

**City of Albuquerque
Office of Internal Audit and Investigations**



Fiscal Year 2009 Annual Report
July 1, 2008 - June 30, 2009



Office of Internal Audit and Investigations
FY 2009 Annual Report
July 1, 2008 - June 30, 2009

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MISSION STATEMENT:
To provide independent audits and investigations to promote transparency, accountability, efficiency and effectiveness of City government for the citizens of Albuquerque.



City of Albuquerque
Office of Internal Audit and Investigations
P.O. Box 1293 Albuquerque, New Mexico 87103

September 30, 2009

Honorable Mayor, Members of the City Council, Accountability in Government Oversight Committee and Citizens of Albuquerque:

The mission of the Office of Internal Audit and Investigations (OIAI) is to provide independent audits and investigations to promote transparency, accountability, efficiency and effectiveness of City government for the citizens of Albuquerque.

We operate under the authority of the Accountability in Government Ordinance (AGO). The AGO established OIAI as an independent organization to perform internal audits and investigate claims of waste, fraud and mismanagement. OIAI is not part of and does not report to the City's executive branch or the City Council.

The Director's goals are to:

- Conduct audits and investigations in an efficient, impartial, equitable and objective manner;
- Prevent and detect fraud, waste and abuse in City activities including all City contracts and partnerships;
- Propose ways to increase the City's legal, fiscal and ethical accountability through the use of audits to insure that tax payers' dollars are spent in a manner that improves the economy of operations; and
- Deter criminal activity through independence in fact and appearance.

The Internal Audit Division is responsible for conducting independent audits of City operations. The Internal Audit Division performs performance audits that adhere to generally accepted government auditing standards. These audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

The Inspector General Division investigates allegations of fraud, waste and abuse in order to prevent recurrence, assist the City in achieving better results from limited resources and promote public trust in City government. Investigations are a response to allegations of matters involving potential violation of law or our codes of ethics and conduct. The Inspector General conducts such investigations in accordance with generally accepted principles and quality standards, formally approved by the Association of Inspectors General.

The AGO requires the Director to report annually to the Council and the Mayor regarding the activities and investigations of the office. This annual report of OIAI is for the year ended June 30, 2009.

OIAI FY2009 Highlights

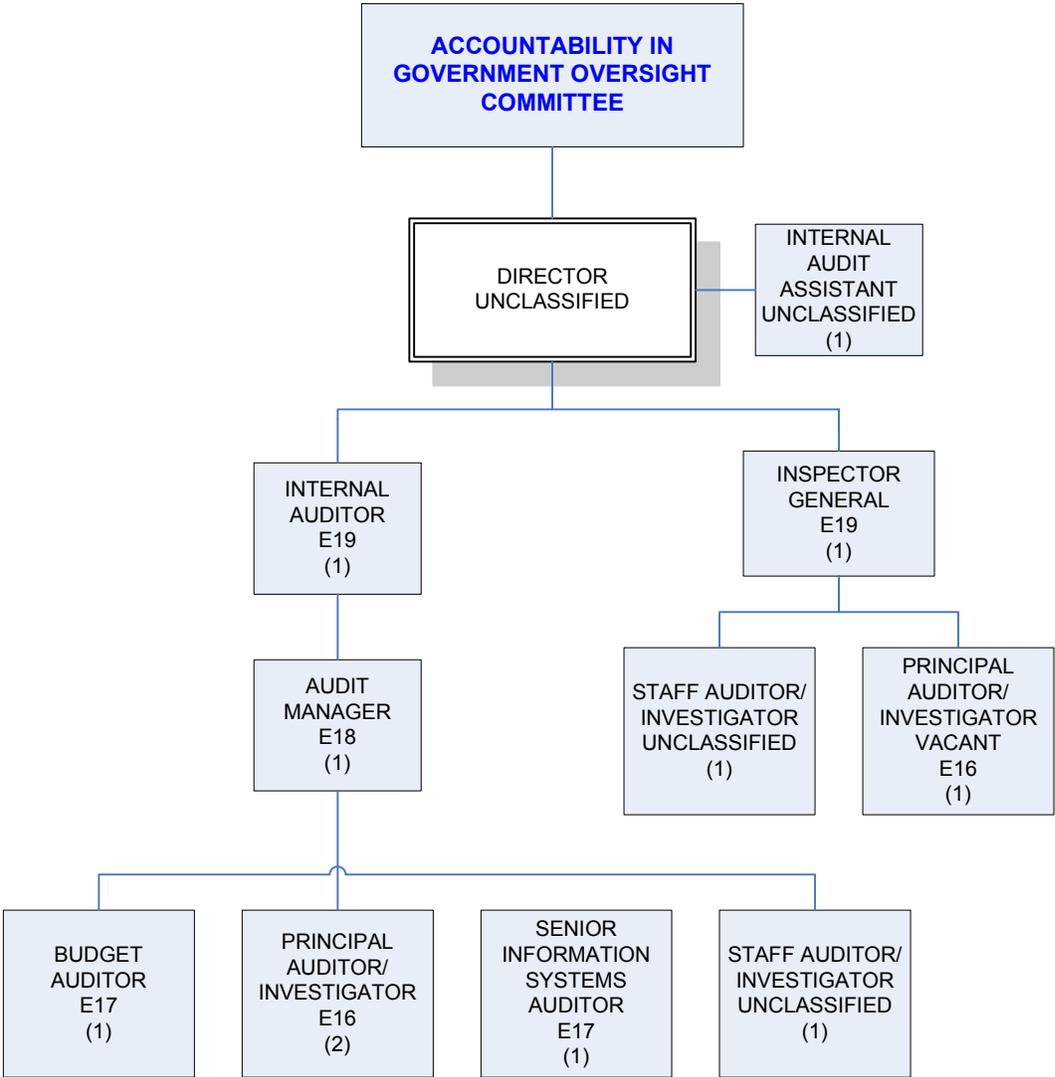
- ✓ The Internal Audit Division issued 15 audit reports and follow-ups. In addition, we conducted five non-audit service cash counts. The objectives of the cash counts were to: (1) count change and petty cash funds on hand; (2) confirm compliance with the Cash Handling Manual; and (3) confirm that controls are in place for the cash handing process. The cash counts are done on a surprise basis to deter fraud. The results of the cash counts are reported to the department director responsible for the change or petty cash funds counted, the Department of Finance and Administrative Services - Treasury Division, the Chief Administrative Officer, and the Chief Financial Officer.
- ✓ The FY2009 initiative to integrate ACL into the audit process is still in progress. The Senior Information Technology Auditor has experience with this software and is assisting the staff to find appropriate areas to utilize ACL. A measure in staff employee work plans is to find appropriate uses for ACL when performing testwork.
- ✓ The Internal Auditor has completed the internal quality control monitoring required by generally accepted government auditing standards in preparation for the FY2010 peer review.
- ✓ The policy and procedures manual was revised to incorporate an investigations section. The draft will be finalized in FY2010.
- ✓ The Inspector General developed a case management tracking system which allows us to track and manage the reports of fraud, waste and abuse we receive through phone, fax, e-mail and/or office visit. We can record and store allegations uniformly, track progress of our investigations and report on the status of each of our investigations using a simple information system. In the future, we hope to enhance and improve on the system.
- ✓ The Inspector General recently established an anonymous internal phone line and is working with ISD on an anonymous website for reporting fraud, waste and abuse. We currently have a website that communicates our role and responsibilities, how to contact our office and a process for reporting fraud, waste and abuse through our website.
- ✓ OIAI potentially saved the City over \$950,000 in FY09 by avoided costs and recommendations to recover City funds.
- ✓ OIAI has conducted outreach activities throughout City government and will continue to extend that outreach to the general public.
- ✓ OIAI hired three staff members and will add another to the Inspector General Division in the near future. Our goal is to add qualified, competent staff critical to carrying out our mission.

OIAI will continue to work with the City Council and the Administration to find the proper balance between independently reporting the results of audits and investigations and maintaining the public's trust in the City and its employees.

Sincerely,

Carmen L. Kavelman, CPA CISA CGAP
Director

ORGANIZATIONAL CHART

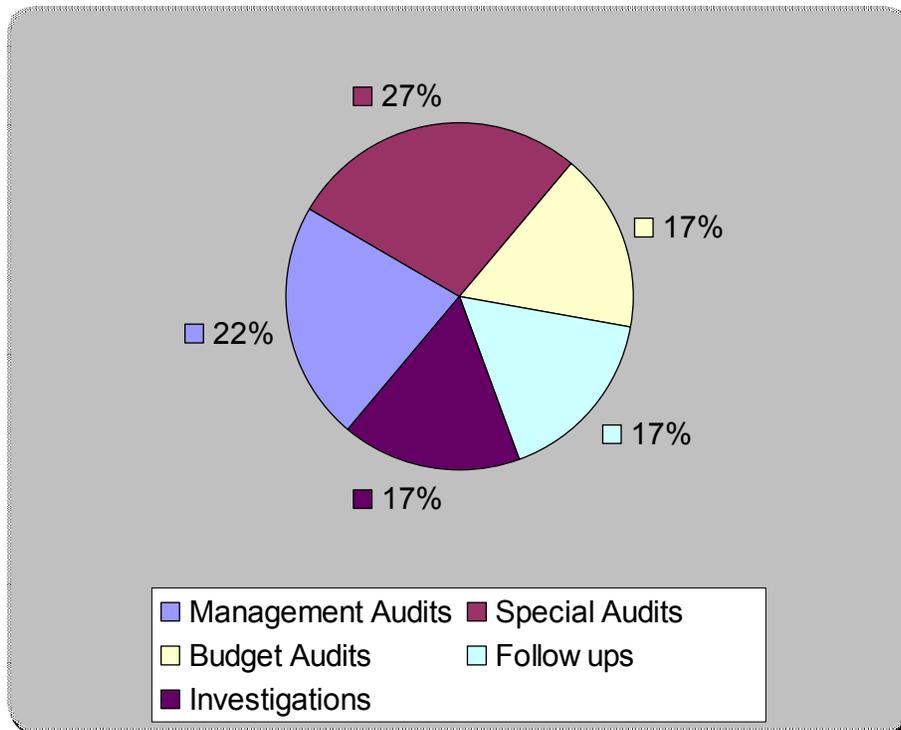


REPORTS

The Office of Internal Audit and Investigations (OIAI) had 18 reports approved by the Accountability in Government Oversight Committee in Fiscal Year (FY) 2009:

- ✚ 12 Audits
 - 5 Special Audits
 - 4 Management Audits
 - 3 Budget Audits
- ✚ 3 Follow-ups
- ✚ 3 Investigations

FY09 REPORTS BY TYPE



Reports Approved in FY09

Date	Number	Name	Type
7/30/08	07-206	Alleged Campaign Practices Violation	Evaluation
7/30/08	07-111	Commercial Collections Division – Solid Waste Management Dept.	Audit
7/30/08	07-110	Parsons Brinkerhoff – Vendor	Audit
7/30/08	08-103B	Citywide Budget Projections – FY08 2 nd Quarter	Audit
9/24/08	08-04-107F	Personal Computer Licensing	Follow-Up
9/24/08	08-103B	Citywide Budget Projections – FY08 3 rd Quarter	Audit
9/24/08	08-108	Quarter Cent Public Safety Tax –DFCS	Audit
10/3/08	08-104	Animal Welfare Department	Audit
11/19/08	09-04-111F	Mayor Office and CAO Dept. Payroll	Follow-Up
11/19/08	07-203	Alleged Theft of Petty Cash Funds – Animal Welfare Department	Investigation
11/19/08	08-201	Missing Cash – Animal Welfare Department	Investigation
1/28/09	08-105	Point of Sale System – Golf Management Division, Parks & Recreation Dept	Audit
1/28/09	09-102	Transfers and Journal Entries – Citywide	Audit
4/16/09	08-04-110F	City Management of the Albuquerque Convention & Visitor's Bureau and the Albuquerque Hispano Chamber of Commerce Agreements	Follow-Up
4/16/09	08-110	Insurance and Benefits Division – Human Resources Department	Audit
4/16/09	08-107	Management of Mountain West Golfscapes, Inc. Contracts – Dept of Municipal Development	Audit
4/16/09	07-204	Stolen Vehicles, Solid Waste Management Department	Investigation
5/28/09	09-101B	Citywide Year-End Close – FY08	Audit

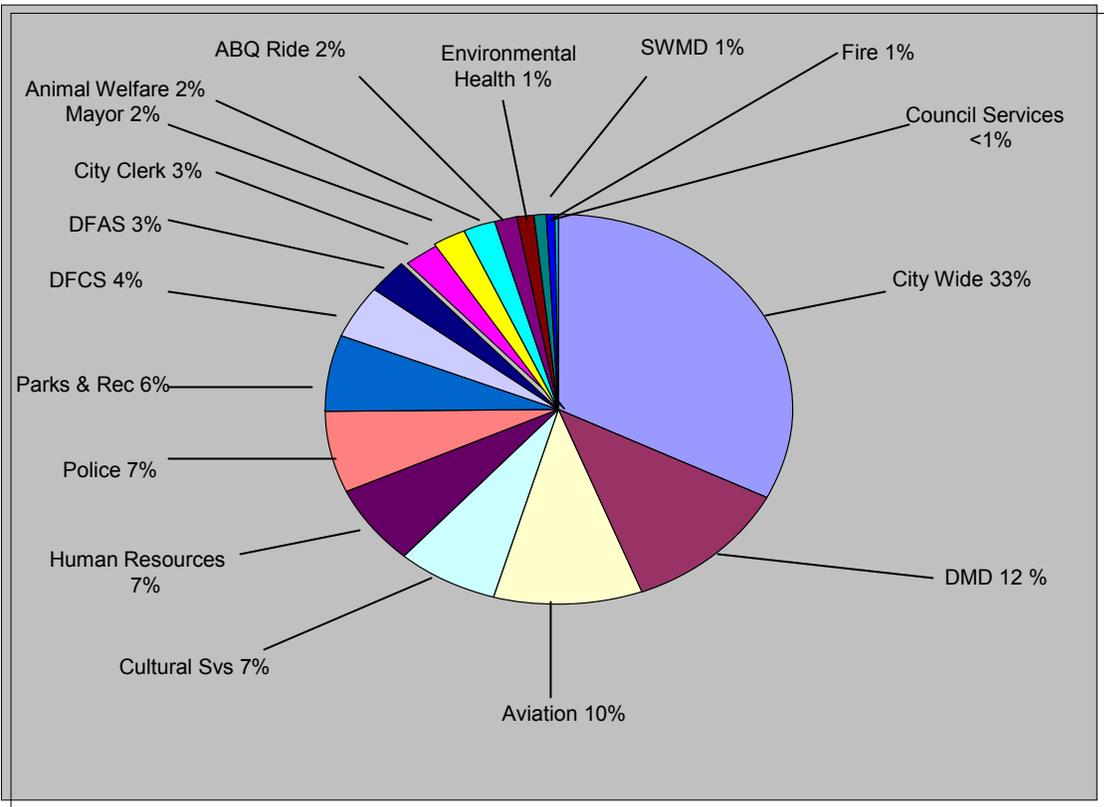
Non-Audit Services Conducted in FY09

Date	Number	Name
4/30/09	09-301	Cultural Services Dept – Zoo and BioPark Cash Count
4/30/09	09-302	Cultural Services Dept – Albuquerque Museum Cash Count
4/30/09	09-303	Cultural Services Dept – Albuquerque Balloon Museum Cash Count
6/12/09	09-304	Aviation Dept – Aviation Administration Cash Count
6/25/09	09-306	Fire Dept – Arson & Administration Cash Count

AUDIT/INVESTIGATION HOURS BY DEPARTMENT

Citywide	3,076
Department of Municipal Development	1,103
Aviation Department	977
Cultural Services Department	658
Human Resources Department	630
Police Department	622
Parks and Recreation Department	588
Family and Community Services	420
Department of Finance and Administrative Services	286
City Clerk	249
Mayor's Office	212
Animal Welfare Department	198
ABQ Ride Department	180
Environmental Health Department	98
Solid Waste Management Department	70
Fire Department	64
Council Services Department	20

The above table doesn't include 2,540 hours of miscellaneous IT, audit and investigation hours.



SPECIAL PROJECTS

OIAI was involved in several projects at the request of the Council, Administration or both. Some of the more significant projects were as follows:

▪ ***Enterprise Resource Planning (ERP) System Implementation***

- The Director served on the Steering Committee for the project as an advisory, non-voting member.
- The Director and Internal Auditor are members of the Department Readiness Team (DRT). The DRT serves as a line of communication between the ERP project team and individual City departments.
- The Internal Auditor served on the Institutional Readiness Team (IRT) in preparation for the implementation of ERP Phase 2 modules.
- The Audit Manager attended ERP Security meetings as an advisory member to provide input on IT security issues.

PeopleSoft Go-Live
1/5/09

▪ ***Information Systems Meetings***

At the request of the Administration, the Audit Manager and/or IT Auditor attends the following regularly scheduled meetings throughout the year: Technical Review Committee (TRC), Information Systems Council (ISC) and the Filenet Imaging Super Users group.

▪ ***Chief Administrative Officer Budget Hearings***

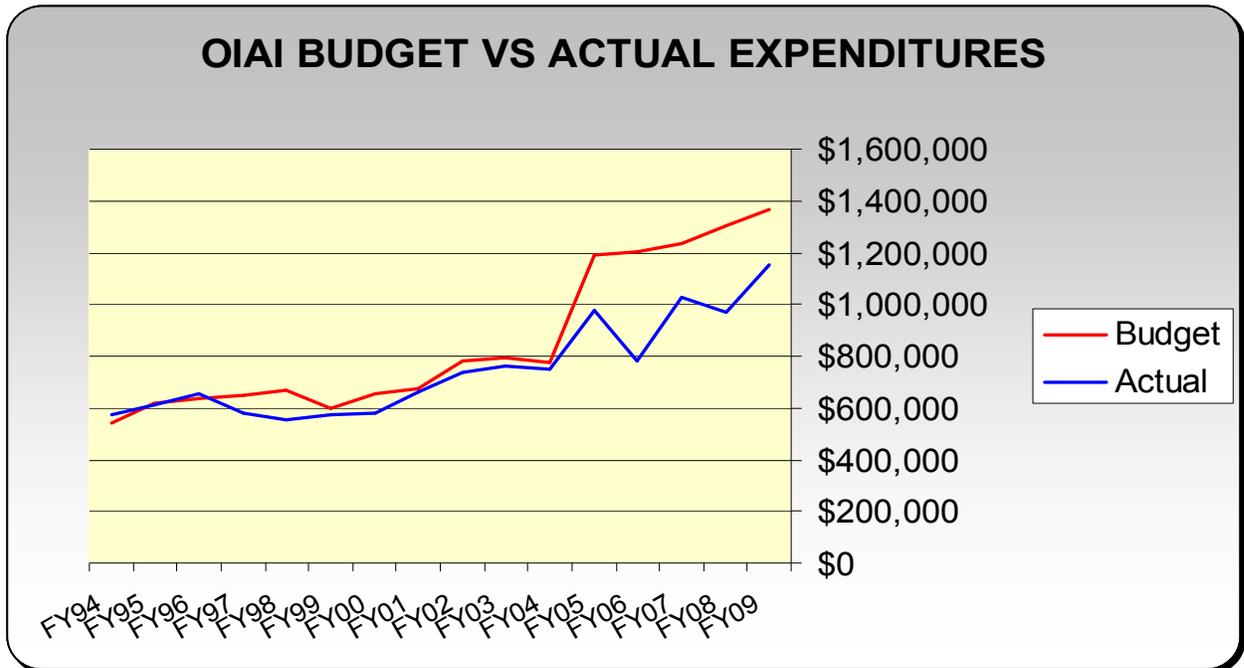
At the invitation of the Administration, the Budget Auditor and other OIAI staff members attended the FY09 department budget hearings held with the Office of Management and Budget.

• ***Grant Fund 265***

At the request of the Department of Finance and Administrative Services – Accounting Division, the Budget Auditor assisted in the clean-up of the Operating Grant Fund.

BUDGET

In FY09, OIAI was budgeted as one program strategy, with two separate activities (Internal Audit and Inspector General.) The FY09 budget for the program as a whole was \$1,396,000. Expenditures for the year were approximately \$1,149,698*. The chart below contains budget and actual expenditure comparison for previous years.



Note: Beginning in FY05, the budget contains funding for the Inspector General activity.
 *Actual expenditures for FY09 are approximate, as they are unadjusted and unaudited.

In FY09, the Internal Audit program *underspent* its budget by \$246,302* or 18%. This was primarily due to salary savings as a result of vacant positions. See page 28 for additional information on staffing.

PERFORMANCE MEASURES - OIAI

The Program Strategy for OIAI is to enhance public confidence and promote efficiency, effectiveness, accountability and integrity in City government by:

- ☑ Ensuring compliance with City ordinances, resolutions, rules, regulations and policies
- ☑ Recommending operational improvements and service measurement integrity
- ☑ Investigating complaints of fraud, waste, and abuse and
- ☑ Recommending programs/policies which educate and raise the awareness of all City officials and employees.

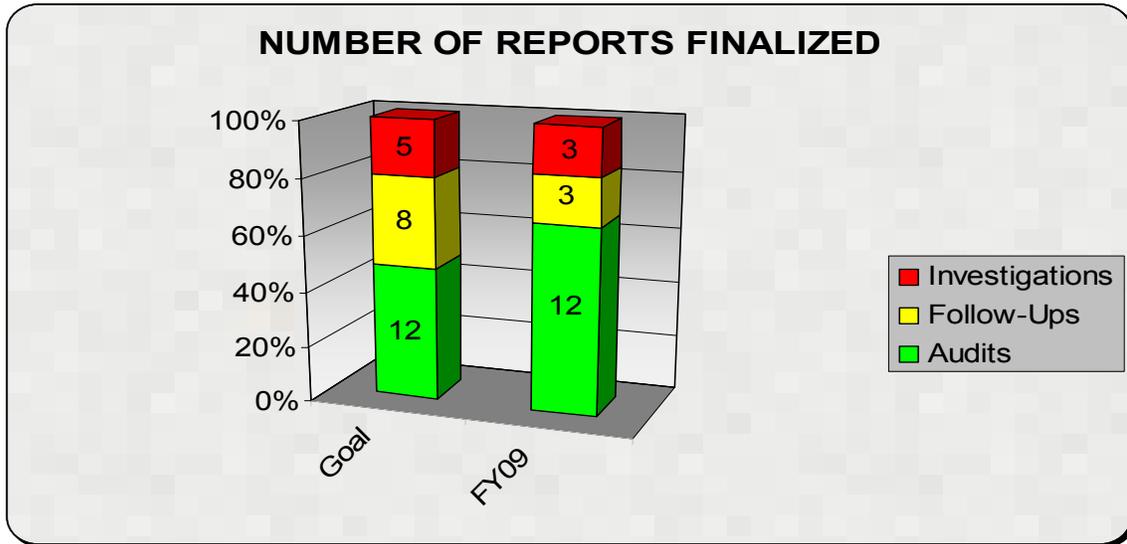
The OIAI Program Strategy is a part of the City's Goal 8, *Government Excellence and Effectiveness*.



PERFORMANCE MEASURES - OIAI - CONTINUED

The FY09 strategy outcome and performance measures are as follows:

Output Measure: Complete audits, follow-ups and investigations to improve City operations, programs and contract management.

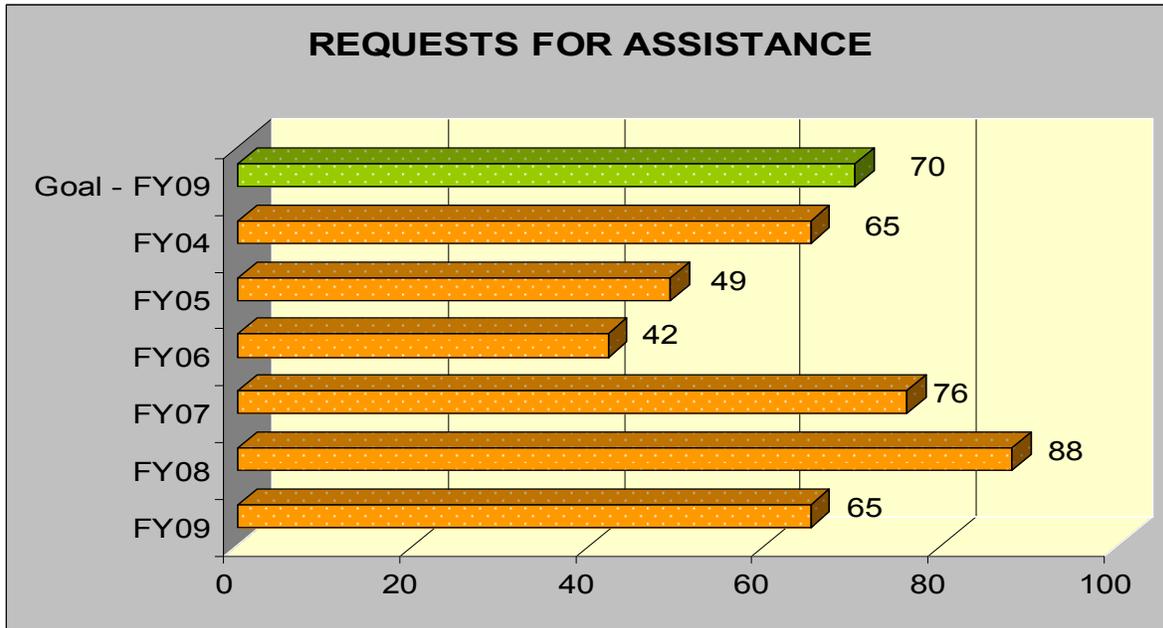


Eighteen reports were finalized in FY09: 12 audits, 3 follow-ups, and 3 investigations. Staffing levels and complexity of projects have a direct affect on achieving this measure.

**18 REPORTS
FINALIZED IN
FY09**

PERFORMANCE MEASURES - OIAI - CONTINUED

Output Measure: Work in partnership with departments by responding to requests for assistance related to compliance with City rules and regulations, process development, process improvement and re-engineering.



With 65 requests for assistance, OIAI did not reach its goal of 70 requests in FY09; however, several of the requests for assistance required a significant amount of time. OIAI considers this goal to be one of our most important, as we encourage City departments to consider our office a resource for assistance and direction. This is a performance measure that is strongly emphasized in staff meetings throughout the year.

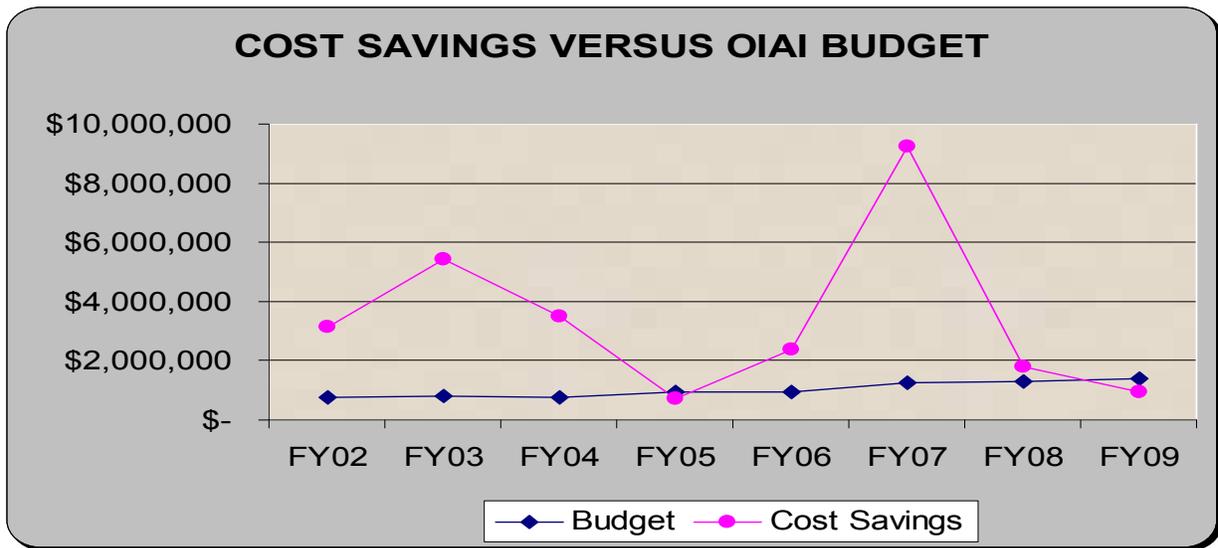


HELP!

PERFORMANCE MEASURES - OIAI - CONTINUED

Quality Measure: Citywide saving, costs avoided and potential increases to revenues as a percentage of the OIAI’s approved final budget.

A conservative estimate of \$867,565 of nonrecurring and \$83,638 of recurring annual reductions in expenditures, avoided costs and potential increases in revenues which the City could realize with the implementation of FY09 recommendations. See page 12 for detail of the savings. In addition, there were numerous recommendations made that will result in longer-term intangible benefits to the City through improved administration, better accountability and reduced potential liabilities.



Note: The budget amounts used above are for the OIAI program which includes both the Internal Audit and Inspector General activities.

Budget	Potential Cost Savings	
\$ 1,396,000	\$ 951,203	68%

The percentage of cost savings increases when compared to OIAI’s actual expenditures:

Actual Expenditures	Potential Cost Savings	
\$ 1,149,698*	\$ 951,203	83%

* Approximate (unaudited and unadjusted)

PERFORMANCE MEASURES – OIAI - CONTINUED

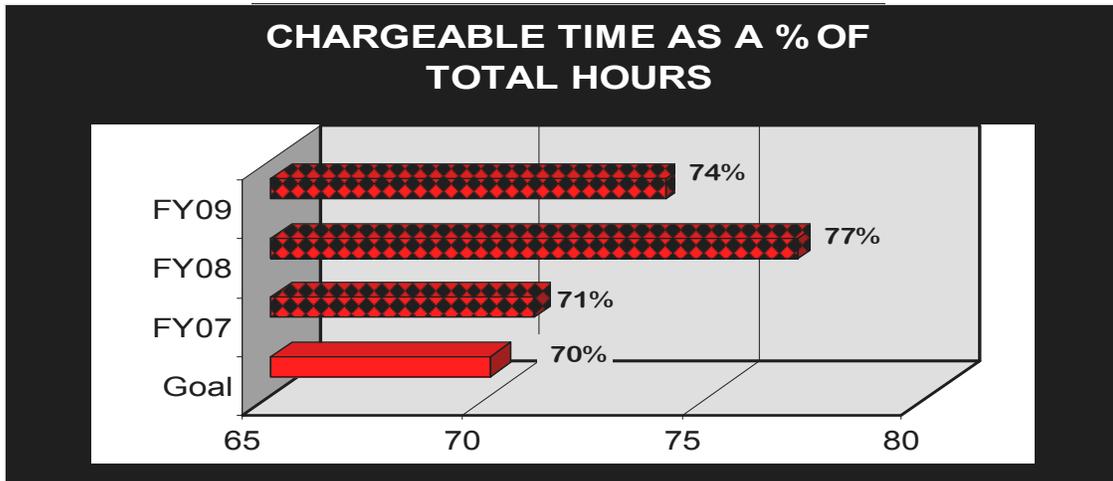
Following is a detail of the costs avoided or potential opportunities to recover City funds as a result of audits issued during FY09:

Audit #	Audit Name	One-Time	Recurring	Description
07-110	Parsons – Vendor	\$438,626		Vendor billed the City for services that were never received.
08-103B	FY08 3 rd Quarter Budget	50,000		A contract was overspent by this amount.
08-105	Golf Point of Sale	374,112		Estimated cost to the City if there was a data security breach.
08-107	Human Resources Dept – Insurance and Benefits Division		83,638	Projected amount of uncollected insurance costs for employees on Leave Without Pay during FY08. This is a recurring savings if a process is not developed to bill and collect these insurance costs.
Various	Various	4,827		Various
TOTAL		\$867,565	\$83,638	



PERFORMANCE MEASURES - OIAI - CONTINUED

Quality Measure: Chargeable time compared to total time.



With 74% of totals hours as chargeable, OIAI exceeded the goal of 70% for FY09.

Chargeable audit time includes time coded to the following categories in the timekeeping system: Audit or Investigation Planning/Organizing, Audit or Investigation Fieldwork, Audit or Investigation Supervision/Review, Complete Audit or Investigation, Continuing Education, Training, Professional Development, Miscellaneous Audit or Investigation Tasks, and Management Advisory Services.

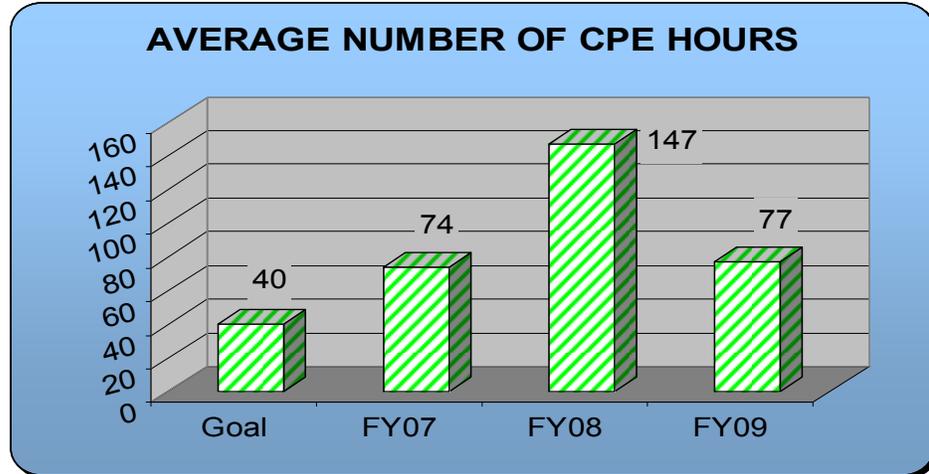


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PERFORMANCE MEASURES - OIAI - CONTINUED

Quality Measure: Average number of training hours, per staff member, to ensure technical proficiency.

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All of the certifications held by staff require a minimum number of continuing professional education (CPE) hours.

Government Auditing Standards require 80 hours of CPE every two years. At least 24 of the 80 hours must be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the entity operates.

The Principles and Standards for Offices of Inspector Generals require 40 hours of CPE every two years. At least 12 of the 40 hours must be in subjects directly related to the employee's responsibilities, government environment, or the specific or unique environment in which the entity operates.

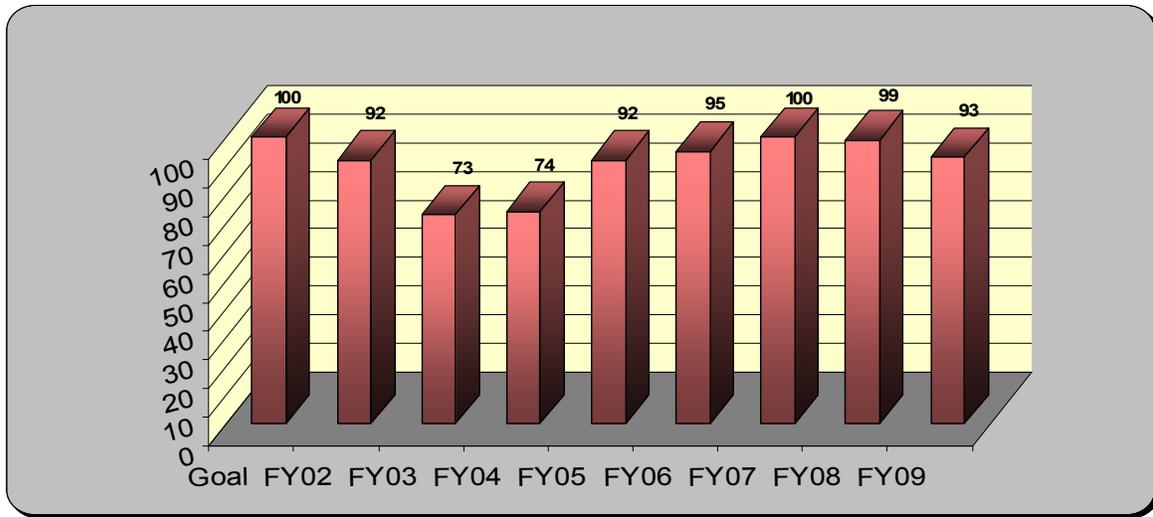
OIAI staff received an average of 77 hours of CPE during FY09, exceeding the goal of 40 hours.



PERFORMANCE MEASURES – INTERNAL AUDIT

Strategy Outcome: Improve the operational efficiency of departments through acceptance of audit recommendations. Operations will be improved if the audited departments and programs accept the recommendations made as valid and useful during the audit process.

% of Recommendations Accepted at Time of Audit

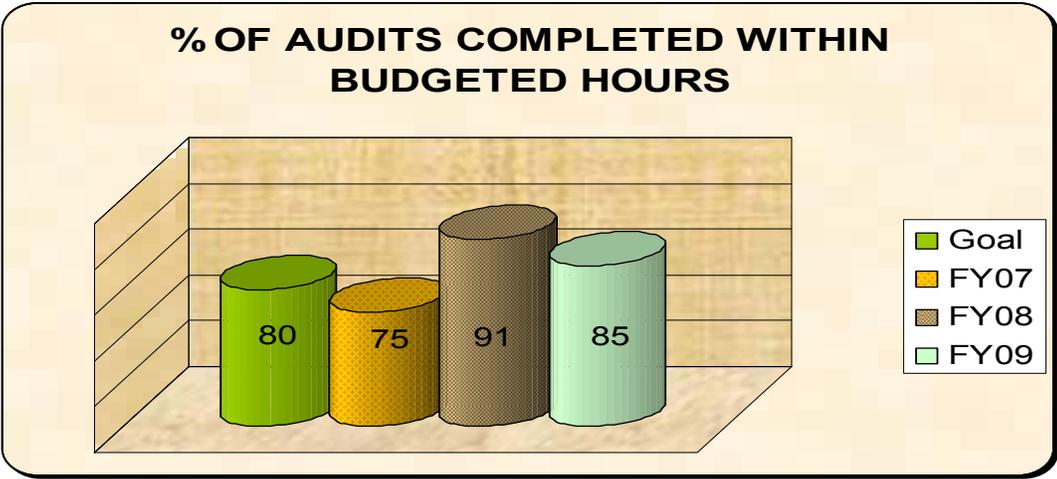


In FY09, 93% and 5% of recommendations were fully and partially accepted, respectively, by the auditee. This performance measure is calculated by the concurrence of the auditee to the recommendations offered in our reports.



PERFORMANCE MEASURES - INTERNAL AUDIT - CONTINUED

Quality Measure: Percent of audits performed within the budgeted hours.



Time budgets are prepared for every audit assignment. Audits are considered within budget if completed within 125% of the assigned hours. Auditors are instructed to monitor their individual project budgets and request an increase, if necessary. In FY09, 85% of audits were completed within the budgeted hours.

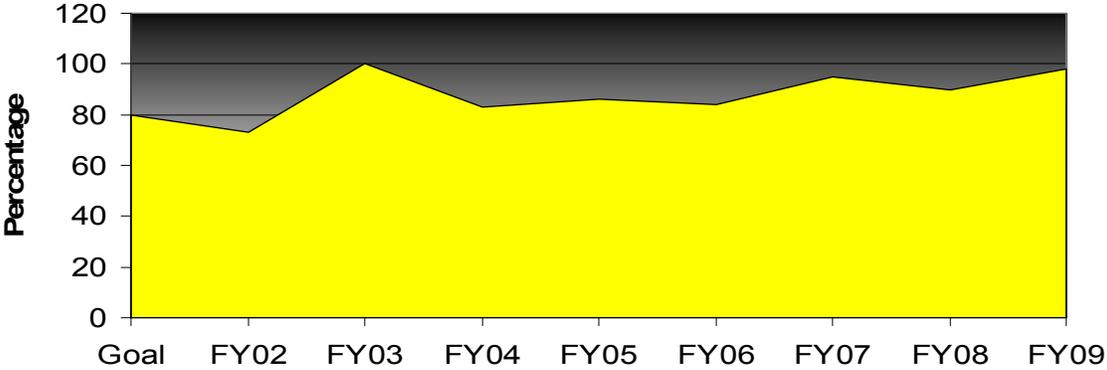


Project Budgets

PERFORMANCE MEASURES - INTERNAL AUDIT - CONTINUED

Quality Measure: Improve the efficiency and effectiveness of departments' operations through value added audit reports and recommendations. End of audit surveys include a question regarding the value added by the audit.

**AUDITEE RESPONDED THAT AUDIT
ADDED VALUE**



OIAI requests end of audit surveys be completed by the audited departments. Auditees are asked to rate the professional proficiency of the auditors, scope of work, performance of audit work, and the value of the audit reports. Ratings are on a one to five scale with five indicating "excellent."

In FY09, 98% of respondents felt the audit added value to their respective activity, program or department. This is an increase of 8% over the prior year.

+ VALUE ADDED AUDITS +
+ VALUE ADDED AUDITS +

PERFORMANCE MEASURES - INTERNAL AUDIT - CONTINUED

Quality Measure: Participate on an ALGA Peer Review Team.

Goal – FY09	Actual – FY09
1	1



One requirement of Government Auditing Standards is that audit organizations receive an external peer review at least once every three years. The objective of a peer review is to determine whether an audit organization's internal quality control system is in place and operating effectively. Also a peer review provides assurance that established policies and procedures and applicable auditing standards are being followed. The Association of Local Government Auditors (ALGA) has developed a program to assist local government auditors in meeting this peer review requirement. ALGA's peer review program was designed to keep costs at a minimum. The organization receiving the peer review pays for the travel, lodging, and out-of-pocket expenses incurred by review team members, but it does not pay for the time/salary of reviewers. Instead, the reviewed organization agrees to send its own staff to other jurisdictions to perform peer reviews.

OIAI received its peer review in September 2007. In return, OIAI's Audit Manager participated in a peer review of the City of Toronto, Canada in February 2009.

Quality Measure: Submit project abstracts to the ALGA Quarterly.

Goal – FY09	Actual – FY09
4	2

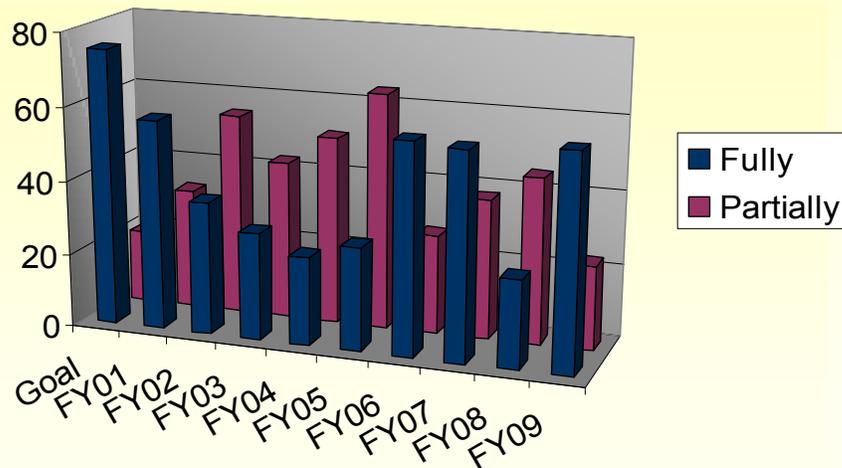
ALGA prepares a quarterly newsletter which includes organization news, events, articles, current audit topics and abstracts. Abstracts are summaries of audits conducted by member organizations and contain contact information for the individual who conducted the audit. OIAI uses the abstracts and contact information as a resource when conducting audits. In an effort to support the profession and give back to ALGA, OIAI has asked each auditor to submit a minimum of one abstract during the year.



IMPLEMENTATION OF RECOMMENDATIONS

OIAI strives to improve the operational efficiency of departments through their implementation of audit recommendations. Follow-ups are generally conducted within two years after an audit is completed.

PERCENTAGE OF RECOMMENDATIONS IMPLEMENTED AT TIME OF FOLLOW-UP



OIAI conducted three Follow-ups in FY09. City departments had *fully* implemented 58% (goal is 75%) and *partially* implemented 23% (goal is 25%) of recommendations at the time of the follow-up. The number of recommendations *not* implemented at the time of the follow-up was 19%.

OIAI, as an independent entity, has no control over the implementation of recommendations. This measure is reported for informational purposes only.

Following is a detail of the status of recommendations from the Follow-ups conducted in FY09.

Recommendations Implemented

IMPLEMENTATION OF RECOMMENDATIONS – CONTINUED

STATUS OF RECOMMENDATIONS

**MAYOR’S OFFICE AND CAO DEPARTMENT PAYROLL AUDIT
 FOLLOW-UP NO. 09-04-111F
 ORIGINAL AUDIT DATE: 2/22/06
 FOLLOW-UP DATE: 11/19/08**

Recommendation	Status of Finding
The Mayor’s Office and CAO’s department should ensure a proper separation of duties exists for the payroll function	Not Implemented
The Mayor’s Office and the CAO’s Dept. should ensure City payroll processing procedures are followed.	Not Implemented
The Mayor’s Office and CAO’s Dept. should ensure that employees submit exception reports or timesheets as required.	Fully Implemented
The Mayor’s Office and CAO’s Dept. should ensure the employee authorization to pickup payroll checks is kept up to date.	Fully Implemented
The Mayor’s Office and the CAO’s Dept. should ensure there is a supervisory review of the payroll process.	Fully Implemented
The Mayor’s Office and CAO’s Dept. should ensure there is management review of the general ledger override report.	Fully Implemented
The Human Resources Dept. should document longevity pay for all City employees.	Fully Implemented
The Mayor and CAO should require mandatory Payroll User Group meeting attendance.	Fully Implemented
The CAO should develop a managerial leave policy.	Resolved
The Mayor’s Office and CAO Department should ensure outside employment forms are completed and on file.	Fully Implemented
The CAO’s Department should ensure proof of insurance requirements are met for mileage reimbursement.	Fully Implemented
The Mayor’s Office and CAO’s Department should ensure payroll exception reports are run prior to payroll processing.	Fully Implemented
DFAS should document Payroll User Group meetings.	Fully Implemented



NOT IMPLEMENTED

PARTIALLY IMPLEMENTED

FULLY IMPLEMENTED

IMPLEMENTATION OF RECOMMENDATIONS - CONTINUED

STATUS OF RECOMMENDATIONS

**CITY MANAGEMENT OF ALBUQUERQUE CONVENTION AND VISITORS
BUREAU (ACBV) AND ALBUQUERQUE HISPANO CHAMBER OF
COMMERCE (AHCC) AGREEMENTS
FOLLOW-UP NO. 08-04-110F
ORIGINAL AUDIT DATE: 1/25/06
FOLLOW-UP DATE: 4/16/09**

Recommendation	Status of Finding
DFAS should require that AHCC maintain adequate documentation to substantiate its reported event attendance.	Partially implemented
DFAS should assess the reasonableness of established ACVB goals.	Fully implemented
DFAS should request that ACVB report actual attendance data.	Partially implemented
DFAS should request that ACVB report the reasons for the cancellation of definite bookings.	Fully implemented
DFAS should request that ACBV, AHCC and SMG finalize development of policies regarding coordination of efforts.	Fully implemented
DFAS should ensure that ACVB and AHCC report performance results.	Fully implemented

**PERSONAL COMPUTER LICENSING AUDIT
FOLLOW-UP NO. 08-04-107F
ORIGINAL AUDIT DATE: 3/20/06
FOLLOW-UP DATE: 9/24/08**

Recommendation	Status of Finding
The CAO should ensure that all employees are aware of the City's software licensing policies	Partially Implemented
DFAS/ISD management should regularly review and update Software licensing policies and guidelines.	Partially Implemented
The CAO should ensure that City departments follow Software Licensing Policies and Guidelines.	Partially Implemented
DFAS should reinstate the Citywide Software Licensing Coordinator position.	Not Implemented
The CAO should ensure that the Software Code of Ethics is included as part of the City Personnel Rules and Regulations.	Not Implemented
The CAO should ensure that department management implement performance measures for monitoring software licensing.	Not Implemented
The Transit department should comply with the City of Albuquerque Network Access/Connectivity Policy.	Partially Implemented

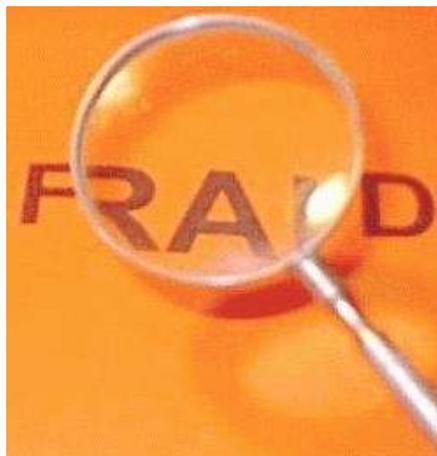
PERFORMANCE MEASURES – INSPECTOR GENERAL

Inspector General

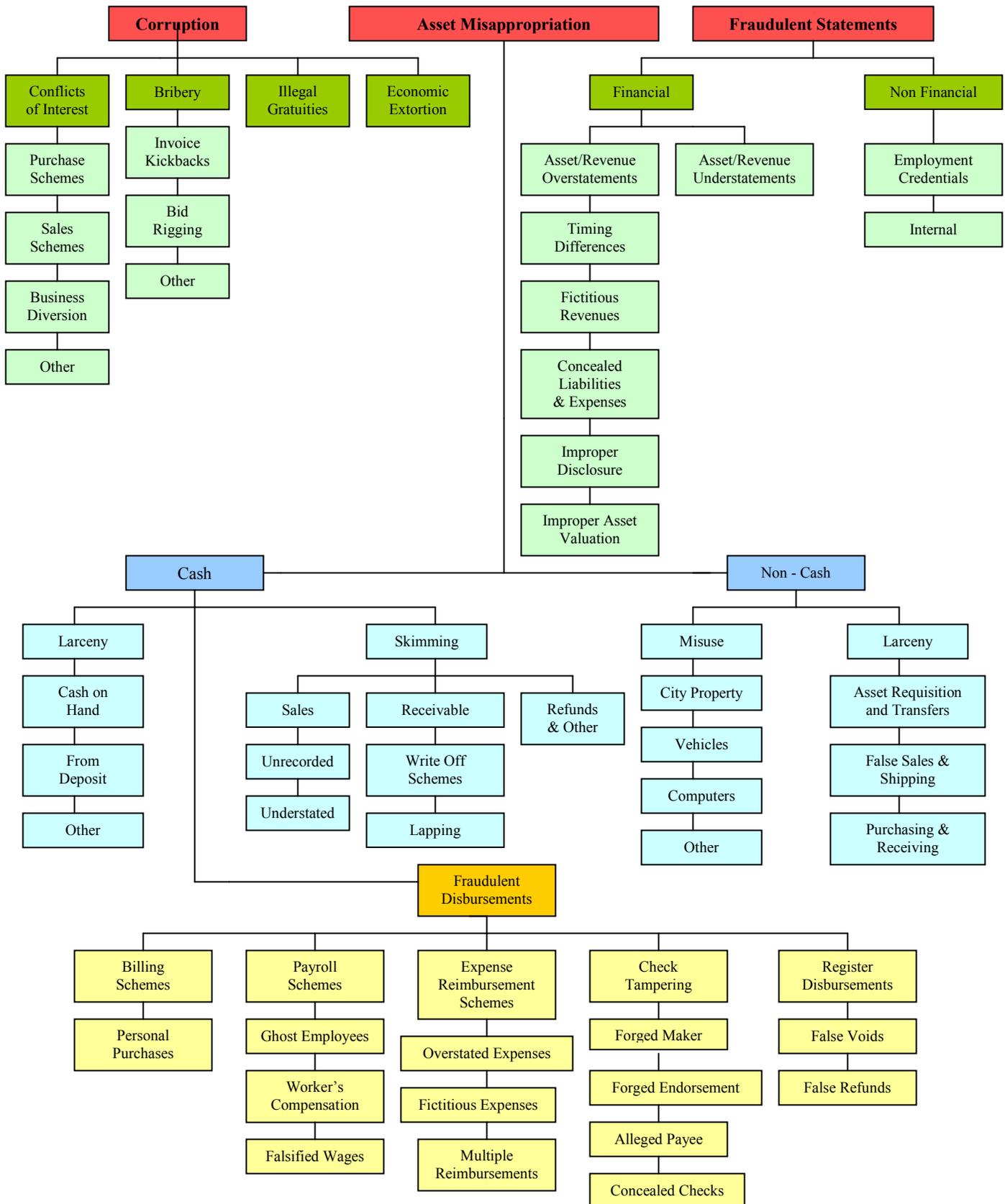
Performance Measure	Goal FY09	Actual FY09
Number of allegations requiring investigation	30	32
Number of referrals for administrative actions, convictions or pleas obtained for employee/contractor wrongdoing	5	4
Percentage of investigations resulting from employee reports	50%	28%

Occupational Fraud may be defined as: “The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organizations resources.”

Fraud can be categorized into three general categories: fraudulent financial reporting, misappropriation of assets and corruption. A more detailed breakout is provided below:



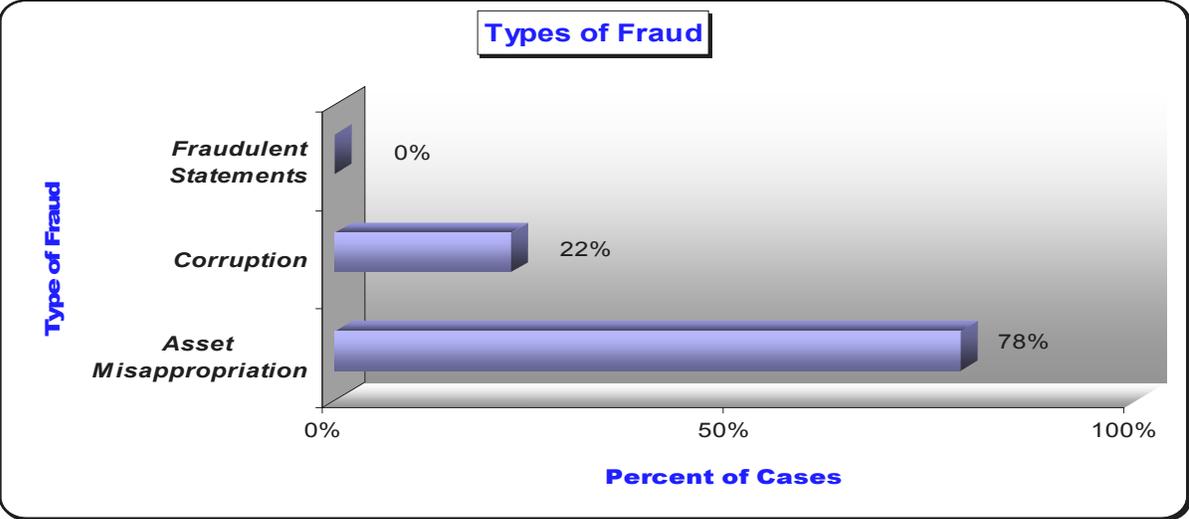
OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM



PERFORMANCE MEASURES – INSPECTOR GENERAL

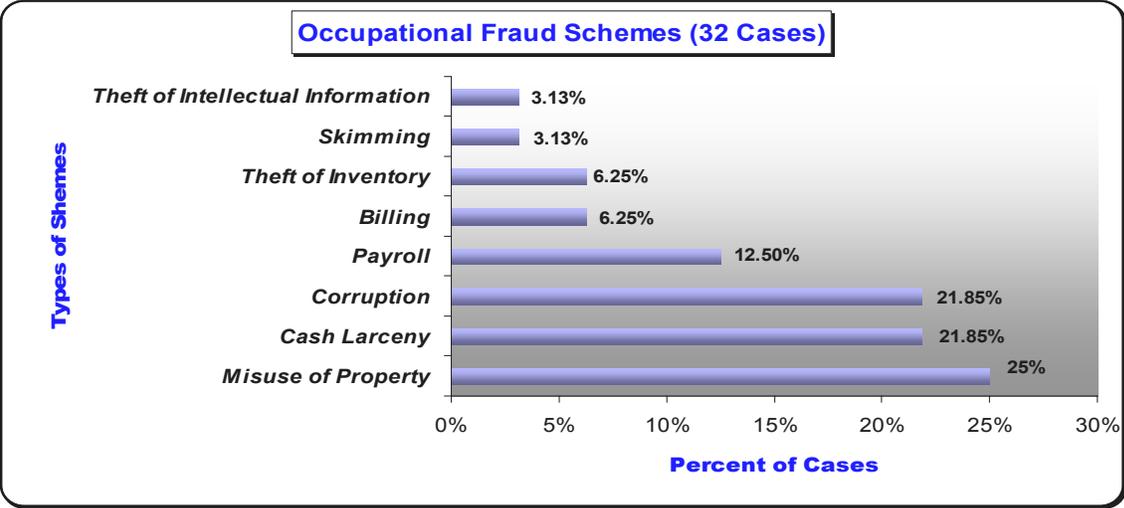
OCCUPATIONAL FRAUDS BY CATEGORY – FREQUENCY

The Inspector General received 32 allegations of occupational fraud in FY09. We broke down the allegations reported into the three categories.



Asset misappropriation occurs when a person steals or misuses the City’s resources. In the context of occupational fraud, *Corruption* occurs when a person uses their influence in business transactions in a way that violates their duty to the City in order to obtain a benefit for themselves or someone else. *Financial statement* fraud is the intentional misstatement or omission of material information from the City’s financial reports. We did not receive any allegations of financial statement fraud during FY09.

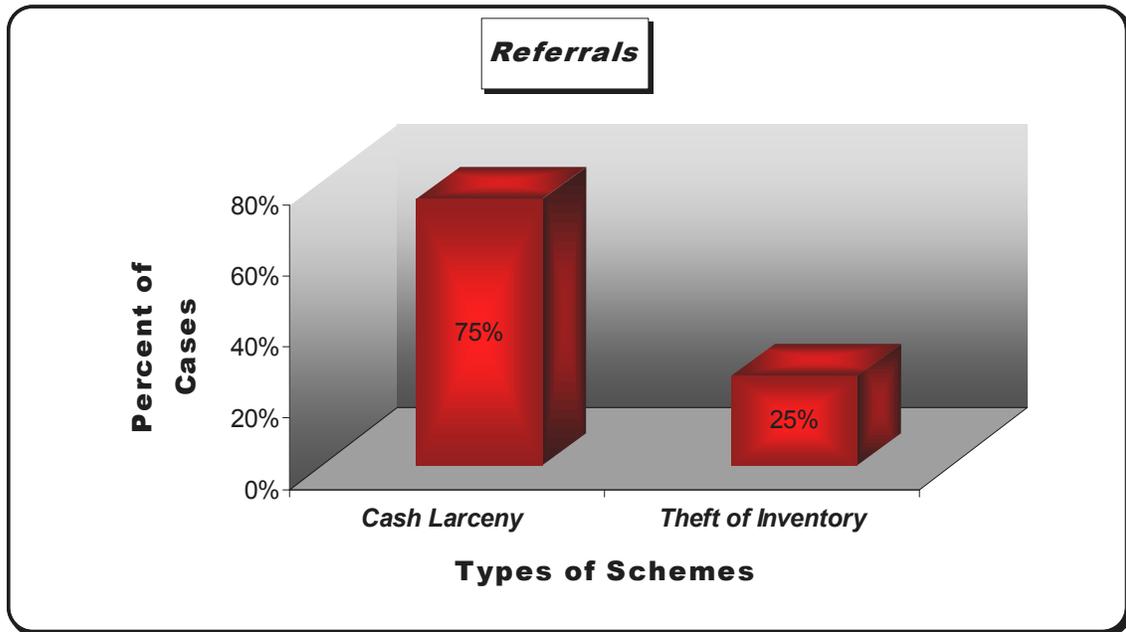
The methods of fraud as reported to our office are identified below:



PERFORMANCE MEASURES – INSPECTOR GENERAL

REFERRALS FOR ADMINISTRATIVE ACTIONS, CONVICTIONS OR PLEAS

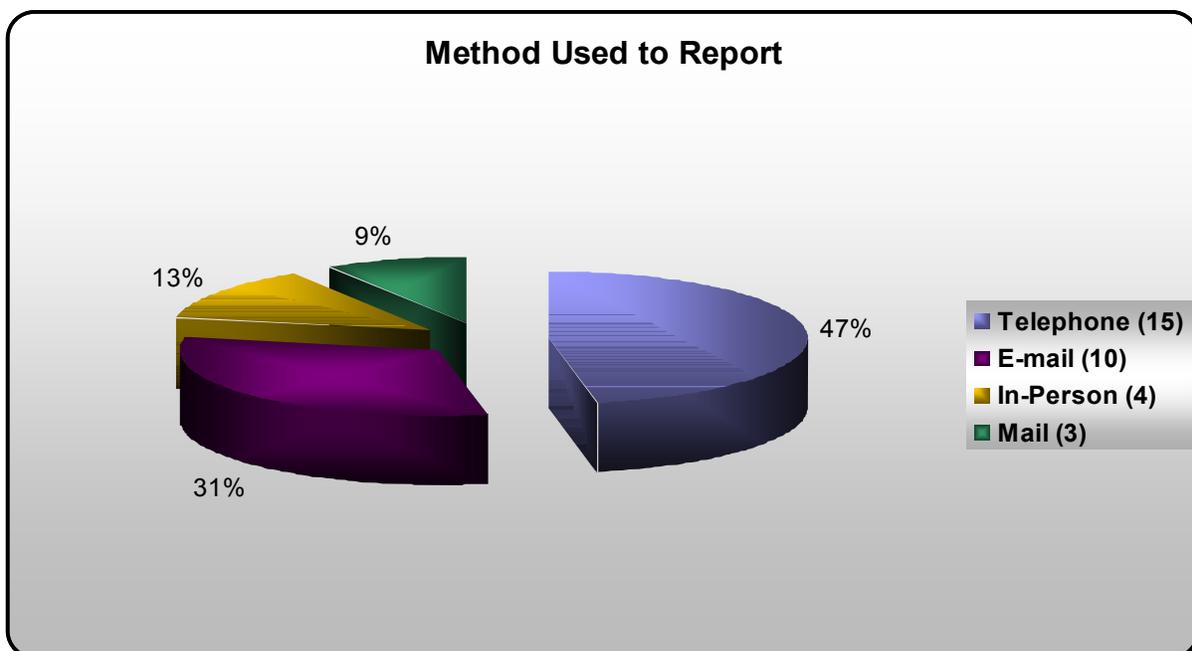
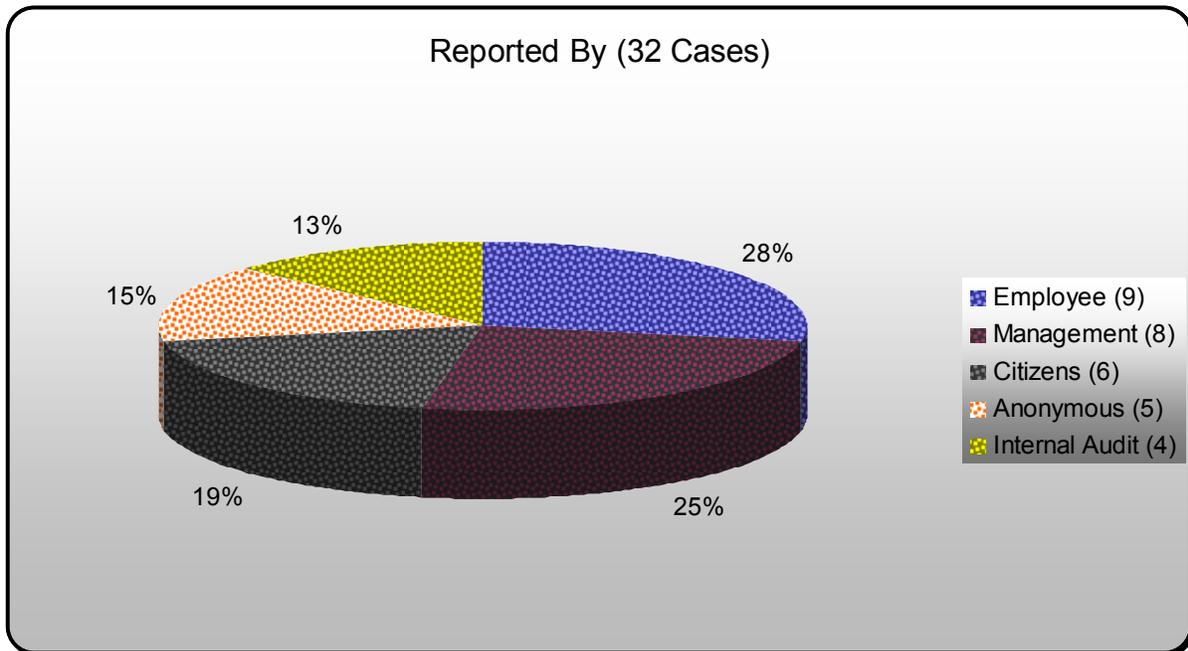
The Inspector General referred four cases to the proper prosecutorial authority and the same for administrative actions.



PERFORMANCE MEASURES – INSPECTOR GENERAL

EMPLOYEE REPORTS

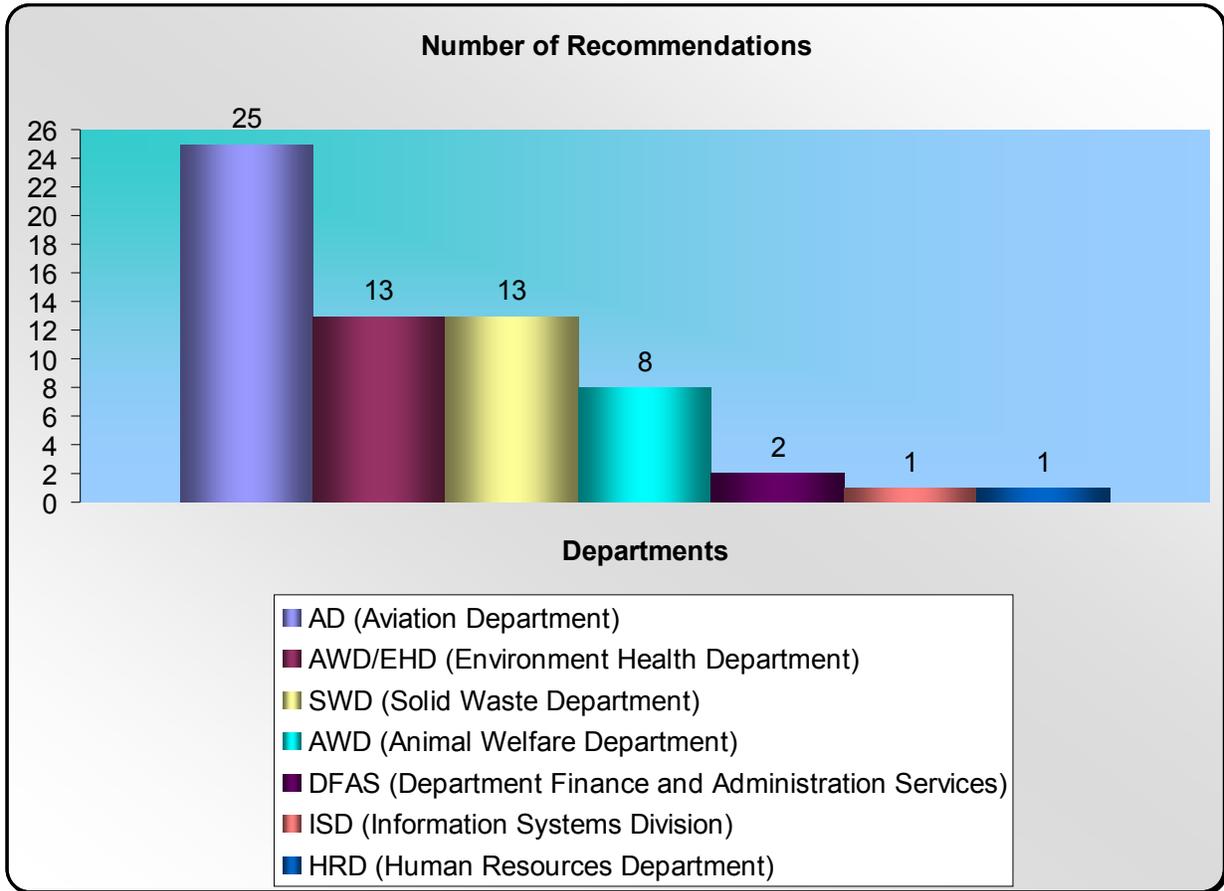
Employees made nine or twenty-eight percent (28%) of the fraud reports in FY09. Most employee reports (six) were made via the telephone. Management made eight reports and most of the time (seven) they made them via e-mail. The Internal Audit Division made all in-person reports.



PERFORMANCE MEASURES – INSPECTOR GENERAL

WRITTEN REPORTS

The Inspector General completed four written reports in FY09. The reports included recommendations to the affected departments that will strengthen internal controls and provide for more efficient and effective government.



* Some recommendation affected more than one department

* The Animal Division of the Environment Health Department (EHD) became the Animal Welfare Department

OIAI STAFFING

There were 14 full-time budgeted positions in the OIAI program strategy for FY09. Several staffing changes occurred during the year. Two Staff Auditor/Investigators were hired. One is working in the Inspector General Division, the other is primarily in the Internal Audit Division. The intent is for the individuals in these positions to work in either division, as needed. The Senior IT Auditor position was filled, after being vacant for approximately two years.

At June 30, 2009, the following positions remained vacant:

- (1) Contract Auditor, E-17
- (2) Principal Auditors, E-16

During the FY10 budget process, the three above vacancies were deleted from the Administration's proposed budget. City Council restored one of the Principal Auditor positions during the process to approve the budget. This position was recently re-titled to Principal Auditor/Investigator and was advertised in August 2009. The individual hired will work primarily in the Inspector General Division.



FY09 OIAI STAFF

A number of professional certifications are held by OIAI staff members including:

- (7) Certified Public Accountants (CPA)
- (3) Certified Fraud Examiners (CFE)
- (3) Computer Information Systems Auditors (CISA)
- (1) Certified Inspector General (CIG)
- (1) Certified Government Auditing Professional (CGAP)
- (1) Certified Information Technology Professional (CITP)
- (1) Certified Management Accountant (CMA)
- (1) Certified Financial Manager (CFM)

The Staff is active in numerous professional organizations including:

- The Institute of Internal Auditors (IIA)
- The Association of Local Government Auditors (ALGA)
- Association Inspector Generals (AIG)
- The Association of Government Accountants (AGA)
- Association of Certified Fraud Examiners (ACFE)
- Institute of Management Accountants (IMA)
- The Information Systems Audit and Control Association (ISACA)
- The American Institute of Certified Public Accountants (AICPA)
- The New Mexico Society of Certified Public Accountants (NMSCPA)
- The Association of Latino Professionals in Finance and Accounting (ALPFA)
- New Mexico Ethics Alliance



FY09 OIAI STAFF – CONTINUED

Carmen L. Kavelman – Director

Carmen has worked for OIAI since 1993. In 16 years she filled five different positions in the office, including Director. Prior to her tenure with the City, she worked for the New Mexico State Auditor's Office as a Staff Auditor and the University of New Mexico Bookstore as the Accounting Manager. She also spent four years in public accounting. Carmen graduated from the University of New Mexico, Anderson School of Management with a Bachelors of Business Administration. Carmen is a CPA, CISA and CGAP. Carmen serves on the FY09/10 IIA – Albuquerque Chapter Board of Governors, as Treasurer.

Sylvia P. Padilla – Inspector General

Sylvia has over 20 years of audit experience. Her experience includes 10 years of government and business fraud examination. Sylvia worked for the Office of the State Auditor for over 6 years, specializing in fraud examination and litigation support. She holds designations as a CFE and CIG and professional memberships with the ACFE, ALGA, IIA and AIG. She has a Bachelor of Business Administration, University of New Mexico, 1983.

Lynette L. Fridley – Internal Auditor

Lynette graduated in 1997 with a Bachelors of Business Administration degree from Tiffin University in Tiffin, Ohio. Lynette has over 12 years of auditing experience, including six years in public accounting, where she primarily audited governmental entities. She became a CPA in 2001. Lynette has been with the OIAI since 2004. She was a Principal Auditor and Budget Auditor prior to becoming the Internal Auditor in 2006. Lynette serves on the FY09/10 Albuquerque Chapter Board of the New Mexico Society of CPAs.

Alan R. Gutowski – Audit Manager

Alan is the Audit Manager for the OIAI. Alan has over 12 years of audit experience working both in the government and private sectors. He has also worked in the public accounting profession. Alan also has over 6 years of financial accounting experience in both the banking and healthcare industries. He received his bachelor of business administration with a concentration in accounting from the University of New Mexico – Robert O. Anderson School of Business. Alan is a CPA licensed in the State of New Mexico. He is also a CISA, CITP and CFE. Alan was the FY07/08 and FY08/09 President of ISACA – Albuquerque Chapter. He serves on the Albuquerque Public Schools Audit Committee.

FY09 OIAI STAFF – CONTINUED

Lola Neudecker – Budget Auditor

Lola is currently the Budget Auditor for the City of Albuquerque. Lola has over 16 years of financial accounting in subjects including taxation, contracts and grants, purchasing, budgeting, payroll and banking. Lola has worked in public accounting, higher education, and government. Lola graduated from the University of Texas at El Paso with a Bachelor's in Business Administration degree with a major in Accounting and a Master's of Accountancy degree. Lola is a CPA, CMA, CFM and CFE. Lola was the FY07/08 President of the IMA Rocky Mountain Regional Council.

Laurie A. Oguri - Senior Information Technology Auditor

Laurie has over 4 years experience in IT and financial audits at a public accounting firm as well as 12 years experience in information technology at a large corporation and public university. She holds a Bachelors of Science in Computer Information Systems from Arizona State University and a Bachelors of Business Administration with a concentration in accounting from Valdosta State University. Laurie is a CPA and CISA. She is a member of ISACA and AICPA.

Richard M. Williams, Jr. – Principal Auditor

Rick has 27 years of audit experience including public accounting, banking, oil and gas, electric and gas utility and 13 years with the OIAI. Rick has a Bachelor of Business Administration with Honors - University of Texas – 1974. He is a CPA licensed in the State of New Mexico. Rick serves as the Treasurer on the Board of a local non-profit pre-school.

Denise M. Ortiz – Principal Auditor

Denise is a principal auditor for the OIAI. She is a graduate of the University of New Mexico – Robert O. Anderson School of Business with a Bachelors of Business Administration with a concentration in accounting. Denise is a CPA and has over 15 years of experience in both audit and taxation. She has most recently worked as a corporate controller in the private sector before joining the City.



FY09 OIAI STAFF - CONTINUED

Peter J. Pacheco – Staff Auditor/Investigator

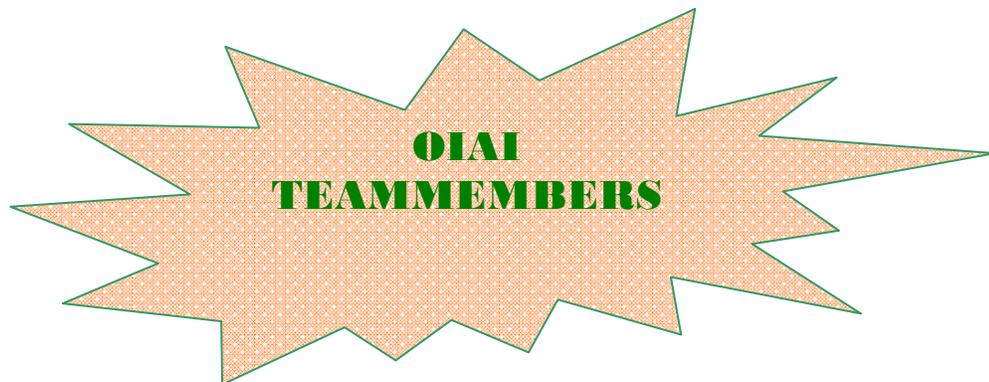
Peter is a Staff Auditor/Investigator. He is a Graduate of the University of New Mexico – Robert O. Anderson School of Business with a Bachelors of Business Administration with a concentration in Finance. He previously worked for the Office of the State Auditor as a Senior Auditor. Peter serves on the Executive Committee for the New Mexico AGA chapter as the web master and newsletter editor.

Katie L. Emblem – Staff Auditor/Investigator

Katie Emblem is a Staff Auditor/Investigator for the OIAI. She received a Bachelor of Business Administration with a concentration in accounting from the University of New Mexico - Robert O. Anderson School of Business and a Master of Science in Business with a focus in internal audit from the Robert H. Smith School of Business at the University of Maryland. Katie has passed the Certified Internal Auditor examination and will receive her certification after completing one year with the City. She previously worked for Heather Wilson in the Congresswoman's Washington D.C. office.

Vicky M. DeHerrera – Internal Audit Assistant

Vicky has worked for the City of Albuquerque for over 28 years. Vicky began her City career with the Public Works Department - Traffic Engineering and then worked for the Fire Marshal's Office in the Albuquerque Fire Department. From 1987 to 1995, Vicky was the Administrative Assistant for OIAI. She then worked in the Fiscal Section of the Family and Community Services Department for nine years. Vicky returned to the OIAI in 2004 as the Internal Audit Assistant.



Community Service

The OIAI staff is dedicated to improving the City and the community. Department employees actively participate in both City and community service activities. OIAI had 100% contribution participation in the 2009 United Way campaign. Five staff members served on United Way Panels as the CPA member. Three employees regularly participate in City blood drives. One staff member is a Boy Scout Merit Badge Councilor. Another is on the Finance Committee for her church.

OIAI also participated in the 2009 Make A Difference Day. OIAI staff members volunteered for the Rio Grande Food Project assisting in the preparation of food boxes for low income families.



ACCOUNTABILITY IN GOVERNEMENT OVERSIGHT (AGO) COMMITTEE

The AGO Committee is a management committee, not a public board or commission, and is not subject to the Open Meetings Act. The Committee does not formulate public policy. The Committee’s primary function is to approve audit and investigation reports.

The AGO is composed of five citizens from the community. The Accountability in Government Ordinance requires at least one member be a CPA, one member have a law/law enforcement background and one member has to be a professional management consultant. As vacancies in the AGO occur, the City Council and Mayor alternately appoint new members. Each term lasts three years.

As of June 30, 2009, the AGO Committee was comprised of the following members:

<i>Name</i>	<i>Term Expires</i>	<i>Representative</i>
Melissa Ann Henderson, CIA, CTA, MBS (Chair)	9/1/09	At-Large
Victor P. Raigoza	9/1/09	At-Large
Roger Nagel, CPA, CMA	9/1/10	CPA
Patricia A. Caristo, NMLPI	9/1/10	Law
Jean Strosinski	9/1/11	Management

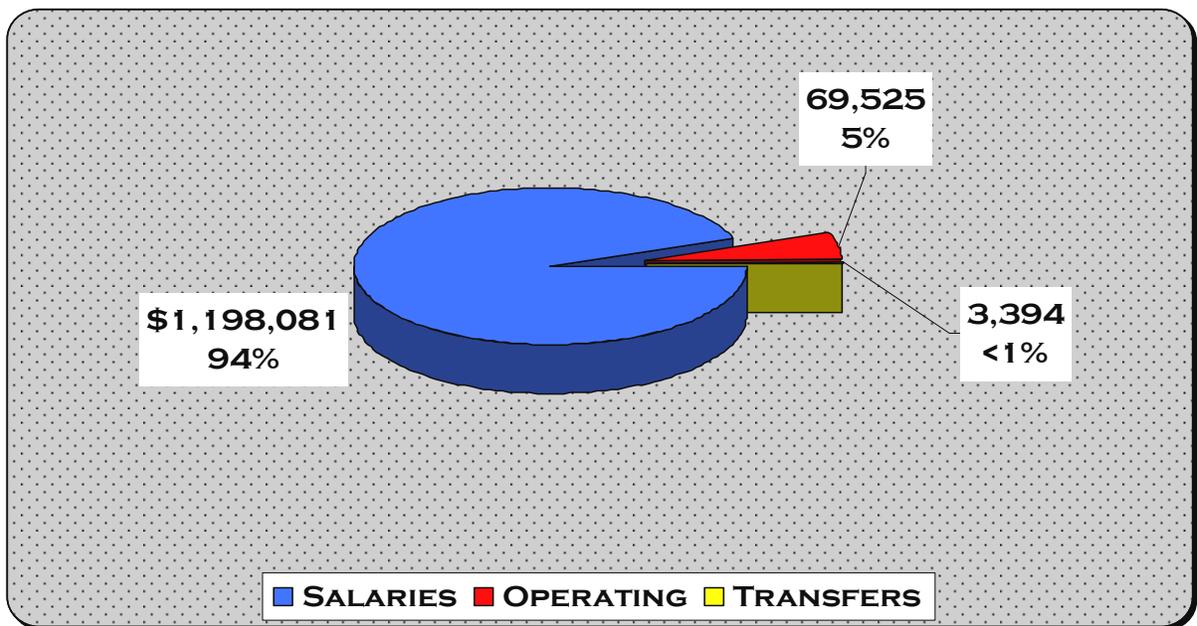


OUTLOOK FOR FY10

PROJECTS IN PROCESS AT YEAR-END (DOES NOT INCLUDE INVESTIGATIONS)

Number	Title	Department	Type of Project
09-307	Voluntary Benefits Process	Human Resources	Non-Audit
09-106	Securing Critical Data	Citywide	Audit
09-103B	FY09 – 2 nd Quarter Budget	Citywide	Audit
09-107	Evidence Room	APD	Audit
09-305	Cash Count	Parks & Recreation	Non-Audit
09-05-108F	Youth Services & Community Centers	Family & Community Services	Follow-Up
09-05-107F	Computer User IDs	Citywide	Follow-Up
09-103B	FY09 – 3 rd Quarter Budget	Citywide	Audit
09-308	IT Risk Assessment	DFAS	Non-Audit
09-105	Transportation Infrastructure Tax	DMD/ABQ Ride	Audit
09-108	Salls Brothers – Paseo del Norte Extension	DMD	Audit

BUDGET



FY10