



Follow-Up on Open Internal Audit Observations

Internal Audit

July 2015

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 March 2015 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, if available. This master observation list will assist the County in tracking the status of each internal audit observation. Our services were conducted 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 moderate to high risk internal audit observations have been resolved. We focused on assessing the current status of each observation.

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 a large number of County employees and performed the following procedures:

- We obtained the observation Matrix from County Accounting;
- We compared the Matrix to the prior year’s Matrix to ensure that all observations were included and also reviewed observations from internal audits performed after the prior year’s Matrix was 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 or unresolved; and
- We provided County Accounting with the updated Matrix.

Summary by department of resolved and unresolved observations:

Department	Number of observations resolved	Number of observations unresolved
Accounting & Budget	1	1
Accounts Payable	1	0
Animal Care Services	0	2
Assessor's Office	4	0
Emergency & Information Services	1	1
Enterprise Resource Planning	1	1
Fleet/Facilities Management	0	2
Housing	2	0
Information Technology	0	8
Metropolitan Detention Center	3	6
Payroll	5	0
Procurement and Business Services	4	0
Records Management	0	2
Risk Management	5	0
Sheriff's Office	0	5
Total	27	28

Summary by fiscal year of resolved and unresolved observations:

Fiscal Year	Number of observations resolved	Number of observations unresolved
2010	3	0
2011	3	2
2012	3	0
2013	8	5
2014	9	2
2015	1	19
Total	27	28

SUMMARY OF UNRESOLVED PRIOR AUDIT OBSERVATIONS

There were a total of 55 open high to moderate/low risk internal audit observations outstanding from 2010 through March 2015, 24 of which were resolved during this audit (see appendix A). We have included a summary of the remaining unresolved internal audit observations below with a description of the follow-up testwork performed with updated management responses, when applicable and managements updated response to the outstanding observation.

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.”

Risk Level:—Moderate

Status: Unresolved—Follow up testwork was performed in July 2015. We requested reconciliations for January through May 2015; however, the current process did not include a documented count of physical inventory to verify there were no discrepancies to the system count. We will consider this unresolved pending further testing once confirmed by management that the process is working properly.

Updated Response from Management August 2015—A new policy and documentation form has been developed for the maintenance of license tag tracking.

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.”

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Risk Matrix is 75% complete pending “internal” technical roles and the SAP Security Procedures are 60% complete pending addition of County specific procedures.

August 2012 Records Management and Public Information

Email Record Retention—“The County did not have an email record retention policy and email accounts of former key employees were permanently deleted after 180 days. Additionally, the State Records Center and Archives was not notified at least 60 days prior to deletion as required by statute. As a result, some email records that should be considered public record were not maintained in accordance state requirements.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Information Technology Department is maintaining all disabled e-mail accounts. A new draft e-mail policy is being reviewed by IT and Legal. Estimated completion date is 4th Quarter 2015.

Records Management Policies—“The County did not have formal records management policies and as a result records across the County were not always managed consistently and effectively.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—As of July 1, 2015, the Records Management Program has been re-organized under the Office of the County Attorney. Draft Administrative Instruction (AI) IT-20, Management of County Records, was approved by the IT Department and will be updated and re-submitted for County Legal approval by September 30, 2015. This AI describes a comprehensive Records Management Program for the County. The Records Manager has recommended expansion of “OpenText” as a complete records management system. Records Management presentations have been given at the County’s 40-hour Supervisors Training, monthly meetings and annual conference of the Association of Records Managers & Administrators attended by County employees. Additionally, Records Liaison Officers have been appointed in elected offices and departments. Mandatory training has been delayed pending review and approval of draft AI IT-20 by County Legal. Improper destruction of records is protected against by in the purchase requisition workflow requiring Records Manager approval of document destruction and imaging shopping carts.

April 2013 Animal Care Complaint Process

Noncompliance with Policies and Procedures—“Policies and procedures were not followed consistently, and the ZACS database was not properly utilized to track and report complaints received.”

Risk Level:—High

Status: Unresolved—Follow up testwork was performed in July 2015. We obtained the listing of complaints received between January and May 2015 and selected a sample of 10. Testing of the first five complaints indicated that one incident was not correctly classified as an emergency and one complaint classified as an emergency was not responded to in the timeframes required according to 8.1 Overview of Field Response in the Animal Care Procedures. Further testing of the additional five complaints was not completed due to the issues identified, we will consider this observation unresolved.

Updated Response from Management August 2015—Our Department continues to work with the Contact Center on the dispatching of calls, training, complaint monitoring etc. This item has not been completely resolved and is on-going. As animal care has no supervisory authority over the communications division it is imperative that both departments communicate regarding issues and come up with solutions to alleviate dispatching issues. Current discussion on this item includes the use of new software that would better document time calls are received and response time in addition to moving emergency calls to the 911 dispatch and non-emergencies in house for improved documentation and improved operational efficiencies.

April 2013 Information Technology—Strategic Plan

Some Initiatives Not Completed Timely—“Target completion dates are important in order to monitor the status of the initiatives in the Plan and the Plan as a whole. The IT Strategic Plan lists target completion dates for the various initiatives. Three of the 12 initiatives tested with target completion dates prior to the audit date were not yet completed. Two of the three had been started and one had not.”

Risk Level:—Moderate/Low

Status: Unresolved—Follow up testwork was performed in July 2015. We obtained the 2013 plan and compared it to the 2012 plan tested during the audit and identified the following:

- 1) The 2013 plan table of contents still references the Summary Table of Goals and Objectives; however, this table was removed, which outlined in the 2012 plan critical guidance for monitoring such as goals, objectives, system requirements, initiatives, target completion dates and costs.
- 2) The acceptance page was not signed or dated by the County Manager signifying acknowledge agreement with removal of the table with all target dates and guidance.

We consider this observation unresolved since the Summary Table of Goals and Objectives was removed and therefore monitoring of target completion dates cannot be performed.

Updated Response from Management August 2015—The County has conducted an IT assessment and will be making changes to the IT department to better realign IT with the business processes. As a result the IT strategic plan will be re written. Anticipated completion June 30, 2016.

April 2013 Metropolitan Detention Center

Initial Background Checks—“MDC Policy 3.11 governing background checks was not consistently followed. Additionally, MDC Policy 20.01 had conflicting language as it related to screening and selection of volunteers.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—Policy 3.1 and 20.01 have been reviewed for inconsistencies, conflicting information. The policies will be consolidated and will also include the Prison Rape Elimination Act (PREA) requirements as they pertain to background checks. The Assistant Chief of Operations will work with the Assistant Chief of Ethics and Compliance on the revisions to background check policy and will submit a draft for Legal review by the 3rd quarter of FY16.

September 2013 Community Custody Program

Forms and Signatures—“There are various forms that are required to be completed and approved throughout the inmates’ time in the Community Custody Program (CCP). Many of the required forms were often missing from the inmates’ files. Additionally, there were many versions of forms in use, and newer versions of the same forms not in use. Different files from the same period of time used different versions of the same form.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Community Custody Program Captain has drafted the CCP program policies and procedures which are currently being reviewed and routed for approvals. The program policies and procedures indicate the required documentation that should be completed and maintained within each participant’s files. These files are reviewed and audited for accuracy, completeness and to ensure compliance with current policies and procedures. Additionally, required forms have been reviewed and revised. The draft forms are awaiting final approval from the Policy and Form Committee.

May 2014 Emergency Communications Department

Complaint Processing—“The method for tracking complaints was not secure to ensure that all complaints were fully documented and not accidentally deleted or modified.”

Risk Level:—Moderate/Low

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—The monthly complaint log is restricted to four personnel, and the Assistant Director reviews the complaint log monthly for any discrepancies and initiates corrective actions as needed. The Emergency Communications Department is currently working with the County's Information Technology Department on a secure form - Estimated completion date is July 15, 2015.

September 2014 Metropolitan Detention Center- Timekeeping & Scheduling

Time Coding & Documentation—“MDC Personnel Policy Recording Time Worked states documentation and submission requirements including the employee's responsibility for accuracy of time worked and approval from their supervisor.”

Risk Level:—High

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—Employees are required to provide the required documentation and the Load Resources Management (LRM) group is monitoring leave. If the required documentation is not provided then the employee's time is changed to Leave Without Pay.

Shift exchanges and payment for time worked—“The shift exchange process was not paying employees for their actual time worked. MDC should consider revising the policy to pay and provide benefits to each employee for actual time worked.”

Risk Level:—High

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—The Load Resource Management group monitors the shift exchange agreements and when an employee does not fulfill his/her agreement their shift exchange time of eight hours (time paid but not worked) will be deducted and an additional four hours of actual overtime worked or four hours of regular time is adjusted on the following pay period to cover the time paid to another employee for that post. Expected completion by June 2015.

Leave notification and coding requirements—“Employees were not consistently notifying MDC timely, or at all, for a leave of absence. Additionally, there were multiple leave with pay coding errors. Sufficient notice should be given for all leave of absences to ensure MDC can properly fill vacancies. MDC should consider monitoring these absences and implementing consequences for employees who repeatedly violate the policy.”

Risk Level:—Moderate

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—The Assistant Chiefs receive requests to override time off within Telestaff. Bereavement notices must be received within 30 days; however, if they have not been received then the Load Resources Management group changes time to unauthorized leave without pay. Expected completion by June 2015.

Roster Change timelines and accuracy—“Roster changes were not completed accurately or timely. MDC should implement a process to monitor roster changes and continue to perform periodic audits of roster changes to ensure that changes made are appropriate or consider centralizing the process to strengthen controls.”

Risk Level:—Moderate

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—Shift commanders are required to finalize the roster after roster changes have been made. The Load Resource Management group reviews the roster history and takes a sample of roster changes to ensure roster changes took place prior to the roster being finalized.

December 2014 Bond Funds Compliance Monitoring

Investment of Bond Proceeds—“Bond tax certificates and transcripts include restrictions on the types of investments that bond proceeds can be invested in. There was not a process to ensure restrictions were considered when bond proceeds were invested. The County should consider implementing a process to monitor invested bond proceeds.”

Risk Level:—Moderate

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—The Investment Policy Section VIII. A. Diversification has been updated to include a table outlining the diversification limits that apply to the bond proceeds portfolio, which was approved at the Board of County Commissioners’ Board of Finance Meeting held on May 12, 2015. A new process was implemented effective July 1, 2015 for fiscal year 2016 to segregate bond proceeds from the pooled investments. As part of the process, the Treasurer’s Office created a new custodial account to segregate the bond proceeds which will identify investments and ensure proper allocation of earned interest. The Accounting Department provided the initial information for the account and will continue to update the Investment Advisor of any changes to the bond proceeds fund.

December 2014 Information Technology

IT Disaster Recovery Plan—“The County does not have a formal, written IT disaster recovery plan or policy. There is no IT disaster recovery strategy other than recovery from backups. A business impact analysis (BIA) was performed several years ago to determine the criticality of

data, applications and systems, and to determine recovery time objectives (RTO) and recovery point objectives (RPO) for systems and data. The BIA needs to be updated. Servers and data were being backed up nightly to removable media and the media was stored in a secure off-site facility for 90 days, which is what is required by County Legal. The County should develop and implement an IT DRP as soon as it is practically possible. A business impact analysis should be done as the first step of this process to identify critical applications, functions and processes and determine recovery time and point objectives.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The business impact analysis has been reviewed and a formal Disaster Recovery Plan is in development, with a draft targeted to be completed by end of July 2015.

Removable Media Security—“Administrative Instruction IT12 addresses controls over removable media. Removable media includes flash memory devices such as USB thumb drives, cameras, MP3 players, removable hard drives (including hard drive-based MP3 players), optical disks such as CD/DVD disks, and floppy disks. Of particular concern are USB thumb drives and other USB storage devices. These are considered by security experts and the Federal Bureau of Investigation (FBI) to be one of the greatest risks to network and data security. AI IT12 states that users are only allowed to use removable media purchased by the County IT Department. From interviews with IT personnel, they tell users that USB drives are prohibited. The County should consider implementing automated preventive controls over the use of USB flash drives. These automated controls can be configured to block the use of USB flash drives or automatically encrypt them if they are not encrypted.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The risk assessment and testing of encryption methods for removable media is underway.

Security of computers in the Human Resources (HR) Department—“The County Human Resources Department has its own IT personnel who manage desktops, laptops and HR servers. As part of our workstation testing, we tested security controls on eight HR workstations. We found that some users were local administrators, two computers had not been updated with security patches in over five months, and Trend Micro antivirus application was out-of-date. Users should not be local administrators as this allows them to change security settings and download and install software. Security patches should be centrally managed.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The IT technology assessment has been conducted and County Executive Management is reviewing the assessment. The following have been completed: IT has ensured that users are not local administrators on their workstations and that

Microsoft patches/updates are centrally managed. Additionally, regular scans/reviews are completed to monitor all updates.

Local Administrator Rights—“Administrative Instruction IT03 Acceptable Use of Information Systems states that only IT personnel are to be given local or global administrative rights. During our workstation testing, we determined that some users were local administrators on their workstations.

Being a local administrator allows the user to perform all administrative tasks on their computer including changing security settings and installing software. Management should ensure that users are not local administrators on their workstations unless there is a documented and approved business reason to grant them such access.”

Risk Level:—High

Status: Unresolved—New process was recently implemented; therefore, REDW will retest in the next follow-up audit.

Updated Response from Management—A written procedure was created where the IT Security group runs a script monthly to determine if any unauthorized users are in the administrators group. A list of exceptions is created and investigated.

IT Governance—“The County does not have any formal structured IT governance process. Deputy County Managers meet weekly and all significant issues are discussed; however, this not an IT governance or steering committee that focuses on the IT needs of the organization and helps prioritize projects and resources.”

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The draft IT Governance Administrative Instruction has been created and is being reviewed and finalized before submitting for final approval.

User Access control Policies and Procedures—“There is not a formal documented user access control policy. IT implemented a new Technology Request Form (TRF) and procedure in July 2014. This procedure is documented and addresses how users receive access to the network and applications, how access is changed, and how access is removed when they are no longer employed by the County.”

From interviews with IT personnel and the results of our test work it appears that the process for termination of user access does not always work as it is supposed to and IT is not always informed in a timely manner of users leaving employment. The County should develop a formal User Access Control Policy that addresses current practices and ensure that the user access termination procedures are communicated throughout the organization and enforced.

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—Estimated completion by December 2015.

Data Storage—“AI IT09 Desktop/Laptop Usage Guidelines requires that all sensitive or critical data is stored on network servers. From the results of our workstation testing it is apparent that some users store County data on their local desktops/laptops. Laptops are not encrypted. Loss of a laptops could result in sensitive data stored locally being lost or compromised. Users should receive training on the importance of storing County data on network drives. Laptop hard drives should be encrypted.”

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Information Technology Department is working with the Human Resources Department to create the security training module in the new Learning Management System. Estimated completion by September 2015.

March 2015 Fleet Management

Monitoring of Fuel consumption—“The Fleet department prepares quarterly reports and provides those to departments; however, there was no process to track or investigate unusual fuel activity or trends. Additionally, 14 of the 22 vehicles tested from the Fuel Usage report had mileage entry errors.”

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Fleet/Facilities Management Department (FFMD), with the aid of the Accounting Department, will draft a recommended document to become part of the County’s Administrative Instructions, with a target to implement by July 30, 2015.

Accountability of Auto Parts at the Fleet Facility—“Low value assets, such as auto parts maintained at the Fleet Facility, should be properly accounted for and tracked with a monthly physical count. For the months of November 2014 and January 2015 physical counts were not completed. Additionally, for two physical counts tested, count documentation did not include complete information with resolution of differences identified. A documented process should be established to maintain accountability of auto parts.”

Risk Level:—Moderate/Low

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—A sturdy, lockable cabinet is being acquired to better manage and control the stock on hand. This cabinet will also be used to house pre-ordered auto parts that are required for vehicles scheduled for next day preventive maintenance repairs. Access will be controlled by the Shop Supervisor who will also be responsible for monthly inventory counts. Adjustments to stock quantities will only be made by the Fleet Administrator. The M5 system generates count sheets that identify date, time and individual responsible for the

count which will allow for a complete inventory count with review and documentation of variances.

March 2015 Sheriff's Office Inventory & Training

Inventory Tracking—“The Sheriff’s Office does not have a process in place to track inventory in the warehouse in a way to prevent theft or loss. There was no inventory count performed in calendar year 2014. An inventory tracking system should be created and policies and procedures updated to ensure that all inventory is tracked.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Sheriff’s Office will follow the guidelines as referenced in the Bernalillo County Sheriff’s Office rules and regulations 206 Department Property and Inventory and will maintain a listing of the Sheriff’s Office inventory. Estimated completion by November 2015.

Firearm Tracking—“There were discrepancies in the firearms maintained and the inventory listings. All firearms were subsequently located by the department. Additionally, the process to track and organize firearms does not appear to be adequate. A physical count at the armory should be performed to ensure all firearms are tracked on the listing including the serial number and/or tag number.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Sheriff’s Office will follow the guidelines as referenced in the Bernalillo County Sheriff’s Office rules and regulations 206 Department Property and Inventory and will maintain a listing of the Sheriff’s Office inventory. Estimated completion by November 2015.

Firearm Qualifications—“Instances were identified where deputies were carrying firearms they had not qualified with, or had qualified with firearms that were not tracked on inventory. The armory should implement a process to allow for accurate monitoring of firearms (personal or department issued) that deputies are carrying on duty.”

Risk Level:—High

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The existing inventory sheet will be revised to list any personally owned firearms that are being carried by sworn personnel. Range Staff will verify that all firearms are listed, or not listed if the firearm is turned in, on the inventory sheet prior to the quarterly qualification and ensure that all duty carried firearms are qualified each quarter. This process will be overseen by the Range Master and be implemented and functional by November 2015.

Assignment of Inventory—“Discrepancies were identified between the personnel inventory sheet when compared to the inventory system and the inventory in the possession of the deputies. BCSO should create a process that requires the transfer in/out forms to be utilized and the system updated on a regular basis in order to accurately track the inventory items.”

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—The Sheriff’s Office will follow the guidelines as referenced in the Bernalillo County Sheriff’s Office rules and regulations 206 Department Property and Inventory and will maintain a listing of the Sheriff’s Office inventory. Estimated completion by November 2015.

Instructor Certification—“Training classes were identified where certified instructors were not utilized and no other certified instructors present at these trainings. A process should be implemented to monitor instructor certifications and ensure that all classes are led by an instructor that has taken basic instructor training and is certified with the New Mexico Law Enforcement Academy.”

Risk Level:—Moderate

Status: Unresolved—Management stated resolution of this observation is in progress.

Updated Response from Management—A policy will be implemented to ensure that all instructors are certified with the State of New Mexico Law Enforcement Academy. Instructor certificates will be reviewed yearly to ensure compliance with the new policy. Additionally, only instructors that have completed the Basic Instructor Training course will teach all advanced training courses. Estimated completion by November 2015.

* * * * *

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
September 4, 2015
and October 5, 2015

APPENDIX A—SUMMARY OF RESOLVED INTERNAL AUDIT OBSERVATIONS

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

Risk Level—High

Status: Resolved—Based on discussions with management and the audit committee this observation is considered resolved. Management stated that there have been significant cost savings since implementing the LRM group.

February 2010 Human Resources and Related Payroll Processes

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.”

Risk Level—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Human Resources Department currently receives hard copy emergency leave request forms approved by supervisors in addition to submission of requests through the electronic timekeeping system. All electronic timekeeping system requests must be submitted within the current pay period for proper approval. Required documentation to support the leave requested must be attached to the form (obituary, memorial card, travel support) and uploaded to the system. Any detected errors are referred back to the department timekeeper for resolution. According to Employment Rules and Regulations Section 1012, bereavement leave may be granted up to three work days for each leave request. We examined five approved request forms for leave taken in the months of April and May 2015 and verified against the leave recorded in the timekeeping and payroll systems. All leave was accurately recorded and within the timeframe and number of days allowed and approved. Although some of the approvals occurred after the time period for the leave requested, approvals were obtained shortly thereafter.

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. Of the 29 instances of employee bereavement leave tested 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 leaves form was not signed by the department.
- One bereavement leave form did not have support included.
- One instance where leave was approved for a non-immediate family member.

All bereavement leave forms need to be completed timely by all required individuals and include all necessary information. This information will help Human Resources assess whether the leave is appropriate.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Human Resources Department currently receives emergency leave request forms approved by supervisors in addition to submission of requests through the electronic timekeeping system. All electronic timekeeping system requests must be submitted within the current pay period for proper approval. Required documentation to support the leave requested must be attached to the form (obituary, memorial card, travel support) and uploaded to the system. Any detected errors are referred back to the department timekeeper for resolution. We examined five approved request forms and verified against the leave recorded in the timekeeping and payroll systems. All leave was accurately recorded and within the timeframe and number of days approved. Although some of the approvals occurred after the time period for the leave requested, approvals were obtained shortly thereafter.

October 2010 Housing Department/County

Manual transfer of data between the Housing and Finance Departments—“The Housing Department uses Emphasys 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.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Housing Department has created a report to compare data between the Elite and SAP systems which is prepared monthly. We examined the Budget vs. Actual report for the month of June 2015 (end of fiscal year 2015) and determined the report reconciled line items between the two systems with justifiable explanations documented for all variances. The data between the SAP and Elite systems now mirror each other showing monthly reconciliations, trail balance reports, and programs with data descriptions for consistency between both systems.

December 2010 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.”

Risk Level:—Moderate

Status: Resolved—Based on discussions with management and the audit committee this observation is considered resolved. The new vendor management system has been implemented and the new process will be re-audited in FY 2016.

Updated Response from Management August 2015—AP and ERP have completed Wave 3 of 4 of the VIM Phase II implementation. The fourth wave primarily addresses reporting which will assist AP in determining and resolving issues associated with aging invoices. The estimated completion date of Phase II is December 31, 2015.

May 2011 ERP—SAP User Access Controls

Untimely Employee Status Notification—“There was a significant time lag between when employees were transferred or terminated by Human Resources and access updated in SAP. This issue is compounded by not having a direct link between the user name and employee identification number. Consultants were not monitored to ensure their access was restricted. Monthly, the ERP Manager should obtain reports from HR that identify the new employees for potential SAP access and the employee transfers or terminations affect SAP access.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The County IT Department created an Information Technology Request Form which must be used to request additions, changes or terminations of access to County systems. Enterprise Resource Planning (ERP) personnel receive a list of “terminated” County employees weekly to assist in the timely removal of users from County systems, and this process is monitored by the ERP Manager on a weekly basis to ensure that the removals occur as scheduled. This form was implemented effective July 1, 2014. We examined the termination flow chart as well as the process for completing the IT request form. Additionally, we examined the Governance Risk & Compliance procedures dated January 22, 2015, which provide guidance for County employees regarding role and risk design, user provisioning and periodic compliance reviews.

March 2012 Timekeeping Process

Prior-Period Adjustments—“The Payroll Office did not always maintain signed and approved timecards. Corrections to employee vacation time were not always processed accurately. Additionally, it appears that prior-period adjustments processed each pay period were excessive and some adjustments were processed as long as 188 days after the fact.”

Risk Level:—High/Moderate

Status: Resolved—Follow up testwork was performed in July 2015. All County departments have moved to an electronic timecard system with the exception of Public Safety that utilizes Telestaff or Kronos. Department directors have been advised that department timekeepers must review edit/error reports. The Human Resources Department provides a minimum of six edit/error reports each pay period for timekeepers to review prior to completing their respective

payroll processes. Additionally, Payroll personnel review edits and notify departments of errors detected prior to the payroll run. We examined the error/edit reports dated May 1, 2015 and June 26, 2015, with the breakdown of errors which included terminations, timecards with over 80 hours for salaried employees, vacation exceeding employee balance, and corrections made to previous pay periods. Payroll personnel cannot complete the payroll process until these errors are corrected. All County employees have completed training on the electronic timecard system.

Time Entry—“Hours were not always coded correctly in Empath. Specifically, employees received regular time when vacation time should have been entered and employees received overtime pay when the regular hourly pay should have been paid.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. All County departments have moved to an electronic timecard system with the exception of Public Safety that utilizes Telestaff or Kronos. Department directors have been advised that department timekeepers must review edit/error reports. The Human Resources Department provides a minimum of six edit/error reports each pay period for timekeepers to review prior to completing their respective payroll processes. Additionally, Payroll personnel review edits and notify departments of errors detected prior to the payroll run. We examined the error/edit reports dated May 1, 2015 and June 26, 2015, with the breakdown of errors which included terminations, timecards with over 80 hours for salaried employees, vacation exceeding employee balance, and corrections made to previous pay periods. Payroll personnel cannot complete the payroll process until these errors are corrected. All County employees have completed training on the electronic timecard system.

Temporary Salary Increases—“Temporary salary increases were not always paid according to the agreements and the agreements were not always on file to support rates paid. Furthermore, prior-period adjustments for salary increases were not always processed accurately.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. We obtained the listing of all temporary salary increases that were in effect for FY 2015 and selected a sample of 10 and tested for verification and approval by a supervisor and Human Resources. We agreed the approved rate to the related payroll data and determined that documentation was approved and employees were paid the approved rate. Although some errors were identified in our testing, we determined the County identified these errors and corrected them timely. HR has revised the Temporary Salary Increase form along with the process for submission of all temporary salary increase requests, and has implemented a review and approval process.

December 2012 Receiving and Issuing

Public Works Inventory Issuance Accuracy—“As items are taken out of inventory, they should be updated in the system to reflect current quantities on hand. One of 22 items tested was not properly depleted in the M4 system. Two of 22 items were miscoded when updated in the M4 system; therefore, the physical count indicated a shortage for one item and an overage for the item that was miscoded. Maintaining accurate system inventory counts will help ensure that financial information related to inventory is reported accurately and improve the County’s ability to detect theft.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in May 2015. Cycle counts for the Inventory Warehouses were tested for the month of March 2015. There were no variances in the cycle counts as the system generated counts matched the physical counts.

Auto Parts Inventory Count Discrepancies—“Although we inspected count, recount sheets and a memo describing general reasons for discrepancies in the year-end inventory counts, we found there was no investigation of why discrepancies occurred. During FY2012 there were a total of 315 adjustments. After inventory counts are completed, variances should be investigated and documented. Investigating variances will help reduce errors and identify theft in a timely manner.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in May 2015. Year-end inventory count documentation was tested for the Auto Parts inventory. There were no variances in the year-end inventory and no adjustments were made. We also reviewed policies and procedures for the warehouses which include procedures for investigation and research of variances.

System User Roles Documentation—“System user roles are documented on approved workflow authority forms. There are several versions of these forms maintained and when a new form is completed it does not supersede the previous form. There is not a comprehensive listing of roles by department; therefore, in order to determine if there are inconsistencies, all previously submitted forms must be reviewed which causes inefficiencies and makes tracking difficult.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. Supplier Relationship Management (SRM) 7.0 has been successfully implemented streamlining the approval process for requested user access. The County IT Department created an Information Technology Request Form that includes a section for Purchasing Roles. The electronically processed form is employee-based, not department-based, and has a workflow feature that tracks approvals for requested user roles. This form was implemented effective July 1, 2014. We examined the process for completing the IT request form, which has replaced the Workflow Authority form and is the only request form for access to County systems. The new form records the information needed to track access by user through all departments with required approvals. Roles have been re-designed and narrowed down to allow for easier tracking of user roles. “Single” role access has replaced all “composite” roles to resolve segregation of duties risks. Additionally, we examined the role matrix dated May 19, 2015, which identifies roles and descriptions by module of the system.

Centralized Receiving and Low Value Assets—“Although the current policy (Administrative Instruction AD 04) states a listing of low value assets may be required when deemed to be in the best interest of the County, it is best practice to always track low value items that are susceptible to theft or loss. There are a few departments that have a significant amount of low value assets for which it would be optimal to create a centralized receiving function and process. Currently the inventory management group has implemented a process to track low value assets at MDC and Public Works. Additional departments that may benefit from this process are Fire, Sheriff, and the JYDC since these departments have significant activity with low value assets.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. Significant improvements have been made in the inventory management processes and most locations with inventory on hand have been reorganized to report to the Inventory Control Section under Procurement and Business Services. Although after hours parts requests may need further analysis, the amount of inventory related to these concerns is manageable and can be monitored by the Inventory Control Section for any issues identified.

Updated Response from Management—The decision to transition the Fire Auto Parts Warehouse has been dropped in favor of maintaining the current status quo however, may be re-addressed at a future date. The logistics of accommodating after hours parts needs is a concern which requires further analysis. In February 2014, the transition of the Fire Equipment Maintenance (excluding Fire Auto Parts Warehouse) and Youth Services Center Inventory Operations was completed. Documented processes incorporating the two areas has been completed and training sessions will be held with all applicable personnel.

January 2013 Assessor’s Office-Commercial and Residential Property Tax

Inadequate Documentation—“During our testing we identified several instances where there was no documentation to support protest of value changes and exemptions. Additionally, there were no notes in the system to show why the value did not change on properties with recent building permits.”

Risk Level:—High

Status: Resolved—Follow up testwork was performed in July 2015. The Assessor’s Office has revised their processes to ensure adequate documentation is maintained to support protests, exemptions and valuation changes. We examined the validation report dated June 29, 2015, reviewed by the Quality Control Department to identify and correct errors that affect value. This report identifies improperly applied exemptions and other errors for further research. We also determined the validation reports are run and reviewed weekly. The County started imaging all supporting documents for protests and exemptions in fiscal year 2015. These documents are maintained in the “Application Xtender” system and notes can be documented in the iasWorld system. We judgmentally selected two properties from the validation report specific to protests and exemptions. Upon examination of the supporting documentation, we determined that all support was maintained and the properties were properly granted exemptions due to non-profit status. Additionally, the Quality Control Supervisor performs data entry and value accuracy checks of information entered to systems against source documents to maintain the integrity of the database. If mistakes are identified they are documented on a “Translog Form”, corrected mistakes are reviewed again and the errors are discussed with the operator to mitigate future errors. Additionally, we examined the Assessor Policies and Procedures revised June 24, 2015, which contains sufficient guidance for Quality Control procedures and guidance for maintenance of documentation to support changes.

Untimely Revaluation of New Construction—“Revaluations must occur in the year following when the construction was completed, otherwise the 3% cap is in effect for the property which causes lost revenue for the County. Four of 127 properties tested were not revalued during the allotted time period, and therefore the additional value of the property could not be added for tax purposes. The Assessor’s Office should implement a process to monitor new construction and

addition revaluations. This will ensure that revaluations are performed on a timely basis for these properties.”

Risk Level:—High/Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Assessor’s Office has implemented several processes to help ensure timely valuation of new construction including automatic weekly uploads of the City and County permits. Additionally, field checks are performed by appraisers to verify the status of completion once the permit is finalized or a certificate of occupancy has been issued. The Quality Control Specialist monitors through the iasWorld system and reviews for additions, improvements and destruction of property which are documented on Form CA 320 or the Conversion Sheet. We examined documentation related to the June 6, 2015, upload which included the email, a reconciliation report and related review to ensure information was correct.

Transfer of Ownership—“Property valuations are updated when a change of ownership occurs. At that time, the property should be reassessed and updated within the system. One of 22 quitclaims, where a transfer in ownership took place, was not taxed properly for a year. Once a property is identified as including an error in the previous tax assessment, the Assessor’s Office should consider whether the County can request back taxes. A process should be implemented to address what action should be taken when these situations.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. We performed a walkthrough of the new process that involves receiving deeds from the County Clerk’s Office, coding them into the CAMA system and utilizing a software script to automatically bring the property to the current and correct value. As of January 2015, deed processing time has reduced from 18 months to 4-6 weeks. The Residential Department then receives notice to conduct a sales review of the added properties and compares against the affidavits of sale from the mortgage companies.

April 2013 Metropolitan Detention Center

Inmate Programs—“There was no comprehensive reporting of inmate programs with tracking of measurable objectives, expenditures and funding sources.”

Risk Level:—Moderate

Status: Resolved—Based on discussions with management and the audit committee and since there are currently no inmate programs in place this will be considered resolved.

September 2013 Community Custody Program

Fee Collection Process—“Weekly fees often did not have support for the amount assessed nor were they collected consistently. Additionally, the record of payment on the inmate’s file was often incomplete or missing.”

Risk Level:—High

Status: Resolved—Follow up testwork was performed in July 2015. We obtained the listing of participants in the Community Custody Program as of June 2015 and selected a sample of 10 participants. We tested for proof of payment of the one-time fee, verified the payment was received timely and collected at the Treasurer’s Office. We determined SAP reflected payments made for all 10 participants tested, and we examined copies of checks and money orders provided to the Treasurer’s Office for all but one payment. There have been significant improvements in the process and the CCP program is tracking payments on a weekly basis to ensure payment.

January 2014 Assessor’s Office Personal Property

Business Personal Property—“Businesses that have taxable personal property are required to respond each year to the renditions sent out by the Assessor’s Office in order to update the value of their taxable personal property. In testing of 59 existing businesses and 55 new businesses (114 total), 35 (31%) did not respond in 2013. Twenty-nine of this (25%) had never responded to the renditions and therefore had a \$0 taxable value on the tax rolls. Additionally, we identified seven new businesses from 2011 and 2012, which were not added to the tax rolls; therefore, renditions were not sent out by the Assessor’s Office.”

Risk Level:—High

Status: Resolved—Follow up testwork was performed in July 2015. An electronic filing system was implemented for the 2015 tax year that allows business owners to enter their personal property business equipment report, as required by law, through a link on the County’s website. This data is reviewed by the Quality Control Supervisor for accuracy and then imported to the Oracle system where the Systems Analyst can run a query to identify all non-filers and generate a second letter to the property owner. We observed the process for the electronic filing as well as the query to identify non-filers and generate second letters. We examined the template for 2nd letters sent March 11, 2015, and an active report for the year 2015. The electronic filing system has successfully decreased processing time, allowing County staff additional time to follow up on non-filers and increased the rate of tax payments received. The Assessor’s Office reported that the mailing of 2nd notices increased the filing rate by 37%.

March 2014 Capital Assets/Construction in Progress

Construction in Progress (CIP) was not Capitalized Timely—“Assets should be capitalized and depreciated when the asset is ready for use. We tested a total of 188 assets (Work Breakdown Structure elements) and identified 24 of 46 projects, with a total value of \$11,945,698, had associated WBS elements where the related phase of the project was ready for use, but had not been capitalized.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Accounting Department performs regular monitoring to identify projects that can be capitalized. The process has been changed to allow for capitalization of projects in phases rather than waiting for 100% completion of projects. We examined three quarterly analysis worksheets for the first, second and third quarters of fiscal year 2015 and determined that capital projects were analyzed regularly for status of completion and need for capitalization.

May 2014 Emergency Communications Department

Quality Assurance (QA) Checks—“ECD SOG Section 2.26-Quality assurance Checks lists procedures that should be followed when performing QA Checks, including how many calls need to be checked per employee. According to National Academics of Emergency Dispatch (NAED), all Echo calls should have a QA check performed. QA checks were not performed over 10 of the 20 echo calls tested. Additionally, QA checks were not performed over calls for which the Pro QA system was not used.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Emergency Communications Department currently monitors compliance with reviewing Echo calls on a monthly basis. If calls are not logged into the ProQA system, due to an error in the system, calls are logged into the CAD system. The Quality Assurance Specialist, manually reviews the CAD system to sort through these calls to determine that the call was properly coded and handled as an Echo Call. We examined six Quality Assurance Reports for January through May of 2015 and determined the process for reviewing 100% of Echo calls was completed regularly which allows for the NAED’s standards to be met.

June 2014 Risk Management

Lack of Follow-up on corrective Actions—“There was no evidence to indicate that the Department completed corrective actions after issues were identified by RM through regular inspections or after an incident. RM should implement a process to track and monitor corrective actions to ensure that Departments complete the corrective actions timely.”

Risk Level:—High

Status: Resolved—Follow up testwork was performed in July 2015. We obtained the listing of County locations that require OSHA evaluations within the past 18 to 24 months, and tested a sample of 8 locations. For all locations the inspection report was properly completed and corrective actions identified were either resolved timely or Risk Management personnel followed the steps identified in the revised Standard Operating Procedures. We also determined documentation was completed as required for the inspections tested. Additionally, we observed the Field ID system utilized for tracking inspections, the status of completion and examined the revised Loss Control/Safety Section standard operating procedures effective October 1, 2014.

Required Safety Inspections were not completed—“We identified several departments that did not have an inspection completed between 2011 and 2014. RM should ensure that they have a complete listing of all departments, operations and workplaces to ensure that inspections are conducted as required.”

Risk Level:—High

Status: Resolved—Follow up testwork was performed in July 2015. We obtained the listing of County locations that require OSHA evaluations within the past 18 to 24 months, and selected and tested a sample of 8 locations. For all locations the inspection report was properly completed and corrective actions identified were either resolved timely or Risk Management personnel followed the steps identified in the revised Standard Operating Procedures. We also determined

documentation was completed as required for the inspections tested. Additionally, we observed the Field ID system utilized for tracking inspections, status of completion and examined the revised Loss Control/Safety Section standard operating procedures effective October 1, 2014.

Driver requirements were not completed and drivers were not authorized—“We identified several employees that were determined to be driving on behalf of the County and had not been set up in the Driver Management System or had not completed the driver training requirements. RM should periodically review the driver list to ensure all employees driving on behalf of the County have attended the required courses.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. We observed the monthly reports analyzed by the Risk Management Department for June and July 2015 for certifications and training sorted by department and individual maintained within the Driver Management System. These reports include status of training completion and communication with departments and are completed twice a month to ensure the listing of drivers is up to date. Additionally, we examined the monitoring performed by the Risk Management Department for driver revocation, suspension, or expired status reports for the months of May and June 2015. These reports are submitted to the individual, their department supervisor, legal, and a hard copy log is maintained in the Risk Management Department to track dates and status.

Incident reporting was not completed as required—“We identified multiple instances where incident reports were not submitted within the required timeframe, reports lacked required documentation of the incident or the documentation was not filled out correctly. RM should consider consolidating the required forms and updating the process and Policies and Procedures to provide clear guidance on forms and signatures required. Training should be conducted to reinforce that incidents should be reported within the required timeframe.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Risk Management Department presents reporting requirements to County employees upon hire and as needed. Additional training is conducted at departments within the Public Safety Division quarterly and bi-annually. The incident reporting forms have been refined, consolidated, approved and posted on the County’s Intranet as of October 1, 2014. We obtained a copy of the revised incident reporting form which has been streamlined and simplified to ensure accuracy and completion by County employees. Additionally, we examined the information provided in training and the listing of departments that have completed the revised training.

Safety training was not completed as required—“We identified several retrain dates and class dates that were the same and appeared to be incorrect in the Compliance Suite system. Additionally, several employees tested did not complete the retraining by the required date. RM should implement a process to ensure that retraining dates maintained in the Compliance Suite system or alternative system for tracking are accurate and monitored.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Compliance Suite software is used to monitor training of employees and the required training for each individual is determined by department guidelines and standards. We observed the list of training maintained with the Compliance Suite software with required retraining dates by employee and department. Additionally, we examined employee notices of training emails and sign-offs from the department supervisor that were maintained by the Risk Management Department for training completed within the last six months.

December 2014 Housing Department

System access and sensitive information—“The Emphasys Elite system tracks all tenant and some landlord records by unmasked social security number. Whenever a record is accessed sensitive information is available to the user. Users include all Housing Department employees, consultants and interns. Additionally, five of the 46 users were no longer working at the Housing Department and access had not been updated to inactive status. For four of the five users, termination dates could not be determined because three were interns, one user could not be identified and the fifth user was terminated three months prior to the audit.”

Risk Level:—Moderate

Status: Resolved—Follow up testwork was performed in July 2015. The Housing Department modified the Emphasys Elite system to incorporate masking of social security numbers in standard reports. We examined all standard reports and determined that masking occurred as expected. Additionally, new employees must submit an Employee Clearance Form before they can be added to the system. The process has been updated to remove terminated employees monthly. We examined the current user access list dated June 15, 2015, and compared against the termination listing from the Human Resources Department and determined that all active users identified in the system were active housing employees.