



## **BERNALILLO COUNTY INTERNAL AUDIT PLAN**

### **YEARS ENDING JUNE 30, 2016 AND 2017**

#### **BACKGROUND**

REDW<sub>LLC</sub> (REDW) is providing the following audit plan for internal audit services for Bernalillo County's (the "County") consideration for the fiscal years ending June 30, 2016 and 2017.

REDW's internal audit team includes the following:

- ◆ Steve Cogan, Principal
- ◆ Jessica Bundy, Senior Manager
- ◆ Danny Martinez, Manager
- ◆ Melisa Martinez, Senior
- ◆ Rebecca Sanchez, Senior
- ◆ Matt Doxtator, Senior

This audit plan summarizes planning and internal audit risk assessment procedures and describes the planned allocation of internal audit resources for the years ending June 30, 2016 and 2017. 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.

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

County Commissioners

- ◆ Debbie O'Malley, District 1
- ◆ Maggie Hart Stebbins, District 3
- ◆ Lonnie Talbert, District 4
- ◆ Wayne Johnson, District 5

#### County Managers

- ◆ Tom Zdunek, County Manager
- ◆ Vincent C. Murphy, Deputy County Manager Community Services Division
- ◆ Shirley Ragin, Deputy County Manager Finance Division
- ◆ Roger Paul, Deputy County Manager Public Works Division
- ◆ Tom Swisstack, Deputy County Manager Public Safety Division

#### Elected Officials

- ◆ Manny Ortiz, County Treasurer
- ◆ Manual Gonzales III, Sheriff

#### Other County Employees

- ◆ Damian Lara, Deputy County Assessor
- ◆ Michael Garcia, Deputy County Clerk
- ◆ Roman Montoya, Deputy County Clerk
- ◆ Greg Perez, Deputy Chief of Administration, Fire and Rescue
- ◆ Rudy Mora, Undersheriff
- ◆ Randy Autio, County Attorney
- ◆ Kevin Kinzie, Risk Management Director
- ◆ Veronica Espinosa, Fiscal Officer
- ◆ Phillip Greer, MDC Jail Administrator
- ◆ Virginia Chavez, MDC Assistant Chief of Operations
- ◆ Renetta Torres, Human Resources Director
- ◆ Jeff Lovato, Accounting Director
- ◆ Lisa Sedillo-White, Purchasing Director
- ◆ Kevin Kinzie, Risk Management Director
- ◆ Rod Rolston, Interim Chief Information Officer
- ◆ Cindy Torres, Accounting Officer

2. We considered the internal audit reports from the previous six years.
3. We considered the County's June 30, 2014, audited financial statements.

#### **RISK MATRIX AND AUDIT CHART**

Appendix A depicts departments/topics that were identified during the risk assessment process which are ranked by likelihood of occurrence and magnitude of potential impact. Bubble size is correlated to the number of inputs from the planning and risk assessment procedures. All significant internal audit risk departments/topics were incorporated into the two year plan or were audited in the previous year. Appendix B lists audits performed from 2011 through 2015 and anticipated audits for 2016 and 2017.

#### **PLANNED ALLOCATION OF EFFORT AND TIMING**

Based on our planning and risk assessment, we recommend consideration and approval of the following allocation of internal audit resources for the years ending June 30, 2016 and 2017.

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
Cash Receipts and ACH/Wire Transfers	Identify all cash collection locations and test that cash receipts were properly collected and recorded with adequate controls in place. Additionally, evaluate the process to transfer cash receipts to the Treasurer's Office. Determine if the process and controls over ACH and wire transfers were followed and there was adequate documentation supporting the transfer and changes to ACH payment information.	September 2015	160-180
SAP Segregation of Duties (SOD) Controls	Within the SAP Governance, Risk and Control module evaluate the SOD analysis performed and test that results were reasonable and supported and policies and procedures were followed. For known SOD issues, ensure policies and procedures were followed for monitoring known risks. Test processes and support for monitoring user access roles, additions, changes and deletions.	October 2015	140-160
Accounts Payable	Test the AP process including the invoice management system for adequate controls. Test the new credit card and e-payables process. Determine if reporting processes and aging analysis were properly utilized and performed regularly. Perform data analysis to determine if the new process reduced the time for payment.	November 2015	190-210
Treasurer's Office	Test that tax payments were handled and recorded in accordance with policies and applicable regulations. Test if account reconciliations were being completed timely and accurately. Determine if overpayments were handled in accordance with State statute. Evaluate compliance with the investment policy and applicable State Statutes, including record retention and cash flow evaluation processes.	December 2015	320-360
Clerk's Office	Evaluate processes and controls in place over compliance with legislated mandates to redact information in records maintained by the County. Test that records for voter registration were properly maintained and updated in the system.	January 2016	180-200

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Purchasing - Contract Monitoring/Performance	Evaluate the RFP review and contract monitoring process and test controls to determine if contracts were carried out in accordance with the agreements. Test if adequate controls were in place for compliance with new State procurement requirements.	February 2016	190-220
MDC	Assess the budgeting and monitoring process for MDC to ensure that budgets were effective to support operations. Evaluate certain costs paid by MDC for appropriateness.	March 2016	200-240
Grants Administration	Evaluate the administration and process to obtain federal and state grant funding to determine if the County has maximized grant opportunities. Assess the processes County-wide and determine if processes could be centralized.	April 2016	160-180
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	TBD
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.	May 2016	160-180
Project Management Meetings	Attend meetings or discuss issues throughout the year with various County personnel.	Throughout year	50
Cash Counts	Perform unannounced cash counts at various County locations that collect monies and test for compliance with Administrative Instruction AI 57.	Throughout year	20
Risk Assessment and Planning	Conduct a risk assessment over departments and activities within the County. Plan the nature, extent and timing of internal audit procedures for the year.	TBD	TBD
Total planned hours for fiscal year ending June 30, 2016			1,770-2,000

Audit Area	Description/Audit Risk	Tentative Timing	Estimated Hour Range
Emergency Management	Test emergency planning and follow up processes for compliance with regulations. Test training processes were documented and emergency listings were maintained. Determine if the process to authorize and initiate an emergency response was effective and followed. Test compliance of grant requirements.	September 2016	160-180
County Interdepartmental Communication and Strategic Plans	Assess interdepartmental processes and communication for efficiency and effectiveness. Assess whether action steps presented in the strategic plan were appropriately carried out. Analyze monitoring of the strategic plans.	October 2016	120-140
Community Funding Initiatives (Economic and HHS)	Test the process for issuing funding for economic or community development and select a sample to test that awards were to eligible recipients and complied with program guidelines and/or general obligation bond requirements. Evaluate funding requirements and assess processes and controls were in place to monitor compliance. Additionally, assess reasonableness of funding allocated and confirm that the business purpose was met.	October 2016	120-140
Payroll, Timekeeping and Scheduling	Test that the internal controls surrounding the new timekeeping system. Test the transfer of data was supported and payroll was processed accurately. Determine if the new system implementation resulted in cost savings and process improvement. Assess the integration of scheduling software with the payroll system.	November 2016	160-180
Housing	Evaluate the costs associated with these MOU's against compensation received. Test compliance requirements with the MOU's for the administration of HUD requirements for other housing authorities.	December 2016	160-180
Fire and Rescue	Evaluate the process for dispatching resources to incidents and determine if internal policies and procedures were followed. Determine if medical supply usage was tracked and properly supported.	January 2017	140-160

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Budget Department	Determine if the budget process was in compliance with State Statutes and County policies. Evaluate procedures in place for monitoring budget compliance and determine if budget amendments were properly handled.	February 2017	200-220
Parks and Recreation	Determine if rental fee tables were in place and consistently followed. Test that Community Center rental fees were collected and recorded properly. Test that reconciliations were performed timely and accurately.	March 2017	120-140
Substance Abuse	Evaluate various program processes and controls under Substance Abuse, which may include Metropolitan Assessment and Treatment Services, Addiction Treatment Program, Community Addiction Program, and Supportive Aftercare Community.	April 2017	120-150
Human Resources	Assess systems and processes in place for recruiting to determine if improvements related to the classification study have been implemented. Also, evaluate that timing of recruitment for critical positions such as Public Safety were reasonable. Evaluate processes for performance evaluations and terminations, including exit interviews.	April 2017	120-140
Healthcare Self-Insurance	Test that the new processes over the healthcare self-insurance program to ensure costs are accurate and supported.	TBD	TBD
Public Works-Capital Improvement Projects	Determine if the process and project selection criteria was followed in identifying and selecting improvement projects. Test that project documentation was maintained to support the overall project cost and that materials were properly tracked.	TBD	TBD
Travel and Per Diem	Test policies and procedures were followed relating to travel and per diem expenditures.	TBD	TBD
SAP	Identify significant risks and key controls in the SAP system. Assess automated/inherent controls such as edit and validation routines, password controls. Test configuration controls such as security controls and customizable options.	TBD	TBD

<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
	Test logical access controls such as roles and authorization profiles. Test segregation of duties and change controls such as change requests, approval, testing, and implementation.		
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	TBD
Risk Assessment and Planning	Conduct a risk assessment update over the departments and activities within the County. Plan the nature, extent and timing of internal audit procedures for the upcoming year.	May 2017	100-120
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.	May 2017	160-180
Project Management Meetings	Attend meetings or discuss issues throughout the year with various County personnel related to matters that may impact the internal audit process.	Throughout year	50
Cash Counts	Perform unannounced cash counts at various County locations that collect monies and test for compliance with AI 57.	Throughout year	20
Total planned hours for fiscal year ending June 30, 2017			1,750-2,000

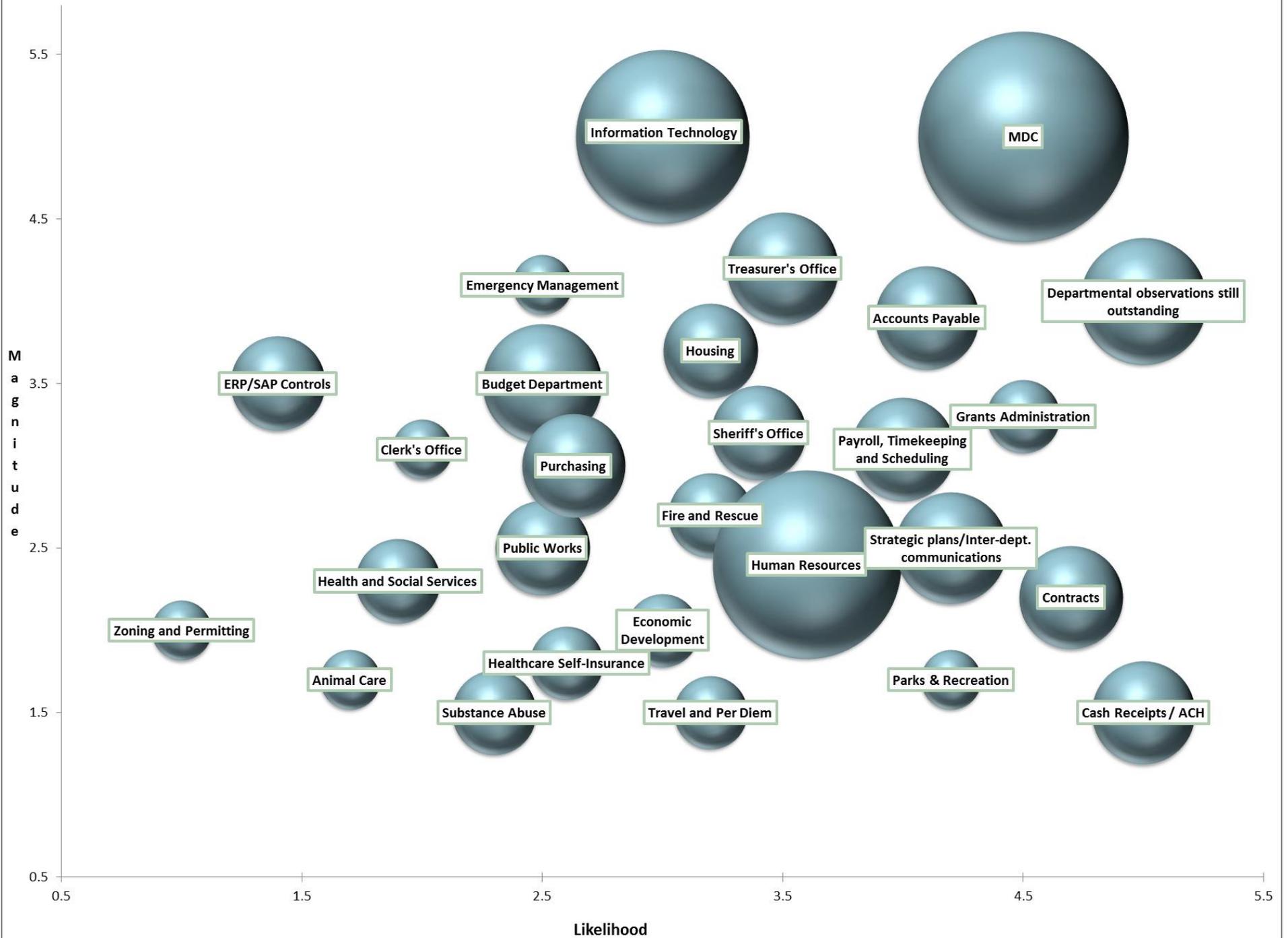
**Audit Committee Approval**

A draft of this plan was discussed and approved by the audit committee on July 30, 2015. The plan is ready for submission to the County Commissioners for their approval.

REDW LLC

Albuquerque, New Mexico  
July 30, 2015

# Appendix A-Risk Matrix



APPENDIX B-Audit Chart

<b>Audit</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Accounts Payable	X					X	
Cash Receipts and ACH/Wire Transfers						X	
Animal Care	X		X				
Assessor's Office			X	X			
Budget Department		X					X
Capital Assets (IT Focus in 2013)		X	X				
Clerk's Office						X	
Community Custody Program				X			
Contract Monitoring/Performance						X	
Strategic Plans/Inter-dept. communications							X
Economic Development Assistance							X
Emergency Communications				X			
Emergency Management							X
ERP / SAP Controls	X					X	X
Finance Office - Bonds		X			X		
Fire and Rescue							X
Grants / CIP - Billing of State Contracts	X						
Grants Administration						X	
Health and Social Services				X			X
Healthcare Self Insurance							X
Housing	X				X		X
Human Resources		X		X			X
Information Technology					X		
MDC			X		X	X	
Parks and Recreation		X					X
Payroll, Timekeeping and Scheduling		X					X
Public Works	X	X	X		X		X
Purchasing / Inventory Management	X		X		X		
Real Estate/ Lease Acquisition Procedures				X			
Records Retention/ Public Information Requests			X				
Risk Management				X			
Sheriff's Office	X				X		
Social Service Sponsorship Grants			X				
Substance Abuse							X
Treasurer's Office		X				X	
Travel and Per Diem							X
Youth Services Center			X				
Zoning, Building & Planning		X					