County had four major funds for FY10.

Review of the Audit Findings

The Audit Committee went over the audit findings and allowed the County departments to respond to their findings. There were 17 findings resolved from prior years and three new findings for FY10. Jeff Lovato affirmed that the State Auditor's deadlines and goals were met.

Maxwell Kagan, audit committee member, made motion to accept the FY10 Comprehensive Annual Financial Report (CAFR). The report will be submitted to the Commission for approval; once approved it becomes a public document. Demesia Padilla, audit committee chair, second. Motion passed.

Review of the CAFR for Fiscal Year 2010

Jeff Lovato, Accounting Director, will submit the CAFR to the Government Finance Officers Association (GFOA) for the Excellence in Financial Reporting award program. The FY10 CAFR will be presented to the County Commission for approval at the meeting of December 14, 2010.

The next meeting will be from 1:30pm to 3:30pm February 9, 2011 in Conference Room B.



Bernalillo County
Audit Committee Meeting
City Council's Chambers

MEETING MINUTES

Wednesday, October 13, 2010
1:00pm to 3:00pm

Call to Order

The meeting was called to order at 1:00pm

Audit Committee (Representing the County Commission)

Demesia Padilla, CPA, Chair
Maxwell Kagan, CPA, Secretary

REDW Internal Auditors

Jessica Bundy, REDW
Nita Looks Twice, REDW
Steve Cogan, REDW

County Personnel/Guests

Thaddeus Lucero, County Manager
Julie Baca, Deputy County Manager
Daniel J. Mayfield, Deputy County Manager, Budget and Finance
Jeff P. Lovato, MBA, Accounting Director
Cindy Torres, Audit Liaison, Accounting
Fidel A. Bernal, CPA, Chief Deputy Treasurer
Lisa Sedillo-White, Purchasing Director
Teresa Byrd, Budget Director
Evelyn Chacon, Executive Assistant, County Manager's Office
Virginia Chavez, Financial Administrator, MDC
Matthew Elwell, MDC
Mark Thomas, BCSD
Darrell R. Lindrey, Fire & Rescue
Frank Backus, Fire & Rescue
Frank Marcus, CIP Director
Julie Velasco, CIP
Thomas Sams, Assessor's Office
Tony Pedroncelli, Assessor's Office

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of minutes from last meeting The minutes of the August 4, 2010 meeting were unanimously approved as distributed.

Demesia Padilla, audit committee member, made motion to approve. Maxwell Kagan, audit committee member, second. Motion passed.

REVIEW OF THE INTERNAL AUDIT REPORTS

POWERPOINT PRESENTATION CREATED/NARRATED BY JESSICA BUNDY AND NITA LOOKS TWICE

Follow-up on Open Internal Audit Observations

Jessica Bundy presented a summary/matrix by Department and Year of Resolved and Unresolved Observations. The audit committee reviewed the report along with comments and suggestions from County management.

New Audit Observations

As part of the follow-up audit the following are new observations:

1. Human Resources: ERP is working for the electronic solution for the PAF form.
2. Metropolitan Assessment Treatment Services (MATS): All patient files need to be kept in a locking file, and access to the room also be secured with limited access.

Follow-Up on Unresolved/Resolved Audit Observations

Jessica interviewed personnel, tested various transactions based on policies, procedures and provided an updated matrix for the Finance Department. There were 71 open internal audit observations remaining from 2006 to 2010, 27 of which were resolved/closed and 44 unresolved.

During the meeting five observations were considered low risk and were resolved by the audit committee which included the following:

- Cash Handling
- IT Capital Assets
- Two for Assessor valuation
- MDC Food Temperature Compliance

In addition, five observations related to SVEDC were cleared by the audit committee.

Demesia Padilla, audit committee member, made motion to approve Internal Audit Observations Follow-up report with changes. A report will be submitted to the Commissioner's; once approved it becomes a public document. Maxwell Kagan, audit committee chair, second. Motion passed.

Purchasing (Jessica Bundy presented this report)

1. Some purchases made prior to obtaining a purchase order.
2. Some RFPs not issued and competitive quotes not obtained.
3. Purchasing and receiving segregation of duties not adequate.
4. Unqualified P-Card purchase.
5. Quarterly vendor evaluation forms are not being completed.

Lisa Sedillo-White responded to questions from the audit committee. Overall the plan is to provide additional training and review correct purchasing procedures. Audit committee considered observation #4 as low risk and removed it from the report.

Demesia Padilla, audit committee member, made motion to approve Purchasing Report with changes. A report will be submitted to the Commissioner's; once approved it becomes a public document. Maxwell Kagan, audit committee chair, second. Motion passed.

CIP Grant Administration (Nita Looks Twice presented this report)

1. Capitalization of completed CIP Projects is not performed timely.
2. Required monthly legislative grant reports are not being completed.
3. Lack of CIP policies and procedures.

CIP Grant Administration con., (Nita Looks Twice presented this report)

Frank Marcus addressed questions from the audit committee. The CIP department is in the process of working on policies, procedures and workflows. Based on discussions the management responses for observations one and two were asked to be revised.

Demesia Padilla, audit committee member, made motion to approve CIP Grant Administration report with changes. A report will be submitted to the Commissioner's; once approved it becomes a public document. Maxwell Kagan audit committee member, second. Motion passed.

Other Issues

An External Audit/FY10 CAFR Timeline was presented by Jeff Lovato, Accounting Director.

- Exit conference meeting is planned for November 10, 2010.
- Draft of FY10 CAFR will be submitted to State Auditor on the due date of November 15, 2010.

Adjournment

Demesia Padilla, audit committee member, made motion to adjourn meeting. Max Kagan audit committee member, second. Motion passed.

CONFIRMED NEXT MEETING DATE

**THE NEXT MEETING WILL BE FROM 1:30PM TO 3:30PM ON NOVEMBER 10, 2010.
IN CITY/COUNTY CHAMBERS (BASEMENT LEVEL)**

EXECUTIVE SESSION

COMMITTEE WENT INTO EXECUTIVE SESSION.

ADJOURNMENT

MEETING WAS ADJOURNED AT 3:00PM BY DEMESIA PADILLA



Bernalillo County
Audit Committee Meeting
City/County Chambers

MEETING MINUTES

Wednesday, August 4, 2010
1:30pm to 3:30pm

Call to Order

The meeting was called to order at 1:30pm

Audit Committee (Representing the County Commission)

Demesia Padilla, CPA, Chair
Maxwell Kagan, CPA, Secretary
Paulette Becker, CPA, Esq., Member

REDW Internal Auditors

Jessica Bundy, REDW
Steve Cogan, REDW

County Personnel/Guests

Thaddeus Lucero, County Manager
Daniel J. Mayfield, Deputy County Manager, Budget and Finance
Jeff P. Lovato, MBA, Accounting Director
Cindy Torres, Audit Liaison, Accounting
Fidel A. Bernal, CPA, Chief Deputy Treasurer
Renetta Torres, Human Resources Director
Lisa Sedillo-White, Purchasing Director
Teresa Byrd, Budget Director
Ronald Torres, Chief, MDC
Virginia Chavez, Financial Administrator, MDC
Robert Doucette, Assistant to Commissioner Brasher
Quiana Salazar-King, Assistant to Commissioner Stebbins
Franchesca Stevens, PIO Specialist
Dan McKay, Reporter for the Albuquerque Journal

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of minutes from last meeting The minutes of the May 5, 2010 and June 30, 2010 meeting were unanimously approved as distributed.

Demesia Padilla, audit committee member, made motion to approve. Maxwell Kagan, audit committee member, second. Motion passed.

MEETING WENT INTO EXECUTIVE SESSION

Demesia Padilla, audit committee member, recommended a motion to go into Executive Session for the purpose of discussing two drafts; MDC -Special Audit Concerns and CMS Contract. Max Kagan, audit committee member, made motion to approve/proceed into Executive Session. Paulette Becker, audit committee member, second. Motion passed.

Demesia affirmed, just for the record, the only items discussed were the MDC -Special Audit Concerns and CMS Contract. These two items were audited by the Porch & Associates audit and the findings stand on their own.

REVIEW OF THE INTERNAL AUDIT REPORTS

POWERPOINT PRESENTATION CREATED/NARRATED BY JESSICA BUNDY

MDC -Special Audit Concerns

1. CMS contract percentage increase amount was 11% and should have been closer to 5%.
2. MDC overpaid the CMS contract by 2.9 million.
3. A. Gross receipts rate used was the Albuquerque rate and should have used the County rate.
B. The County was not getting the full commission of 23.5% for commissary items.
4. MDC should be reimbursed \$50,000 per contract year for maintenance and repairs
5. MDC should be reimbursed for background and drug screenings performed for Canteen employees.
6. If credits were not calculated properly then MDC would have paid for medical services not received.
7. The Canteen was incorrectly charging tax on food items purchased by inmates.
8. MDC was paying \$1.66 extra per inmate for medical services.

Per REDW's report, the approximate dollar variance identified during the audit totaled \$25,600.

Overall, REDW recommended that MDC Management discuss approximately 25,600 in variances with the vendor and determine what exact amounts should be paid by the County and/or refunded to the County.

Demesia Padilla, audit committee member, made motion to approve MDC Special Audit Concerns internal audit report. A report will be submitted to the Commissioner's; once approved it becomes a public document. Max Kagan audit committee member, second. Motion passed.

CMS Contract

1. CMS included additional psychiatrist payments in the base contract amount.
2. MDC did not withhold the 2% of the monthly billing until receiving deliverable as stated in the CMS contract.

This audit was tabled May 5th to allow the County time to gather all the needed documentation and information.

Overall, MDC will be hiring a Contract Compliance Monitor to monitor and ensure that deliverables are being met and contract is being followed.

Demesia Padilla, audit committee member, made motion to approve CMS Contract internal audit report. A report will be submitted to the Commissioner's; once approved it becomes a public document. Max Kagan audit committee member, second. Motion passed.

AN OVERVIEW OF FISCAL YEAR 2011 AND 2012

INTERNAL AUDIT PLAN/RISK ASSESSMENT

REVIEW OF THE FISCAL YEAR 2011 AND 2012 INTERNAL AUDIT PLAN

POWERPOINT PRESENTATION CREATED/NARRATED BY JESSICA BUNDY

FY11 Risk Assessment and Internal Audit Plan

Jessica Bundy, REDW, presented the audit plan to the Committee. Jessica stated they interviewed the following individuals: County Commissioners, County Manager, Deputy County Managers and Elected Officials. She read through prior internal audit reports, reviewed CAFR reports and based on this information developed the audit plan. Jessica presented a two year audit plan. High risk items are in the first year of the plan.

The audit committee reviewed the plan along with comments and suggestions from County management. The following changes were made:

- 1) The Solid Waste Department Audit was moved from FY11 to FY12.
- 2) The Sheriff's Department Currency Evidence Account Audit was moved from FY12 to FY11.

Below is the audit plan for FY11 & FY12.

Fiscal Year 2011 preliminary audit plan includes 2,400 audit hours. Budgeted hours are as follows:

- 1) Special Projects (100 hours)
- 2) Audit Committee Meetings (100 hours)
- 3) Risk Assessment and Planning (100 hours)
- 4) Special Audit (200 hours)
- 5) Follow-up (260 hours)
- 6) Housing (240 hours)
- 7) Sheriff's Department Currency Evidence Account (200 hours)
- 8) IT Security over Online Payment Processing (120 hours)
- 9) Animal Care (100 hours)
- 10) Purchasing (260 hours)
- 11) CIP/Grant Administration (180 hours)
- 12) Take home vehicles (140 hours)
- 13) Accounts Payable/Purchasing (200 hours)
- 14) SAP Controls (200 hours) "High Risk"

Fiscal Year 2012 preliminary audit plan includes 2,400 audit hours. Budgeted hours are as follows:

- 1) Special Projects (100 hours)
- 2) Audit Committee Meetings (100 hours)
- 3) Risk Assessment and Planning (120 hours)
- 4) Parks and Recreation (280 hours)
- 5) Internal Audit Follow-up (260 hours)
- 6) SAP Controls (140 hours)
- 7) Metro Court Pretrial Services (140 hours)
- 8) Treasurer's Office Investments/Bonds (220 hours)
- 9) Solid Waste Department (220 hours)
- 10) Zoning, Building and Planning (180 hours)
- 11) Real Estate/Lease Acquisition procedures (180 hours)
- 12) County Manage Office-Administrative Instructions (200 hours)
- 13) Budget and Finance-Budget Process (260 hours)

Demesia Padilla, audit committee member, made motion to approve Risk Assessment and Internal Audit Plan for Fiscal Year 2011 and 2012. Max Kagan audit committee member, second. Motion passed.

OTHER ISSUES

Demesia Padilla recommended that the Audit Reports be sent via email prior to audit meetings. She needs time to read/review before each meeting.

Maxwell Kagan recommended that hard copies be sent online. It will be easier to track down a file.

Jessica Bundy stated that the audit report follow-up for Purchasing will be ready at the end of this month. Jessica needs to extend time for late September to complete CIP and Grants audit report.

Jeff Lovato stated that the CAFR is usually ready early December. Internal audit reports that are approved by the audit committee become public record after the approval. Risk Assessment is not public record until it is approved by the County Commission. It goes to Commissioner's for approval on August 24th at 5:00pm.

Demesia Padilla, audit committee member, made motion to adjourn meeting. Max Kagan audit committee member, second. Motion passed.

CONFIRMED NEXT MEETING DATE

**THE NEXT MEETING WILL BE FROM 1:30PM TO 3:30PM ON SEPTEMBER 30, 2010.
IN CONFERENCE ROOM B.**

EXECUTIVE SESSION

COMMITTEE WENT INTO EXECUTIVE SESSION.

ADJOURNMENT

MEETING WAS ADJOURNED AT 3:30PM BY DEMESIA PADILLA