



## **Bernalillo County Internal Audit Plan**

### **Years Ending June 30, 2020 and 2021**

#### **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, 2020 and 2021.

REDW's internal audit team includes the following:

- Jessica Bundy, Principal
- Steve Cogan, Concurring Principal
- Caitlin Gutierrez, Internal Audit Manager
- Yvette Nunez, Internal Audit 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, 2020 and 2021.

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 Managers, County Attorney, elected officials, department directors, various other County personnel, and the external auditors. Responses were received from the following individuals regarding perceived risks and areas that would benefit most from internal audit procedures:

##### **County Commissioners**

- Steven Michael Quezada, District 2
- Maggie Hart Stebbins, District 3
- Lonnie C. Talbert, District 4
- Charlene Pyskoty, District 5

### County Managers

- Julie Morgas Baca, County Manager
- Shirley Ragin, Deputy County Manager of Finance Division
- Lisa Sedillo-White, Deputy County Manager of General Services
- Vince Murphy, Deputy County Manager of Community Services Division
- Greg Perez, Deputy County Manager of Health & Public Safety Division
- Roger A. Paul, Deputy County Manager of Public Works Division

### Elected Offices

- Linda Stover, Clerk
- Cristy Carbon-Gaul, Probate Judge
- Officials from Assessor's Office
- Officials from Sheriff's Office
- Officials from Treasurer's Office

### Other County Employees

- Ken Martinez, County Attorney
- Theresa Baca-Sandoval, Deputy County Attorney
- Pam Moon, Accounting Director
- Robert Benavidez, Chief Information Officer
- Virginia Chavez, Human Resources Director
- Cindy Torres, Financial Accountant

2. In addition to our inquiries, we prepared the audit plan by considering the following:
  - Internal audit reports and observations from the previous five years;
  - Changes to the Organizational Chart and A-Z Services listed on the County's website;
  - The County's June 30, 2018, audited financial statements; and,
  - Commission meeting agendas for the previous year.

### **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 2015 through 2019 and anticipated audits for 2020 and 2021.

**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, 2020 and 2021.

<b>2020 Audit Plan</b>			
<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Fire and Rescue	Assess various business processes within the Fire and Rescue Department including: the collection of monies, reconciliations, budgeting and monitoring, and employee file documentation.	September 2019	130-150
Sheriff's Office	Determine if key processes are performed in accordance with policies and procedures, including evidence and records management. Assess if bank account reconciliations are performed accurately, timely, and in accordance with County policies.	September 2019	150-170
Payroll and Timekeeping	Evaluate the process in place to ensure the County is accurately processing payroll. Determine if policies and procedures are formally documented. Evaluate the Kronos implementation and the role of the timekeepers.	October 2019	180-200
Procurement	Test controls and processes in place to assess compliance with procurement requirements. Evaluate process for workflow efficiencies. Test to determine if purchases for IT related items were properly approved by IT.	November 2019	180-200
Bond Funds	Evaluate controls in place to monitor compliance with bond covenants and other requirements. Analyze requirements and determine if adequate processes are in place so funds are utilized on a timely basis. Test compliance with the County Debt policy.	December 2019	160-180
Housing	Evaluate processes and controls in place for compliance with funding agency requirements and regulations. Evaluate accounting policies, procedures and staff training for proper controls. Test the process to qualify applicants.	January 2020	150-170
Treasurer's Office	Perform annual internal audit procedures over the Investment Policy. Test access and monitoring controls for transaction processing at the custody bank. Evaluate the account reconciliation process for timeliness.	February 2020	180-200

<b>2020 Audit Plan</b>			
<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Community Custody Program (CCP)	Test the CCP fee assessment process to ensure inmates are charged correctly, fees are collected timely, and past due amounts are monitored. Test for program eligibility.	March 2020	160-180
Solid Waste	Test processes related to customer billing, collection of funds, and reconciliations to determine compliance with policies and procedures. Assess controls over the application process of low-income assistance.	April 2020	120-140
Risk Assessment and Planning FY21	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 2020	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 2020	220-240
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	TBD
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. Utilize an artificial intelligence technology to assess financial data. Perform test procedures over unusual results.	Throughout year	50
Total planned hours for fiscal year ending June 30, 2020			1,780-2,000

<b>2021 Audit Plan</b>			
<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 is in compliance with State Statutes and County policies. Evaluate procedures in place for monitoring budget compliance and determine if budget amendments were properly handled. Test the departmental budget creation, tracking and reporting processes. Evaluate system access controls.	September 2020	140-150
Emergency Communication	Evaluate Emergency Communication processes to determine if policies and procedures and applicable regulations are being followed, and requests for public safety support are responded to timely and accurately. Assess the computer aided dispatch system to determine if it is utilized effectively.	September 2020	160-180
Information Technology (IT)	Test security awareness and recovery procedures. Obtain an understanding of monitoring controls in place and test for gaps in the security processes. Test a selection of IT controls including access-related controls.	October 2020	180-200
Risk Management-Insurance	Evaluate the processes and controls for payment processing and monitoring activity on insurance claims. Test that adequate documentation is retained and agrees to payments made.	December 2020	160-170
Accounts Payable	Evaluate accounting policies, procedures and staff training for proper controls over AP. Test a selection of payments to vendors to ensure accuracy and timeliness. Perform data analytics and investigate unusual items.	January 2021	160-170
Animal Care	Test the new processes in place at Animal Care to determine compliance with internal policies and procedures over areas including fee collection, account reconciliations, and support services.	January 2021	160-170
Clerk's Office	Evaluate processes and controls in place to ensure compliance with legislated mandates and other key requirements. Test records for voter registration are properly maintained and updated.	February 2021	140-160

<b>2021 Audit Plan</b>			
<b>Audit Area</b>	<b>Description/Audit Risk</b>	<b>Tentative Timing</b>	<b>Estimated Hour Range</b>
Treasurer's Office	Perform annual internal audit procedures over the Investment Policy. Ensure compliance with selected aspects of the Investment Policy and other internal policies.	February 2021	100-120
Alvarado Square-One-Stop-Shop	Evaluate the controls over the one-stop shop for payments received. Test to determine if fees are collected, properly recorded and reconciliations are performed timely and accurately. Ensure policies and procedures are followed. Additionally, select a sample of expenses related to the construction of the new building to ensure expenditures were approved in accordance with procurement requirements.	March 2021	180-200
Indigent Care	Test controls in place over contract monitoring for indigent care funds and that funds are spent appropriately. Test the process to qualify applicants for indigent care.	March 2021	140-160
Risk Assessment and Planning FY22	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 2021	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 2021	140-160
Special Audits	This time is set aside to conduct a special audit for any issues that arise during the year.	As required	TBD
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. Utilize an artificial intelligence technology to assess financial data. Perform test procedures over unusual results.	Throughout year	40
Total planned hours for fiscal year ending June 30, 2021			1,810-2,000

### Additional Areas Considered

In addition to the audit areas identified above, we considered the following areas within the audit rotation schedule and determined that due to budget limitations, these did not require immediate internal audit assistance. These areas may be considered in future internal audit plans.

- Substance Abuse
- Youth Services Center
- Affordable Housing Non-Profit
- Grants
- Social Services

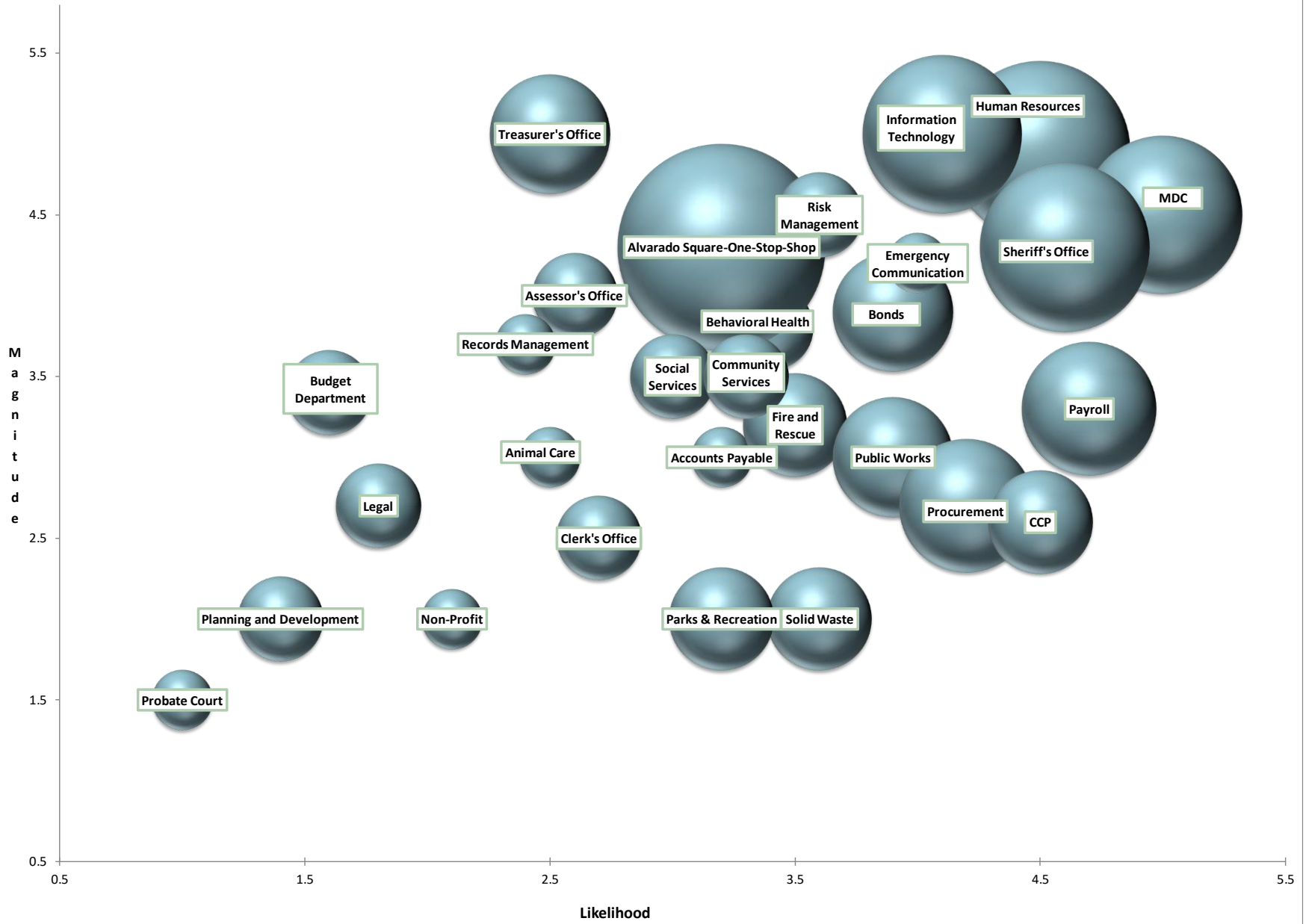
### AUDIT COMMITTEE APPROVAL

A draft of this plan was discussed and approved by the audit committee on July 24, 2019. The plan is ready for submission to the County Commissioners for their approval.

REDW LLC

Albuquerque, New Mexico  
July 15, 2019

### Appendix A-Risk Matrix





## APPENDIX B – AUDIT CHART

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Departments</b>							
Legal							
Economic Development				X			
Human Resources			X				
Payroll						X	
MDC / CCP	X	X		X		X	
Compliance Office							
Capital Improvement Program				X			
Behavioral Health					X		
<b>Community Services Division</b>							
Communication Services							
Office of Senior and Social Services							X
Office of Community Engagement and Outreach							
ABC Community Schools							
Housing	X					X	
Parks and Recreation				X			
Planning and Development Services				X			
<b>Finance Division</b>							
Accounting and Budget	X	X			X		X
Business Improvement/Performance							
Information Technology	X	X		X			X
Bonds	X					X	
Cash Receipts		X					
<b>General Services Division</b>							
Accounts Payable		X					X
Constituent and Support Services							
Procurement and Business Services		X	X	X		X	
Risk Management			X		X		X
Real Estate					X		
<b>Health and Public Safety Division</b>							
Animal Care							X
Emergency Communications							X
Fire and Rescue			X			X	
Workforce Management			X				
Emergency Management			X				
Youth Services Center							

**APPENDIX B – AUDIT CHART — CONTINUED**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Public Works Division</b>							
Facilities and Fleet Management	X				X		
Operations and Maintenance							
Solid Waste and Diversified Services						X	
Technical Services	X			X			
<b>Elected Officials</b>							
Assessor's Office					X		
Clerk's Office		X					X
Probate Court					X		
Sheriff's Office	X					X	
Treasurer's Office		X	X	X	X	X	X
<b>Other</b>							
Alvarado Square- One Stop Shop & Construction							X
County Wide-Cash Receipts	X						
County Wide-Incident Resolution					X		