



Internal Audit

Follow-Up on Open Internal Audit Observations

June 2012

Bernalillo County Internal Audit Follow-Up on Open Internal Audit Observations

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Bernalillo County Internal Audit Follow-Up on Open Internal Audit Observations Report

INTRODUCTION

We performed the internal audit services described below solely to assist Bernalillo County in evaluating whether open internal audit observations issued through July 2012 have been resolved. We also updated the master observation list “Matrix” that includes a plan of action, the person responsible for the plan of action, and the planned date of completion. This master observation list will assist the County in tracking the status of each internal audit observation. Our services were performed in accordance with the *Consulting Standards* issued by the American Institute of Certified Public Accountants, generally accepted government auditing standards, and the terms of our contract agreement for internal audit services. Since our procedures were applied to samples of transactions and processes, it is possible that significant issues related to the areas tested may not have been identified.

PURPOSE AND OBJECTIVES

Our follow-up on open internal audit observations was performed in response to management and the audit committee’s interest in whether previous internal audit observations have been resolved and focused on assessing the current status of each observation. Management and the audit committee have been provided with an electronic copy of these observations.

The follow-up internal audit was not intended to be a complete re-audit of the departments and functions; therefore, our procedures were less in scope than would be performed in a full internal audit of each department or function. Processes were analyzed to determine if adequate corrective actions were implemented to resolve the observation and small samples were selected to verify that certain new processes were properly implemented.

SCOPE AND PROCEDURES PERFORMED

Interviews: In order to follow up on the observations to determine if each had been resolved.

We interviewed the following personnel:

- Cindy Torres, Budget and Finance Accounting Officer – Audit Liaison
- Jeff Lovato, Budget and Finance Accounting Director
- Manuel Ruiz, Animal Care Special Projects Coordinator

- Nicole Rivera, Animal Care Administrative Assistant
- Amy Childers, AP Financial Projects Coordinator
- Tony Pedroncelli, Assessor's Office Chief Administrative Officer
- Juli Velasco, CIP and Grants Financial Coordinator
- Anthony Infantino, Financial Administrator
- Rosanna Suazo, Special Projects Coordinator
- Elva Gonzalez, Sheriff's Office Accountant Senior
- Rita Erickson, Sheriff's Office Administrative Officer II
- Andrew Galvan, Sheriff's Operations Manager
- Alex Dominguez, MATS Detoxification and Treatment Program Manager
- Becky Darrow, MATS Special Project Coordinator
- Ruth Lott, Housing Administrator
- Virginia Chavez, HR Employment Manager
- Geri Maestas, Financial Projects Coordinator
- Danette Gonzales, MDC Employment Manager
- Kate Aldrich, MDC Cash Accounting Supervisor
- Nader Khalil, IT Project Manager
- Denine Morelos, Imaging & Records Coordinator
- Lorri Romero, Parks & Recreation Administrative Officer II
- Corina Cortez, Parks & Recreation Budget Officer
- Lisa Sedillo-White, Purchasing Director
- Adrienne Candelaria, Purchasing Special Projects Coordinator
- Randy Landavazo, ERP Manager

We performed the following procedures:

- We obtained the observation matrix from County finance;
- We compared the County finance matrix to the prior year's matrix provided to finance to ensure that all observations were included and also reviewed observations from internal audits performed after the prior year's matrix had been completed;
- We read relevant County policies and procedures;
- We performed walk-throughs of various systems;
- We tested various departmental reports;
- We tested various transactions;
- We classified each observation as resolved, unresolved, or superseded; and
- We provided County finance with the updated matrix.

Summary by department and calendar year of resolved and unresolved observations:

Department	Number of observations resolved	Number of observations unresolved
Animal Care	2	1
Assessor's Office	1	0
Budget and Finance	1	1
CIP and Grant Administration	3	0
ERP	1	2
Fleet Management	0	6
Housing	0	1
Human Resources	1	4
IT	3	0
MATS	4	0
MDC	7	3
Parks & Recreation	2	2
Public Safety	13	0
Purchasing	2	1
Total	40	21
Calendar Year	Number of observations resolved	Number of observations unresolved
2009	10	0
2010	17	10
2011	13	11
Total	40	21

SUMMARY OF UNRESOLVED PRIOR AUDIT OBSERVATIONS

There were a total of 61 open internal audit observations outstanding from 2009 through July 2012, 40 of which were resolved during this audit. We have included a summary of the remaining unresolved internal audit observations below with a summary of follow-up testwork performed. When management informs us that an observation remains unresolved, we do not perform testwork. Many of the unresolved finding are in the process of being resolved.

January 2010 Metropolitan Detention Center

Correction Officers' overtime—"MDC correction officers work a significant amount of overtime to operate the Center. Annualized overtime for the calendar year 2009 was approximately 92,000 hours. Since the overtime rate is significantly higher than the rate for a new correction officer, the County could be saving approximately \$1,240,000 annually by replacing the excessive overtime worked with new correction officer's time. Our calculation is

an estimate, and we understand that some over time is necessary for normal operations and not all overtime can be eliminated, nor can all overtime be replaced at new correction officer rates.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

February 2010 Human Resources and Related Payroll Processes

Certain W-4 documentation did not correspond to payroll register—“We noted three of the 90 employees tested where the exemptions on the W-4 form in the personnel files did not agree to the deductions on the payroll register. There was no documentation for the amount being withheld from the employee’s paycheck.”

June 2012 Status: Unresolved—Follow-up testwork was performed in September 2011. We observed 10 instances out of 58 where a current and signed W-4 could not be provided to support the amount of federal income taxes withheld from the employee’s paycheck. As of June 2012, management informed us this observation remains unresolved.

Some Employees exceeded bereavement leave limits—“According to County Rules and Regulations and Union Contracts, each group of employees is allotted a certain amount of bereavement leave per instance. For fiscal year 2008, we identified ten employees who exceeded their allotted bereavement leave.”

June 2012 Status: Unresolved—Management informed us that this is being addressed but is still considered unresolved as of June 2012.

Bereavement leave policy was not being consistently followed—“In order for the County to assess whether bereavement leave is appropriate, bereavement leave forms should be completed with all required support attached and submitted to Human Resources within a reasonable timeframe. During our testwork we noted: Three bereavement leave forms were not completed until REDW arrived to request the documentation. One form was signed and authorized 60 days after the bereavement leave was paid to the employee and two forms were signed and authorized 32 days after the bereavement leave was paid to the employees. Eight bereavement leave forms were not signed by Human Resources. One bereavement leave form was not signed by the department. One form did not have support included. There was one instance where leave was approved for a non-immediate family member.”

June 2012 Status: Unresolved—Management informed us that this is being addressed but is still considered unresolved as of June 2012.

Excess leave deduction process is inefficient and creates greater risk for errors—“There were various issues identified with the excess leave deduction process. Some of the data in the spreadsheet did not recalculate and some of the formulas and hard coded data were incorrect. This is a manual process performed annually and is very time consuming since the County has approximately 2,500 employees. With all manual processes there is a greater risk of error, as we found with the leave deductions done at the County. Some of the issues identified included the leave accrual to determine excess leave being done incorrectly and incorrect calculations of excess leave resulting in incorrect deductions of leave.”

June 2012 Status: Unresolved—Management informed us that this is being addressed but is still considered unresolved as of June 2012.

July 2010 Purchasing

Some purchases made prior to obtaining a purchase order—“The County is not always obtaining purchase orders before purchasing goods or services. We noted five out of 78 instances where a purchase was made prior to obtaining a purchase order.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

October 2010 Housing Department

Manual transfer of data between the Housing and Finance Departments—“The Housing Department uses Emphasis Elite to manage their housing programs and accounting functions, while the Finance Department uses SAP. There is no interface between the two programs, so data is manually transferred monthly between the two systems.”

June 2012 Status: Unresolved—Management informed us that this is being addressed but is still considered unresolved as of June 2012.

December 2010 Budget and Finance - Accounts Payable

Timely payment of invoices—“Thirteen out of 59 invoices tested were not paid within 60 days of the invoice date. Additionally, we found that at June 30, 2010, the County had approximately \$375,000 in outstanding invoices older than 60 days. The County should modify or create a process for streamlining the receiving and invoice approval functions within the individual departments.”

June 2012 Status: Unresolved—Management informed us this is considered unresolved as of June 2012.

2010 Metropolitan Detention Center — Porch and Associates Findings

Cash accounting at shift changes—“Internal controls over twenty-three cash accounting shifts from July 1, 2008 to February 28, 2009, and the following were noted: Two items tested did not have the calculator tape, which indicates the cash drawer was recounted by the accounting tech on the subsequent shift, initialed by the reviewing accounting tech. Ten items tested did not have the calculator tape with the shift documentation. Twelve items tested the cash register tape does not match the cash received and disbursed according to the EJS reports. Five items tested did not include the cash register tape with the shift documentation. One item tested had cash listed on the shift log as a check for \$340 instead of cash.”

June 2012 Status: Unresolved—Management informed us that due to a change in their accounting system on April 2, 2012, all accounting policies are currently being revised and this is still considered unresolved as of June 2012.

Medical fees and subsequent payment—“Internal controls over six medical fees charged to inmates from July 1, 2008 to February 28, 2009, were tested and Porch found the medical report contained duplicate charges to the inmate accounts. These duplicate charges were only taken

from the inmates account once but remitted to the County twice. This error appears to have begun prior to February 2007.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

April 2011 Animal Care Services—Fee Collection and Licensing

License Tag Inventory Controls—“ACS does not conduct a periodic physical inventory count of the animal license tags. Periodic physical inventories provide a basis for updating inventory balances and aid in detecting variances.”

June 2012 Status: Unresolved—We requested reconciliations for April and May, including the support for the May purchases. We did not receive the May reconciliation and support and therefore we were unable to resolve this finding.

May 2011 ERP—SAP User Access Controls

Lack of current approved access monitoring policies and procedures—“Although several draft blueprint reports were provided, there were no current written policies or procedures to ensure that ERP staff was properly monitoring SAP user access roles, including the SAP super user accounts. Also, there were no documented procedures for preventing incompatible user duties; ensuring users have proper segregation of duties when roles are created or changed, and monitoring users and those creating user roles.”

June 2012 Status: Unresolved—Management informed us this is in progress and considered unresolved as of June 2012.

Untimely employee status notification—“SAP user access roles were not properly monitored.”

June 2012 Status: Unresolved—Management informed us this is in progress and considered unresolved as of June 2012.

May 2011 Fleet Management—Take Home Vehicles

Nonstandard procedures among departments for day use and take-home vehicle usage—“The current policy is silent on a range of procedural differences between departments for checking out/in day use vehicles and take-home vehicles. For instance, the Sheriff’s Department does not have a written approval process for permanent assignment to vehicles. Instead the Sheriff’s Department utilizes an ‘Inspection Sheet’ filled out by the deputy using the vehicle which details the condition and contents of the vehicle. This form is not approved and/or authorized and is used to merely document the condition of the vehicle and reinforce the concept of accountability. Similarly, the Fire Department does not use a daily check in/out sheet for day use vehicles but rather employees are responsible for completing a daily inspection of their vehicles.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

Take-home vehicle authorization forms—“In accordance with AI 22 (A) Take-Home Vehicle Procedures, each qualified employee must complete a take-home vehicle authorization form and

have it approved by the appropriate Deputy County Manager. Personal use of the vehicle is a taxable fringe benefit. There was 1 of 36 (3%) take-home vehicles tested that did not have an authorization form on file which caused an employee not to be taxed in accordance with IRS guidelines. In addition this vehicle did not appear to be used for County business and instead was primarily used to commute to and from work. Once it was identified that a form had not been completed and the use was not authorized, this employee submitted the form and was taxed for previous use.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

Motor vehicle division monthly checks—“The monthly MVD credential changes review performed by Risk Management included no evidence of what corrective action was taken for the drivers whose licenses were not in good standing.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

Review of fuel usage—“The fleet facilities department runs a monthly fuel usage report of each department’s consumption for the current month compared to the same month in prior years and other reports to identify outliers and multiple fueling on the same day. This report is maintained on the intranet. Based on our department director interviews it appears that fuel usage report review is inconsistent and that not all department directors are taking full responsibility for their department’s fuel usage.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

Incomplete Usage Logs—“Check-out or check-in times were not documented in multiple instances for eight of the 59 vehicles tested. Usage of one of the vehicles tested was not documented for nineteen days, although this vehicle appeared to be used daily during the six month period. Thus this gap indicated the log was not used for a period of time.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

Non-centralized Oversight Function—“The oversight function for determining driver eligibility, monitoring vehicle usage and ensuring nonexempt employees who have take-home vehicles are added to the fringe benefit calculation listing is primarily spread among three departments: Risk management, fleet facilities and finance. This decentralization can lead to inefficiencies and communication breakdowns which result in delayed notifications of driver changes, assignments, and eligibility.”

June 2012 Status: Unresolved—Management informed us this is in progress but is still considered unresolved as of June 2012.

July 2011 Parks & Recreation

Accuracy of supply lists—“We found several discrepancies in comparing the February 2011 to the June 2011 Supply lists for three Community Centers. At all three locations some items from

the February list were no shown on the June list. At one location a whole section of approximately 20 lines was excluded from the June list. One location had items with purchase dates prior to February 2011. These items would have been included on the old list but were not. This location also had items with purchase dates in the future. At one location multiple items listed changed descriptions or brands from one list to the next, but dates of purchase remained the same. Other items showed a lower quantity on the new list, but nothing was written indicating what happened to the rest of the items.”

June 2012 Status: Unresolved—Management informed us that this is being addressed but is still considered unresolved as of June 2012.

Cash handling and compliance with AI 57—“We found instances of noncompliance with AI 57 and other deficiencies with the cash handling processes. Variances found during cash counts were not reported at the end of the day and checks were not restrictively endorsed. All variances should be documented, and any variance over \$5 should be reported in writing to the Accounting Director. Each location should endorse checks immediately upon receipt with the designated stamp.”

June 2012 Status: Unresolved—Although we did not identify any exceptions during our follow up testing, management has informed us that an automated process is being investigated to reduce the cash handling by employees. We will consider this unresolved pending further testing once the new system has been implemented.

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This report is intended for the information and use of Bernalillo County management, the audit committee, members of the board of commissioners of Bernalillo County, and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

REDW LLC

Albuquerque, New Mexico
July 24, 2012

APPENDIX A—SUMMARY OF RESOLVED INTERNAL AUDIT OBSERVATIONS

May 2009 Public Safety—Sheriff's Department

Sheriff's Department: Lack of Policies and Procedures—“According to Administrative Instruction 24, department directors are responsible for developing written policies and procedures for inventory control. These policies include a requirement to conduct an annual inventory that is reconciled to the inventory listing. Each department is responsible for establishing internal procedures for tracking consumable and non-consumable inventory. Based on discussions with personnel, there are no documented policies and procedures relating to inventory control, including issuance, return, and document retention.”

June 2012 Status: Resolved—The Sheriff's Department has established and implemented policies and procedures regarding department property. The policies and procedures address all areas previously identified in the audit observation.

Sheriff's Department: Decentralized Inventory Control System—“Based on discussions with personnel, the inventory process at the Sheriff's Department has become decentralized over the course of several years. As a result, each division maintains inventory on either Microsoft Access or Excel. This becomes problematic, as these records must be manually updated, and may not include all relevant information, such as item serial numbers, issuance dates, or all items that have been assigned to employees. There is also the potential for unauthorized access, as the Access database is saved on the shared drive. There is also potential that an employee will be issued equipment from a division and may not report this information to support services which could lead to items being unaccounted for.”

June 2012 Status: Resolved—In January 2012, the Sheriff's Department developed and began using a centralized inventory system that is tied into their personnel system. Two items tested were traced through the process and agreed to the system.

Sheriff's Department: Inconsistencies in Inventory Listing—“We noted one instance of 20 items tested in which a shot gun listed as being located in the armory was in fact issued to a Sheriff's Deputy. We also noted one instance of 20 items tested in which a hand gun had been sent to the manufacturer due to a defect, but the gun was listed on the inventory listing as being located in the armory. In addition, we noted one instance of 20 items tested in which a hand gun had been traded in to a hand gun manufacturer in January 2009, but was still listed on the inventory listing as being located in the armory.”

June 2012 Status: Resolved—In January 2012, the Sheriff's Department developed and began using a centralized inventory system that is tied into their personnel system. Two items tested were traced through the process and agreed to the system.

Sheriff's Department: Incorrect SWAT/ERT/Support Services inventory lists—“During inventory testwork of the SWAT division, we noted one instance of the 20 items reviewed in which our count was less than the recorded inventory on the SWAT truck inventory listing. SWAT personnel had undergone training the day prior to the inventory count, and the item counted was consumed during this training. In addition, during inventory testwork of the

Emergency Response Team (ERT) division, we noted one instance of the 20 items tested in which our count was less than the recorded inventory on the ERT inventory listing. Also, during inventory testwork of the support services division, we noted nine instances of the 20 items tested in which our count was less than the recorded inventory on the support services inventory listing. In addition, we noted one instance in which our count was greater than the recorded inventory on the support services inventory listing.”

June 2012 Status: Resolved—In January 2012, the Sheriff’s Department developed and began using a centralized inventory system that is tied into their personnel system. Two items tested were traced through the process and agreed to the system.

Sheriff’s Department: Inventory Recordkeeping Practice Inconsistencies—“As there are no Sheriff’s Department policies and procedures relating to the inventory recordkeeping process, we interviewed department personnel to determine standard inventory recordkeeping practices with Support Services. Upon inspection of employee personnel files and access inventory listings, we noted many inconsistencies between standard and actual practices, which are described below: Ten instances of the 30 files reviewed in which the employee did not sign the official property receipt; Five instances of the 30 files reviewed in which there was a duplicate inventory issuance entry within the access inventory database; Thirteen employees of the 30 tested were missing file documentation to support the issuance of inventory items. In total, 28 items were missing issuance documentation. These items were recorded on the individual’s access inventory listing; Fourteen employees of the 30 tested had inventory items documented within the file as being issued to the employee that were not properly recorded within the access inventory listing. In total, 37 items were not properly recorded on the individual’s access inventory listing; One instance within the 30 files reviewed in which a weapon serial number was not properly documented on the official property receipt or the access inventory listing; One instance within the 30 files reviewed in which a weapon was issued to an employee and later returned, as evidenced by the weapon return receipts, but the return was not updated within the access database; Seven instances of the 30 files reviewed in which a weapons receipt was not on file for the issuance of a weapon; and, three instances within the 30 files reviewed in which approved-use personal weapons were incorrectly listed within the individual’s access inventory listing. It was noted that these weapons did receive use approval from the Range Master and the Sheriff.”

June 2012 Status: Resolved—In January 2012, the Sheriff’s Department developed and began using a centralized inventory system that is tied into their personnel system. Two items tested were traced through the process and agreed to the system.

Sheriff’s Department: Inconsistent practices and missing items from inactive employees—“During inactive employee testwork, we noted four instances of the five employee files reviewed in which a weapons return receipt was not on file. According to discussion with personnel, standard practice is to have a weapons receipt on file for all weapon issuances and returns. In addition, we noted three instances of the five files tested in which the access inventory listing was not signed by the employee upon return of inventory items. According to discussion with personnel it was noted that standard practice is for each inactive employee to sign the listing upon return of all inventory items. Also, we noted one employee of the five tested in which it appears two inventory items were not returned upon retirement. According to discussion with personnel, standard practice is to return all inventory items on the last day of employment. There was no documentation within the file to indicate these items were returned.”

June 2012 Status: Resolved—In January 2012, the Sheriff's Department developed and began using a centralized inventory system that is tied into their personnel system. Two items tested were traced through the process and agreed to the system.

May 2009 Public Safety—Fire and Rescue

Fire and Rescue: County Tag ID numbers do not always match inventory listings or are not properly recorded—“Inventory items maintained by the department must be tagged according to the department's Inventory Control policies and procedures. During inventory testwork of the administrative departments, we noted nine instances of the 80 items tested in which the County Tag ID number on the inventory item did not correspond with the County Tag ID recorded on the inventory listing. We were unable to determine if the inventory item was the item on the inventory listing. In addition, during inventory testwork of the administrative departments, we noted six instances of the 80 items tested in which a County Tag ID number was not present on the inventory item. We were unable to determine if the item was properly recorded on the inventory listing.”

June 2012 Status: Resolved—Inventory counts are being completed. Policies and procedures have been implemented regarding inventory controls. The policies and procedures address all areas previously identified in the audit finding.

August 2009 Metropolitan Assessment Treatment Services (MATS)

Inaccurate count recorded on incident log—“The quantity of a controlled substance reported on an incident form did not match the quantity of the controlled substance in the administrative lockbox. We verified this was a miscount on the incident log, and the correct amount of medication was put into the lockbox.”

June 2012 Status: Resolved—The policies and procedures have been updated. We agreed two items from the log to the lockbox. We also observed the Pharmacist's and Program Manager's signature on the Destruction form confirming the quantity of pills destroyed.

Employee understanding agreement and certification—“According to MATS' policies and procedures, all employees who handle medication must sign a form indicating their understanding of MATS' policies and procedures. Also, all clinical employees are required to have the Medication Management Certification. Eleven out of twenty-two employees handling medication had not signed the form indicating understanding of medication policies and procedures and three out of twenty-two employees had not received the Medication Management Certification.”

June 2012 Status: Resolved—All employees are now required to complete a series of exams which include a final signature indicating understanding of medication policies and procedures and medication management. Based on our testing of two employees, exams were completed and supporting documents were maintained to show compliance with the policy.

October 2009 Assessor Data Entry

Additional research should be performed to locate returned mail property owners—“The Assessor's office performs research to locate returned mail property owners. During our own research of returned mail, we found that 14 of the 80 properties tested were in delinquent status,

resulting in approximately \$35,000 of past due taxes. By researching the 2007 and 2008 property tax rolls we were able to identify 26 possible addresses for the owners of the 80 returned mail properties researched. If this research strategy was applied to the entire returned mail population, the owners of an estimated \$1,000,000 of delinquent tax properties could possibly be located.”

June 2012 Status: Resolved—The Assessor's Office has implemented a process for locating property owners when returned mail is received through their Notice of Value mailings.

January 2010 Metropolitan Detention Center

Correctional officers are exceeding the 16 hour shift limit—“The MDC is not in compliance with the local 2499 Corrections Contract which restricts correctional officers from working more than a 16 hour shift. Typically these instances did not exceed the 16 hour limit by more than an hour. During our testwork we noted 517 instances where employees worked more than sixteen hour shifts during the six month period between January 2009 and June 2009. This was approximately 1.2% of the total time tested.”

June 2012 Status: Resolved—MDC is closely monitoring the 16 hour shift limit and has significantly reduced these instances. We scanned the overtime analysis reports for January through May of 2012 and did not identify significant instances of overtime in excess of 16 hours.

Food service invoicing—“Seven out of the 12 invoices tested were not calculated properly and the individual meal price did not correspond to the price scale approved by the contract. In total these per meal pricing variances were small. Additionally, we noted that there is no consistent formula for calculating the total amount of meals served. Some invoices include sack lunches in the total amount of meals served while others exclude them. We recommend the County should require Canteen to create a standardized invoice that will allow for easy recalculation and reconciliation.”

June 2012 Status: Resolved—MDC has implemented new procedures for food service invoice reconciliation. This process has been further improved through contracting with a new vendor for food service.

February 2010 Human Resources

Periodic background investigations are not performed after the employee's initial screening—“Periodic employee background investigations are vital to maintaining a dependable workforce free of unlawful behavior. Periodic credit checks for those employees dealing with public funds can alert management of any credit issues that could lead to that employee committing fraudulent acts with public funds.”

June 2012 Status: Resolved—Periodic background checks are now performed. We obtained the listing of subsequent background checks conducted in January 2012, and tested five background checks followed the policy.

February 2010 Budget and Finance—ACH and Wire Transfers

ACH and wire transfer policy—“During our testing we found there was not a standardized process of setting up ACH vendors. 28 of the 56 enrollment forms tested were not kept on file, so we were unable to determine if the vendor information was accurate. There is not an ACH and

wire transfer administrative instruction that addresses how ACH and wire transfer payments will be initiated, who will maintain enrollment forms, and who is authorized to make changes to payment information. Without guidance each department is able to handle these payments differently, which increases the risk of unauthorized payments and payee changes.”

June 2012 Status: Resolved—Administrative Instructions for ACH and wire transfers have been established and implemented. Three enrollment forms were tested and were properly kept on file.

July 2010 Purchasing

Purchasing and receiving segregation of duties not adequate—“The County does not appear to have adequate segregation of duties surrounding the creation and approval of purchase requisitions and the receipt of goods. Additionally, there does not seem to be adequate supporting documentation retained for the roles assigned in SAP for the purchasing and receiving functions within each department.”

June 2012 Status: Resolved—The Purchasing Department in cooperation with IT have implemented a new process to assign purchasing authority to each employee that has access to the SAP system. Workflow Authority Forms are created for each department documenting the purchasing authority levels and Directors no longer have the ability to create a purchase requisition within the SAP system.

Some RFPs not issued and competitive quotes not obtained—“The County is not always following the Procurement and Contracting guidelines with regard to the method of procurement used for purchases. We noted the following: Two instances out of 78 purchase orders tested where a publicly solicited RFP should have been issued, but only three quotes were obtained. One instance out of 18 vendors tested where three competitive quotes should have been attained prior to selection of the vendor for purchases, but only one written quote was obtained.”

June 2012 Status: Resolved—Purchasing holds quarterly meetings where current training issues are discussed. We obtained relevant agendas to support additional employee training was performed.

July 2010 Follow-Up—Metropolitan Assessment Treatment Services (MATS)

Storage of Patient Files—“During our observation, we noted that a file cabinet containing patient files did not have a lock on it. We also noted that one of the doors to the room where patient files are kept did not have a lock.”

June 2012 Status: Resolved—Patient files were in a locking file cabinet in a locked room.

Pharmacy Audits—“At the time of fieldwork, the MATS program was unable to provide us any current pharmacy audit reports.”

June 2012 Status: Resolved—Pharmacy audits tested were conducted and kept on file.

August 2010 CIP and Grant Administration

Lack of CIP Policies and Procedures—“The CIP Department does not have formally documented departmental policies and procedures. The County should create and implement

procedures and workflows for the CIP department. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result inaccurate or untimely accounting records (i.e. capitalization of completed CIP projects).”

June 2012 Status: Resolved—The CIP Department has adopted policies regarding Grant Administration.

Capitalization of Completed CIP Projects was not Performed Timely—“CIP projects are not always being transferred out of assets under construction when the asset is placed in service.”

June 2012 Status: Resolved—Four CIP projects were tested and capitalization of completed CIP projects are now performed on a timely basis and transferred out of assets under construction when the asset is placed in service.

Required Monthly Legislative Grant Reports were not being completed—“The CIP department is not complying with the monthly reporting provision required by the 2009 Special Legislative Session grant agreements. All nine state legislative grants tested did not have these reports completed. Tate grant agreements require a monthly progress report be submitted to the State Department of Finance for all legislative capital outlay grants.”

June 2012 Status: Resolved—One Grant’s reporting was tested and required Monthly Legislative Grant Reports are now completed in a timely manner by the CIP and Grant Administration department.

November 2010 Public Safety—Sheriff’s Currency Evidence Account

Currency Evidence Reconciliations to Bank Statements— “Based on discussions with BCSO substations, personnel are no longer using paper log sheets and are only entering information into the City of Albuquerque’s “TraQ” system—Since this information is no longer being sent to BCSO headquarters there is no way to reconcile the cash collected at substations to what is deposited by APD. During our testing we identified 4 of 49 cash collections that were not included on the BCSO headquarters’ log. In all 4 instances, the BCSO money was deposited into the City of Albuquerque’s currency evidence account instead of the BCSO account. BCSO headquarters has not been given access to TraQ, so BCSO is unable to properly reconcile cash collections and determine if all cash logged in at substations is deposited into the proper account.”

June 2012 Status: Resolved—We found that the substations are not faxing evidence logs; however, the Sheriff’s office is receiving a copy of APD’s log sheet of all currency collected at the substations and is utilizing this to reconcile the amounts to the bank statements.

2010 Metropolitan Detention Center—Porch and Associates Findings

Cash register tapes—“Cash register tapes are not balanced to the E-Justice System (EJS) reports or the account reconciliation sheet. According to MDC management these tapes are not used in daily balancing because there are often errors when using the register. This creates the risk that the register is being accessed and used for transactions other than those that are reported on the reconciliation sheets.”

June 2012 Status: Resolved—Nine reconciliations were tested and cash register tapes are now reconciled against the EJS reports and reviews are documented through signatures on the reconciliation form.

Bank account reconciliation—“The inmate trust bank account is not reconciled to the EJS system.”

June 2012 Status: Resolved—MDC has implemented new procedures for reconciliation of the inmate trust account. Reconciliations are now performed on a monthly basis. Two months reconciliations were tested. These were completed timely and agreed to supporting documentation.

Cash intake internal controls—“Internal controls over cash accepted at intake were tested for sixty nine inmates from July 1, 2008 to February 28, 2009, and noted the following: Thirty-seven instances where the arresting or escorting officer did not sign the property inventory sheet; two instances where the inmate did not sign the property inventory sheet; one instance where the property technician did not sign the property inventory sheet; one instance where there was a \$1 discrepancy between the property inventory sheet and the cash deposited into the inmates account; one instance where \$1.22 was put into property instead of in the inmates trust account; and one instance where a deposit was taken at intake but was recorded as a lobby deposit.”

June 2012 Status: Resolved—MDC has implemented new controls over the cash intake process. Multi-step verifications are completed in a timely manner and the five Property Inventory forms tested agreed to supporting documentation.

Reviews are not documented on reconciliation sheets—“Account reconciliations are reviewed on a daily basis in the cash accounting office and monthly in the fiscal office. These reviews are not documented on the account reconciliation sheets.”

June 2012 Status: Resolved—Nine account reconciliations were tested and forms include two technicians' initials as well as the reviewing supervisor's signature.

Lobby withdrawals—“Internal controls were tested over fifteen lobby withdrawals from July 1, 2008 to February 28, 2009 and the following was noted: One item tested did not include the correction officer or witness signature on the inmate money / property release form.”

June 2012 Status: Resolved—Six Inmate Money/Property Release forms tested were all properly signed by all parties designated for release and witness purposes.

April 2011 Public Safety—Sheriff's Department Special Audit

Federal Narcotics seizure listing was not being reconciled to the bank statement—“We identified 13 discrepancies between the seizure listing and what was deposited into the Federal Narcotics Fund. BCSO Narcotics Unit and Accounting personnel should work together to reconcile the seizure listing on a monthly basis. The listing should be updated as requests are made and funding emails are received.”

June 2012 Status: Resolved—Written policies and procedures have been established to ensure the proper use of the Federal Narcotics Fund. Two expenditures were traced through the process.

Reconciliations are completed on a monthly basis and expenditures are properly approved by the Sheriff or Undersheriff.

Federal Narcotics Fund-Lack of documented policies and procedures and compliance with guidelines—“Spending requirements were not being identified and additional requirements of the Equitable Sharing Federal Guidelines were not being consistently followed. BCSO should develop a process to ensure that all personnel requesting expenditures from the Federal Narcotics Fund are aware of the Equitable Sharing Federal Guidelines to ensure they are consistently followed and expenditures are properly approved.”

June 2012 Status: Resolved—Written policies and procedures have been established to ensure the proper use of the Federal Narcotics Fund. Two expenditures were traced through the process. Reconciliations are completed on a monthly basis and expenditures are properly approved by the Sheriff or Undersheriff.

Federal Narcotics Fund was not properly tracked in the Comprehensive Annual Financial Report (CAFR)—“The Federal Narcotics Equitable Sharing Guide states that these Funds are subject to the Single Audit Act Amendments of 1996 and OMB Circular A-133. Bernalillo County accounts for the Federal Equitable Sharing Funds were within another BCSO Fund on the CAFR. This method of accounting may put the County in violation of the Federal Equitable Sharing Agreement requirements. The County Finance department should separately track the Federal Narcotics Special Revenue Funds. The expenditures of these programs should be included on the Schedule of Expenditures of Federal Awards.”

June 2012 Status: Resolved—We verified on the 2011 CAFR and the County Finance department is now separately tracking the Federal Narcotics Special Revenue Fund and the expenditures of these programs are included on the Schedule of Expenditures of Federal Awards.

Investigative Fund-Lack of documented policies or procedures—“There were no policies and procedures to guide the activities and processes related to the Investigative Fund. Without policies and procedures, we were unable to determine what the Fund spending requirements were or what money is allowed to be deposited. Sixteen transactions were identified where support was not readily available, invoices did not recalculate, or payments were not approved. Policies and procedures should be developed and implemented to ensure all transactions are supported, approved, and properly maintained.”

June 2012 Status: Resolved—Policies and procedures have been implemented to ensure the proper use of Investigative Funds. The policies and procedures address all areas previously identified in the audit finding.

Evidence Logs not sent to Support Technicians—“The East Area Command Center (EACC) is not faxing a copy of the evidence logs to the support technician—All BCSD substations are to fax a copy of the evidence log sheets to the support technician. The EACC is not doing so.”

June 2012 Status: Resolved—Based on discussions with the department we found that the substations are not faxing evidence logs; however, the Sheriff's office is receiving a copy of APD's log sheet of all currency collected at the substations and is able to utilize this to reconcile the amounts to the bank statements.

April 2011 Animal Care Services Fee Collection and Licensing

Cash handling and Compliance with AI 57—“We found the following with regards to the ACS department's cash handling processes and compliance with AI 57 guidelines: a. Untimely recording of sales as none of the 58 payments tested were recorded at the point of sale or prior to the bank deposit. b. Cash Collected on Fridays and the day before a holiday is not deposited at the bank until the next business day. c. Twenty-seven of the 58 daily sales tested were not reconciled to the deposit slip and SAP cash desk postings. d. Variances of \$5 and greater are not always reported to the Accounting Director as required by AI 57. e. All receipts issued are manual and the KIVA system's ability to generate receipts is not utilized by ACS. f. The individual responsible for posting sales to KIVA and SAP is also responsible for retrieving and opening the mail. g. Immediate cancellation of checks is not occurring as required by AI 57.”

June 2012 Status: Resolved—We tested the May 2012 reconciliation and ACS has implemented new procedures and is properly following AI 57.

Customer Billings—“We noted four out of 58 customer billings where the customer was mischarged according to the established fee schedule.”

June 2012 Status: Resolved—ASC has implemented a process to notify customers when an incorrect payment has been received.

May 2011 ERP—SAP User Access Controls

Incompatible roles existed and built-in SAP modules not utilized—“Although the Business Systems Analysts (BSA) oversee user access limitation by individual users, there was no formal documentation or list of incompatible roles, and the decision of which roles are compatible or incompatible falls on individual department supervisors, IT Liaisons, and BSAs. New roles were modeled after existing employees, instead of using the system's profile generator. In addition, BSAs have unnecessary access to production roles, which creates a lack of segregation of duties.”

June 2012 Status: Resolved—Policies and procedures have been developed and a process has been implemented to ensure the proper level of authority is identified for each new employee added to the SAP system.

May 2011 IT—Online Payment System

Access security matrix—“Employee access controls are helpful in preventing unauthorized system use. We were unable to obtain a list, or spreadsheet of who has what level of access to Global Basket servers, systems and applications. The IT Department should use this list as a tool to ensure the employee access controls are effective and performing as designed.”

June 2012 Status: Resolved—The IT Department created an Online Payment System (Global Basket) Access Security Matrix that identifies “Group Access” by Employee Name, Type of Permission, and Server Type.

Session time out—“Session time outs are a system control used to protect data. Most default session time outs are 30 minutes, but the Online Payment System session times out after three hours. The purpose of an idle-time out is for security reasons, such as not leaving sensitive information up on the computer screen for other people to see.”

June 2012 Status: Resolved—We verified the session time out parameter was reset to 60 minutes for all Product Types.

Data availability—“Information purchased online is emailed to the purchaser via a link. The policy states that the link is only valid for seven days. The link we received was valid for months after the date of purchase.”

June 2012 Status: Resolved—The duration for the link to purchased documents is available to the customer for 7 days as of March 6, 2012.

July 2011 Parks & Recreation

Supply tracking process—“We found several issues with the supply tracking process, including new supply items not added to the list in a timely manner, stolen or missing items not removed from the list, supply items not tagged, and serial numbers of electronics or larger items not being documented. All locations should update their lists regularly as items are purchased and remove items that are no longer in service. They also should tag supply items and maintain a list of serial numbers to help identify the item if stolen. Six of the 16 recently purchased supply items tested were not properly added to the supply list, but these items were in use.”

June 2012 Status: Resolved—The standards and guidelines have been updated and new items are required to be immediately added to the inventory lists. We selected the recently completed inventory lists and found that newer items were shown on the lists, stolen, lost, or damaged items are tracked separately, and serial numbers were maintained.

Supplies on hand—“We found instances of supplies not being found at the specified location, and one instance of an item being taken home without proper approval, which is against County policy. Thorough supply counts should be performed to identify any items that may have been misplaced and supply lists should be updated accordingly. Any items taken home should have proper advance approval and documentation to support take-home use.”

June 2012 Status: Resolved—The centers are requiring a form be completed prior to taking home any items. We tested this form and saw that it must be approved by the Center Manager. We also scanned through the past forms that were kept on file and found they were properly completed.