

**City of Albuquerque  
Office of Internal Audit**



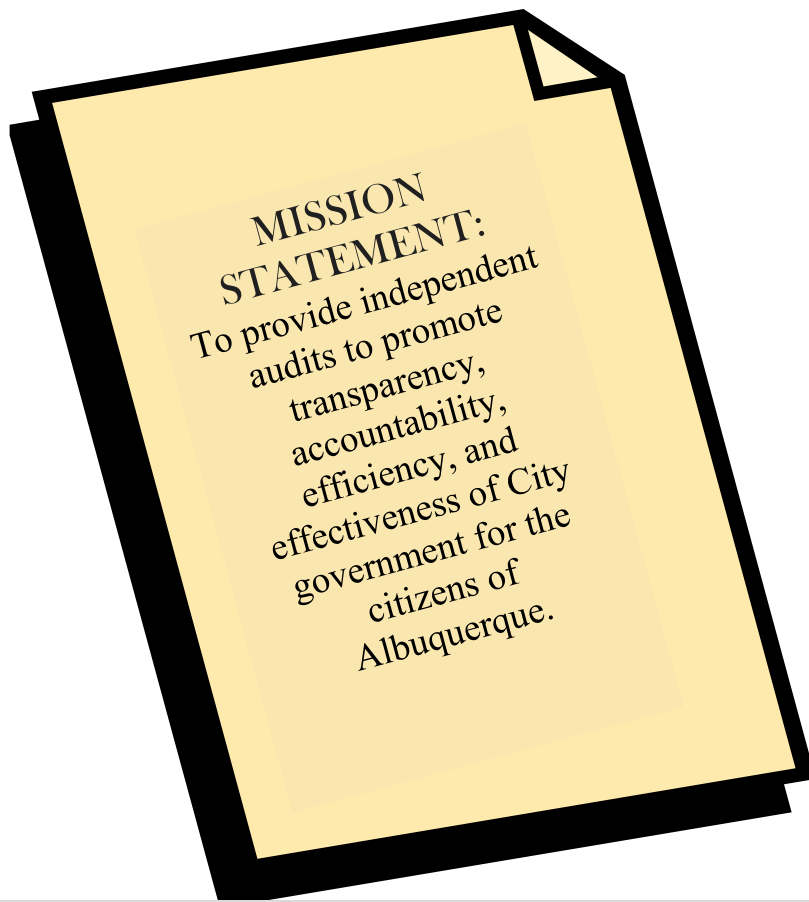
**Fiscal Year 2014 Annual Report  
July 1, 2013 - June 30, 2014**



**Office of Internal Audit  
FY2014 Annual Report  
July 1, 2013 - June 30, 2014**

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# *City of Albuquerque*

## *Office of Internal Audit*

P.O. Box 1293 Albuquerque, New Mexico 87103

August 27, 2014

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

The City of Albuquerque Office of Internal Audit (OIA) operates under the authority of the Accountability in Government Ordinance. City ordinance requires the OIA Director to report annually to the City Council and the Mayor regarding the activities of the department. This annual report covers the fiscal year ended June 30, 2014 (FY2014).

The AGO Committee is responsible for functional oversight of OIA to ensure audits and other projects are conducted in an impartial, equitable and objective manner. Audits and non-audit services provide objective analysis so the Administration and City Council 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,
- Contribute to public transparency and accountability, and
- Ensure that taxpayer dollars are spent efficiently and effectively.

The annual report illustrates how OIA achieved its goals in FY2014 and added value to the City through audits and non-audit services. It also provides background on the talented staff and their qualifications to serve the City in this capacity.

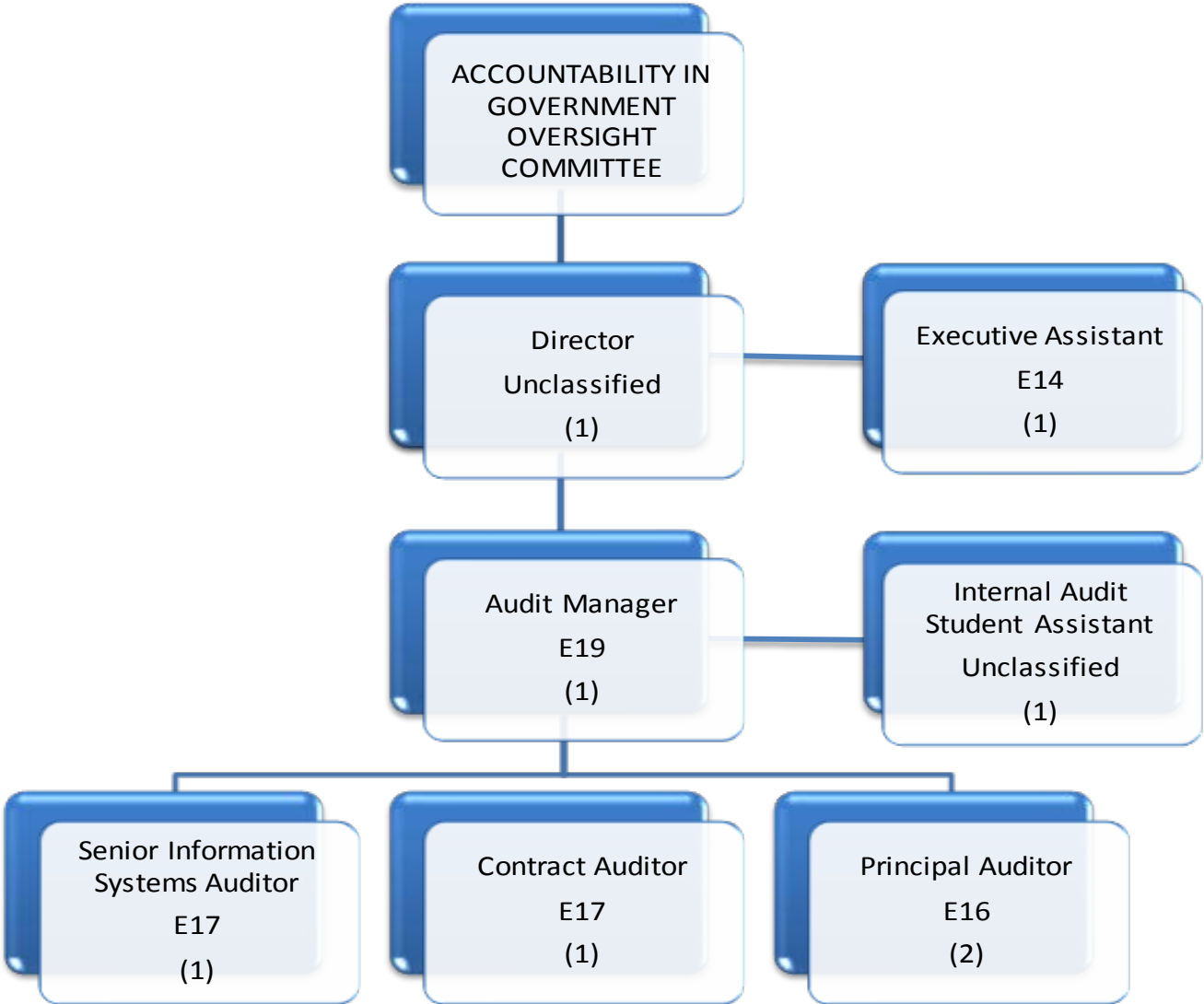
OIA operates in conformance with Government Auditing Standards. In FY2014, OIA passed its third External Quality Control Review (peer review) for work performed in FYs 2011, 2012, and 2013. The Association for Local Government Auditors conducted the peer review.

FY2014 saw many new faces in OIA. Retirements and promotions resulted in turnover in five positions, and an Internal Audit Student Assistant joined the staff. Throughout the staffing changes, OIA maintained its commitment to quality work, which has been a core value since the department's inception. We look forward to continued service to the Citizens of Albuquerque and supporting the City Council and the Administration with value added services, including objective audits and reviews of City operations.

Sincerely,

Debra D. Yoshimura, CPA, CIA, CGAP  
Director

**OFFICE OF INTERNAL AUDIT  
ORGANIZATION CHART  
June 30, 2014**



## AUDIT REPORTS APPROVED BY THE AGO IN FY2014

### 13-104 Telecom Use and Expense-Department of Finance and Administrative Services 12/11/2013

City internal controls do not ensure the accuracy, efficiency or optimization of the City's Telecommunications (telecom) charges and services. At the time of the audit, the City's telecom budget was three times greater than comparable cities with similar telecom operations. Conservative estimates indicate the City could save \$273,000 in annual recurring costs, recover \$240,000 in prior annual costs, and realize approximately \$2 million in annual cost savings by converting landline services to Voice over Internet Protocol. In addition, ITSD could not confirm the accuracy of landline billings amounting to \$1.9 million annually.



Telecom overhead rates had not been evaluated in at least eight years. As a result, the City's Communication Fund had accumulated a \$1.3 million fund balance as of June 30, 2013, which represents the cumulative amount departments have been overcharged for communication services.

DFAS agreed with the report findings and committed to developing a telecom improvement plan to address the report issues.

### 13-105 Residential Collections - Solid Waste Management Department 10/30/2013



The Solid Waste Management Department (SWMD) implemented a new timekeeping system, but supervisors lacked understanding of the system. As a result, 75 percent of hourly employee time cards in the 13 pay periods reviewed were processed without supervisor approval.

SWMD did not have written policies for accounts receivable procedures, or manual recording of load weights during an extended information system outage. New employees were verbally trained on the policies, leaving room for interpretation and an increased likelihood of error. Additionally, two terminated employees and 40 employees no longer in the department had active access to SWMD's billing system.

The City's 311 call center received an average of 2,000 calls per month regarding missed trash or recycling pickups for both residential and commercial locations. Although SWMD resolved the missed pickup issues, missed pick-up data was not analyzed for recurring trends.

In response to the audit, SWMD retrained supervisors on the electronic timekeeping system. In addition, SWMD stated they will formalize policies and procedures, bi-annually review user access, and begin analyzing missed pick-up data.

**13-106**

**Parks Management-Parks and Recreation Department**

**10/30/2013**

The Parks and Recreation Department (PRD) does not keep a master maintenance plan. As a result, 59 percent of the 22 parks inspected were in need of routine maintenance. In addition, PRD does not have formal written policies for park maintenance.



Budget availability was not checked before purchases were made; purchase request approval was not evident on five of twenty-four purchases reviewed, and not all managers required a request form to be completed prior to a purchase. One individual had the ability to request, approve, order, receive, and distribute items. In addition, supply inventories were not maintained and periodic inventory counts were not conducted.

The department concurred with the findings and stated that they are implementing a new electronic system, YARDI, which will keep track of needed maintenance; work performed, and supply inventory records. PRD is formalizing policies and procedures and will train employees on the new formalized procedures.

**13-108**

**Professional/Technical Contract Development & Approval Process - DFAS**

**12/11/2013**



Contracts submitted by City departments to the Purchasing Division (Purchasing) are often incomplete, require clarification or additional information, and are returned to the submitting department for corrections; some are returned as many as five times. City departments need additional training from Purchasing. Purchasing should track the time spent to finalize contracts and look for ways to streamline the process.

Some Purchasing files were incomplete or difficult to locate. Purchasing should increase internal controls over the maintenance of procurement records. Additionally, access to the contract tracking system was not consistently removed when employees transferred or terminated. The Employee Clearance Form should be updated to include terminating access to all systems and applications.

Purchasing generally agreed with the recommendations. A new contract tracking system is planned, which will improve contract tracking. Annual training will be required to maintain access to the contract tracking system.

APD is unable to effectively manage court overtime because there are variables outside the Department's control that affect DWI overtime. Metro Court schedules DWI cases; however, the scheduling methodology impacts the officers' ability to attend all court appearances as cases often overlap. Officers are often scheduled to appear in multiple courtrooms for multiple cases simultaneously which can result in case dismissal due to "officer failure to appear." Cooperation between Metro Court and APD for the scheduling process should be increased to ensure successful court appearances by officers



APD does not independently track officer attendance for DWI cases. Thirty-six percent (5 cases/14 cases) of disposed cases in a sample were dismissed or dropped because the officer did not appear. The Department relied on another agency to inform APD when officers did not appear for court. Additionally, many court related overtime slips did not include data required by APD's Standard Operating Procedures.

Although APD agreed with the recommendations, the department indicated that it is unable to control or mandate how or when the court schedules officers. Similarly, APD remains dependent on the courts or District Attorney to provide notice of officers who do not appear in court. The City's new payroll and scheduling system is expected to eliminate the issues associated with court overtime slips.

### Non-Audit Project Reports Completed in FY2014



At the request of APD, a petty cash count was conducted to ensure the Special Investigations Division's (SID) custodian funds were accounted for and deposited in accordance with departmental procedures at fiscal year-end. All funds were properly accounted for and deposited in the appropriate bank account.

The previous recommendation for the fund's reconciliations and cash transfers to be reviewed and approved has been implemented.

Currently a City contractor has signature authority on three SID checking accounts. However, the contractor is not bonded or insured. To strengthen internal controls, APD should work with the City's Risk Management Division to determine proper bonding or insurance coverage amounts for the contractor's position or designate signature authority to one of the SID's Commanding Officers.



OIA reviewed the Fleet Management Division's internal control effectiveness in preventing fraud related to ordering and issuing parts. The Division implemented a new purchasing module for its enterprise system, Fleet Focus, in the beginning of October 2013.



The Division has implemented various controls such as determining the level of user access, providing segregation of duties between ordering and receiving, and preventing closed worked orders from being reopened. In addition, invoices are reviewed daily and weekly by the Parts Supervisor and Fleet Manager. The Fleet Management Division is performing monthly inventory spot checks. To further enhance internal controls, an access request form should be created, quarterly reviews of Fleet Focus access should be performed, and the Division should mandate that Fleet Focus passwords be changed every 90 days.



A Request for Proposal (RFP) for Landscape and Irrigation Services for the Aviation Department required OIA to provide an independent review of the cost proposal submitted by the Parks and Recreation Department (PRD) in response to the

RFP. OIA checked to see if the cost proposal met the following three criteria: inclusion, accuracy, and comprehensiveness.

The cost proposal properly included all required elements, but did not include sufficient detail. Additionally, inaccuracies within the cost proposal were noted. OIA could not conclude whether the cost proposal met the RFP's comprehensive requirements. Supporting documentation was not provided for itemized materials/equipment/other, resulting in a limited analysis. Indirect costs could not be reviewed, because the costs were not included as a separate component. In addition, risk management insurance expenses were not included within the cost proposal. The FY2014 budget presented in the cost proposal was \$302,018 less than PRD'S approved FY2014 Aviation Landscape budget.



On October 21, 2013, the City Council passed Resolution 246, which called for “a comprehensive accounting review of the City of Albuquerque Housing and Neighborhood Economic Development Fund [Fund 277] and designating funds to be used to contract with a qualified firm for completion of the review.” The resolution required a final report by November 28, 2013. Because of the deadline, there was insufficient time to prepare a contract with an outside CPA firm to perform the work, and issue a final report.



Staff from Council Services, Accounting, Family and Community Services, and OIA decided that the primary objectives for the involvement of OIA were to gain an understanding of the methodologies used to reconcile Fund 277, and to conclude on the reasonableness of the Fund’s reconciled balance.

OIA worked with the Grants Administration Division and Family and Community Services to gain an understanding of the reconciliation process. The process identified two improperly recorded loan payments and a \$1.9 million loan to be written off. All other items had been properly recorded to Fund 277.

OIA concluded that the reconciliation steps taken by Family and Community Services in collaboration with the Grants Administration Division appeared reasonable to achieving a more accurate reconciled balance of Fund 277. The City of Albuquerque’s external audit firm performed additional review services on Fund 277 as part of the FY 2013 audit.

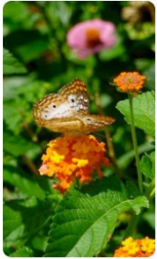


At the request of the Chief Administrative Officer (CAO), OIA performed a thorough review of the City’s golf business operations, including the concessionaire contracts for running the golf courses. The Golf Management Division had not adequately managed the City’s golf program, and the concessionaires had developed a false sense of entitlement regarding their contracts and contractual obligations.

Contracts with concessionaires for running three of the four City golf courses were expired. Noncompliant business practices by concessionaires resulted in unrealized revenue from subleasing, unrecorded banquet revenue, and unapproved gift certificate activities. An unallowable subcontract was in place at one facility, and the City was not receiving its portion of revenue related to the subcontract. Banquets were held at golf course facilities, but the associated revenue was not entered in the City’s point of sale system (POS) and the City did not receive its share of revenue attributable to the events. Each concessionaire issued paper gift certificates that were not recorded in the City’s POS system.

To ensure the success of the City's golf program, the Golf Management Division must correct weaknesses in accountability and oversight functions, concessionaire integrity and accountability, authority, roles and chain of command, communication, compliance and approval of barter transactions, and the selection and retention of concessionaires.

**14-307      Insectarium II and Japanese Garden Capital Expenses - Bio-Park      6/16/2014**



The review was requested by a City Councilor to address concerns that operating expenses were being charged to the capital projects at the Bio-Park. The review identified \$55,559 in operating expenses charge to the Insectarium Phase II project and \$36,856 in operating expenses charged to the Japanese Garden/Sasebo Exhibit as of April 10, 2014. The expenses were primarily related to payments for temporary employees and transfers of a portion of Bio-Park employees' salaries which were not directly related to the capital projects.

**14-401      Bio-Park Petty Cash Count - Cultural Services Department      12/5/2013**

OIA performed a surprise cash count of the Bio-Park's two petty cash funds. A shortage of \$155.41 was identified in one fund. Bio-Park custodians and sub-custodians were not complying with various procedures outlined in the City's *Cash Management Manual*. Thirteen petty cash compliance issues were identified; many were repeated from previous reports. The Bio-Park's second petty cash fund could be reduced, as 36 percent of current purchases and purchases from the past two requisitions could have been made using a Purchase-card. In addition, the average monthly replenishment over the last year was less than one-half of the authorized amount.



**14-402      Petty Cash Count - Legal      2/21/2014**



OIA performed a surprise cash count of the two petty cash funds maintained by the Legal Department. One fund was depleted and had not been replenished in more than two years. The Custodian used \$282.31 of personal funds to pay expenses once the fund was depleted.

The second fund is established as a checking account and was \$1,128.48 over the approved balance. The department theorized that the overage could be due to double replenishment for some of the checks issued. The checking account reconciliation also included several checks that were outstanding more than one year.

The Legal Department should develop policies and procedures specific to the two funds in addition to complying with the City's *Cash Management Manual*.

Surprise cash counts were performed of the change and petty cash funds assigned to the Albuquerque Museum (Museum). All funds were accounted for and reconciled to authorized balances. The deposit for the day prior to the cash count was \$10 short, but an over/short form was not completed by Museum staff.

The revenue recorded in the Museum’s point of sale system did not reconcile to the revenue recorded in the City’s general ledger. The Museum staff should perform monthly revenue reconciliations to ensure records are complete and accurate.

The Museum’s revenues declined between 2012 and 2013. An analysis of admission records indicated that paid admissions declined 19 percent in 2013, while non-paid admissions increased one percent. The Museum staff was not tracking admission trends on a monthly basis.



Highland

Surprise cash counts were performed of the Highland Senior Center’s change and petty cash funds. The petty cash fund was accounted for and reconciled to the authorized fund balance. The change fund could not be reconciled because the only employee who knew how to run a “register tape” for the point of sale system was not at work at the time of the cash counts. Revenues were not consistently deposited timely, because only one employee understood the deposit process. Improvements in segregation of duties and security over funds are needed, as well as training for a backup individual on cash handling and deposit processes.

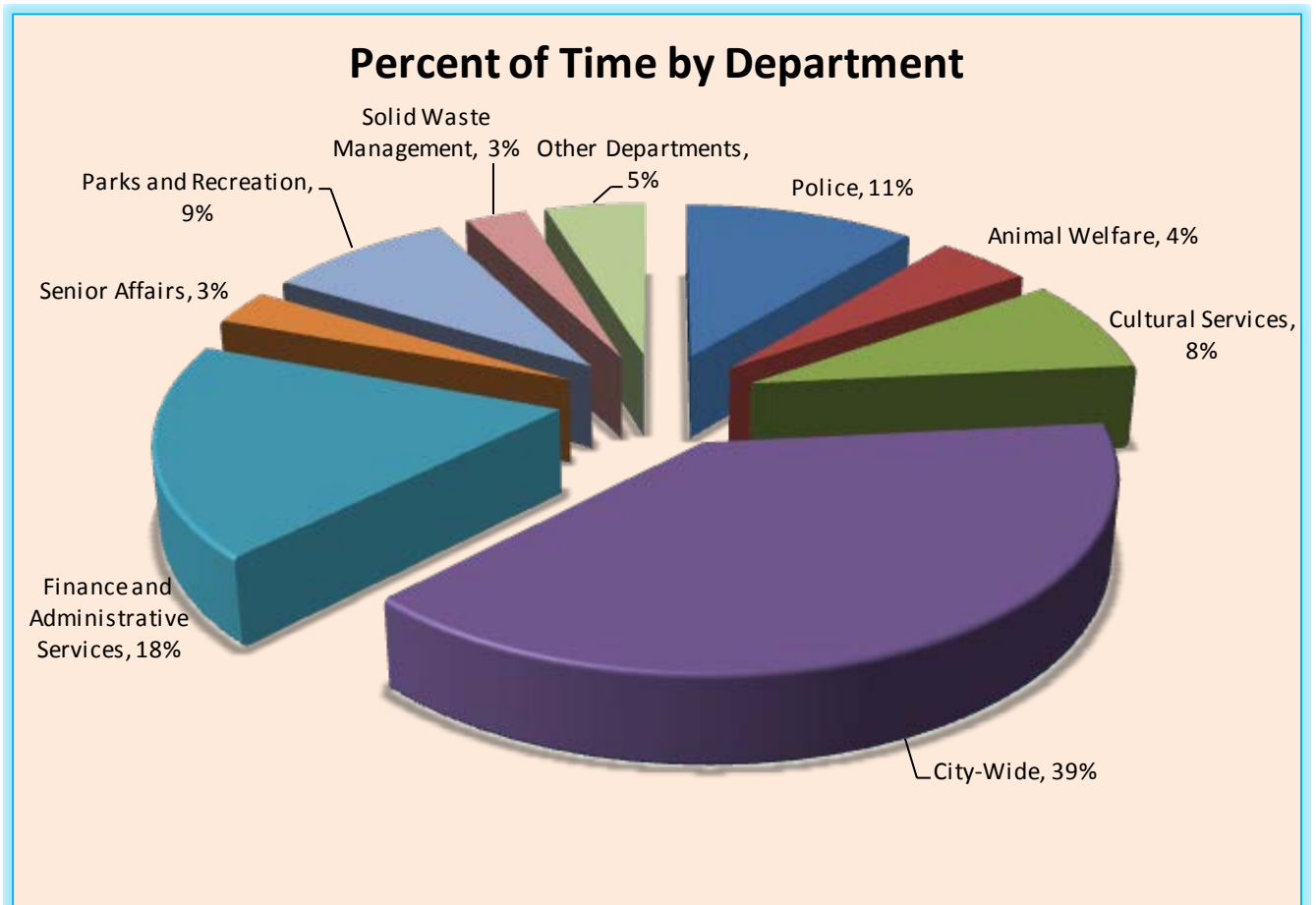
A surprise cash count was performed of the Senior Affairs Nutrition/Transportation Division petty cash fund. The petty cash fund was accounted for and reconciled to its approved fund balance. Compliance with the City’s *Cash Management Manual* should be increased. The petty cash fund was not replenished monthly and was at a higher fund level than needed.



## AUDIT HOURS BY DEPARTMENT

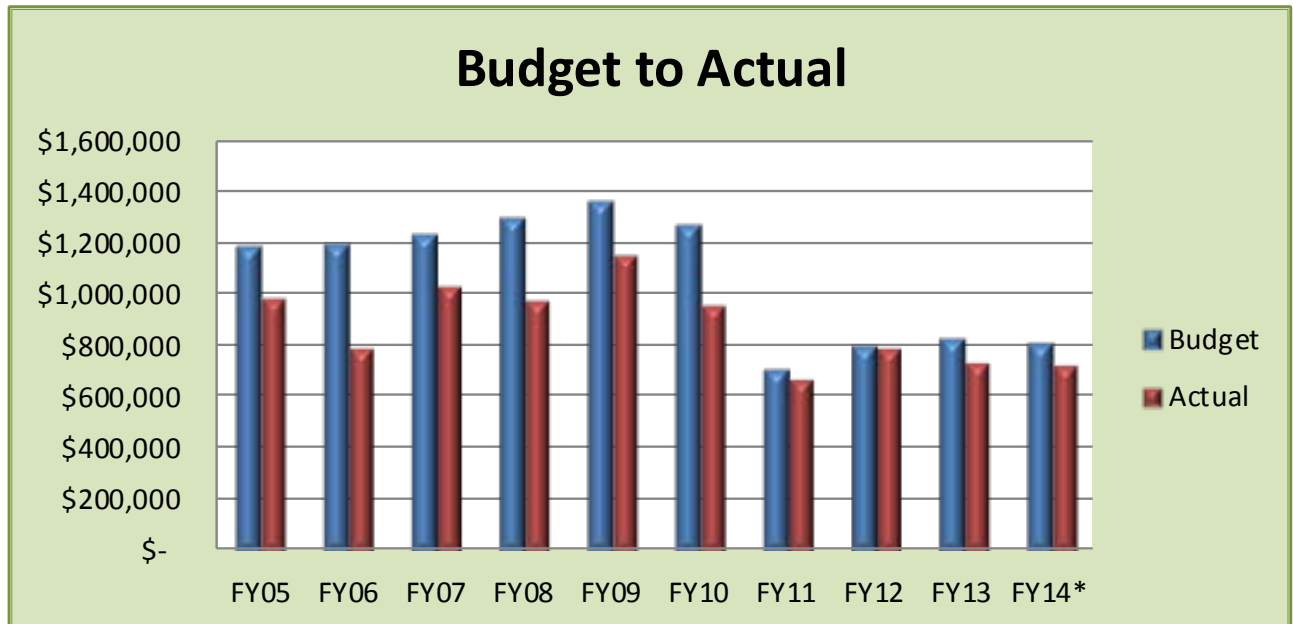
<b>City-Wide</b>	2,278
<b>Finance and Administrative Services</b>	1,060
<b>Police</b>	638
<b>Parks and Recreation</b>	515
<b>Cultural Services</b>	468
<b>Animal Welfare</b>	260
<b>Senior Affairs</b>	174
<b>Solid Waste Management</b>	168
<b>Other Departments</b>	278
	<b>5,839</b>

*The table above does not include 753 hours of miscellaneous audit and IT hours.*



## BUDGET

The FY2014 approved budget for the OIA was \$810,000. The FY2015 budget is \$794,000 a decrease of \$16,000, or two (2) percent from the FY2014 budget. The decrease is due to technical adjustments for personnel costs.



**Note:** For the years FY2005 through FY2010, the budget contained funding for the Inspector General activity.

\*Actual expenditures for FY2014 are approximate, as they are unadjusted and unaudited.

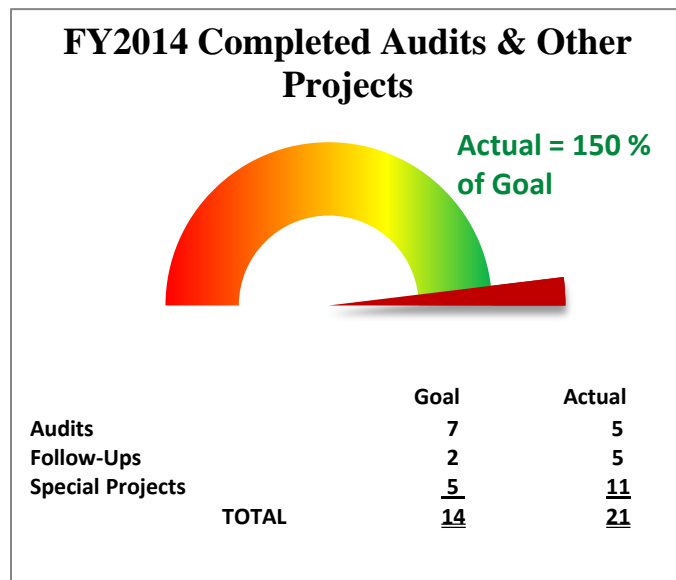
## PERFORMANCE MEASURES

The Program Strategy for OIA 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, and
- ✍ Recommending programs/policies which educate and raise the awareness of all City officials and employees.

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

### OIA’s Performance Measures for FY2014

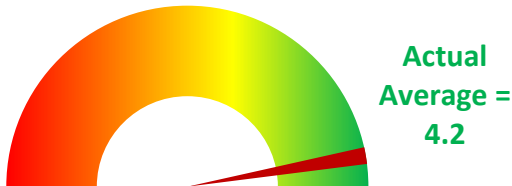


OIA’s output is measured by the number of reports completed during the year. OIA completed 21 projects in FY2014, although the mix differed from our goal. Additionally, four audits were in process at year-end, which will be completed in FY2015.

OIA measures service quality by the number of requests for assistance received from other City departments and organizations. Requested assistance ranges from explanations for technical terms to advice on implementing internal controls. The goal was reduced in FY2014 to adjust for staff turnover; however, the number of requests for assistance during FY2014 actually increased over the prior year's actual of 34 requests.



**FY2014 Average Auditee Rating of OIA Services**

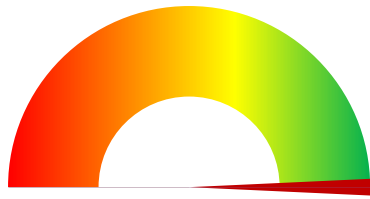


<b>Goal</b>	<b>4.5</b>
<b>Actual</b>	<b>4.2</b>

A second quality measure of OIA services is the average ratings provided by auditees after audits are completed. Each department audited is asked to complete an after-audit survey. The survey requests the auditee to provide a rating of the value of the audit on a one to five scale, with five indicating the audit was very valuable. OIA's goal is an average rating of 4.5 or higher on this measure.



### FY2014 Savings Identified By Audits



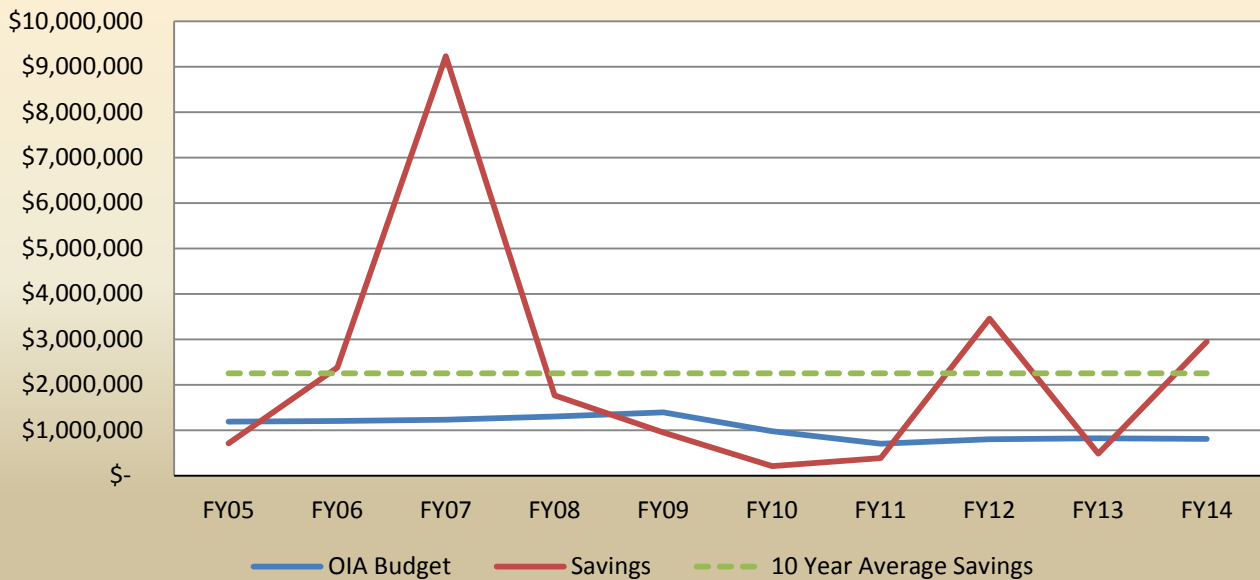
Actual = 364%

Goal \$810,000  
Actual \$2,513,000

Each year OIA identifies costs savings, either one-time or ongoing. OIA's goal is to fully recover the costs of OIA's operations. Audits completed in FY2014 identified potential savings equal to 364 percent of the department's budget for the year.

Many audits result in increased efficiencies and compliance, which are not easily quantified. As a result, this measure is not met every year, as illustrated below. However, the potential annual savings identified by OIA over the past 10 years averaged \$2,254,000.

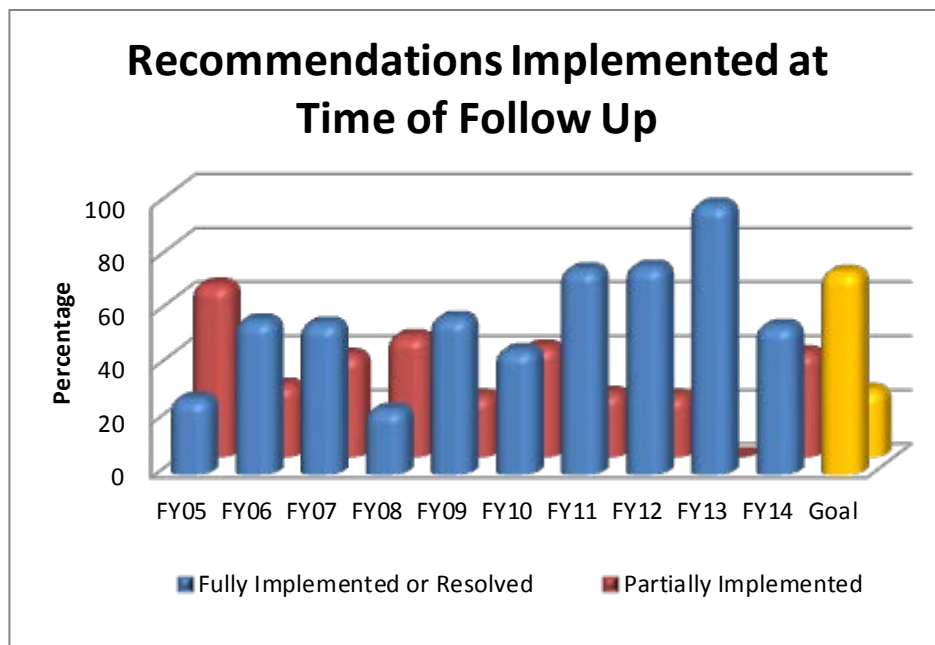
### Potential Cost Savings Versus OIA Budget



## IMPLEMENTATION OF RECOMMENDATIONS

OIA strives to improve the operational efficiency of departments through their implementation of audit recommendations.

OIA conducted four audit report follow-ups and one follow-up on an OIG report in FY2014. The City departments reported they had *fully* implemented or *resolved* 55 percent (goal is 75 percent) and *partially* implemented 39 percent (goal is 25 percent) of audit report recommendations at the time of the follow-up. Implementation was not started on six percent of the recommendations (goal is 0 percent). The status of the OIG recommendations is not included in the percentages.







When performing a follow up, OIA sends a memo to the department(s) requesting the status of corrective action in regard to the findings and recommendations. The follow-up procedures rely primarily on the information provided by the department with some verification by OIA.

## Follow-Up Reports Approved by the AGO in FY2014

In FY2014, OIA issued four audit follow-up reports. A follow-up is substantially less in scope than an audit. The purpose of the follow-ups was to determine the status of implementation of the recommendations made in each audit report. Follow-up procedures rely on the department(s) providing the current status and supporting documentation for addressing the recommendations.

The key below indicates the recommendation status at the time of follow-up.

-  Fully Implemented
-  Resolved in another manner
-  Partially Implemented/In-Process
-  Not Implemented




**14-13-101F**





**Follow-up of Disaster Recovery Plan Audit-DFAS**

**4/22/2014**

OIA conducted follow-up procedures for the Disaster Recovery Plan (DR) Audit conducted in FY2013. DFAS reported that four recommendations were fully implemented. The remaining three recommendations were partially implemented.

The table below illustrates the recommendations made and the implementation status.



<u>Recommendation</u>	<u>Status</u>
<p><b>Recommendation #1:</b> DFAS, ITSD should:</p> <ul style="list-style-type: none"> <li>Update the DR Plan documentation to include recovery instructions for all Tier 1 applications.</li> <li>Work with other City departments to obtain recovery steps for applications that failover to the main datacenter.</li> <li>Ensure that plan documentation contains current hardware requirements, physical locations of the underlying systems, and contact information for system administrators.</li> </ul>	
<p><b>Recommendation #2:</b> DFAS, ITSD should relocate servers supporting Tier 1 critical services, internal services and applications from the secondary to the primary hot site.</p>	
<p><b>Recommendation #3:</b> DFAS, ITSD should:</p> <ul style="list-style-type: none"> <li>Develop an emergency procurement procedure to expedite purchases of IT equipment in the event of a disaster declaration.</li> <li>Define conditions under which the procedure is activated.</li> </ul>	







Recommendation	Status
<b>Recommendation #4:</b> DFAS, ITSD should implement a quarterly review of the ITSD Disaster Recovery Organization Chart and ITSD Contact Lists for Disaster Recovery. The review process should analyze recovery team responsibilities that may have changed as well as contacting recovery team members to verify accuracy of contact information.	
<b>Recommendation #5:</b> DFAS, ITSD should periodically test the emergency management team's ability to adapt to unplanned situations by conducting tabletop exercises and/or recovery drills. Training sessions should present recovery personnel with previously unannounced hypothetical disasters and challenge the team to develop an appropriate recovery plan based on the current DR documentation and team knowledge.	
<b>Recommendation #6:</b> DFAS, ITSD should schedule a recovery test from backup media annually. Testing should be formally documented and have a predetermined objective. The test should verify the integrity of backup media by restoring an entire server or entire application and related databases from archived backups. The restored media should be compared against the production system to ensure functionality and verify data integrity.	
<b>Recommendation #7:</b> DFAS, ITSD should: <ul style="list-style-type: none"> <li>• Review and update DR plan documentation on an annual basis.</li> <li>• Updates should incorporate changes in underlying systems and recovery procedures.</li> <li>• Include a reassessment of the critical applications list and recovery sequence in the annual review.</li> <li>• State the maintenance interval standards in future versions of the DR Plan.</li> </ul>	



<b>14-12-101</b>	<b>Follow-up of Fleet Management-Fuel Usage &amp; Security-DFAS</b>	<b>4/23/2014</b>
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OIA conducted follow-up procedures for the Fleet Management-Fuel Usage & Security Audit conducted in FY2012. DFAS reported that five recommendations were fully implemented, four recommendations were partially implemented, and one recommendation had not been implemented.

The table below illustrates the recommendations made and the implementation status.

Recommendation	Status
<b>Recommendation #1:</b> DFAS-FMD management should: <ul style="list-style-type: none"> <li>• Ensure written policies, standards, and procedures are in place for the IT control environment. These should include processes for granting and terminating database access and requiring users to change their passwords regularly.</li> <li>• Implement a division of roles and responsibilities that reduces the possibility for a single individual to compromise a critical process.</li> <li>• Perform periodic user access reviews to ensure only appropriate users have access to Fuel Focus, and that the access is appropriate for users' job responsibilities.</li> </ul>	
<b>Recommendation #2:</b> DFAS-FMD management should develop and maintain a listing of persons that have keys to the Island Control Unit (ICU).	






<p><b>Recommendation #3:</b> SWMD should:</p> <ul style="list-style-type: none"> <li>• Develop policies and procedures regarding manual fuel transactions, including who can input, edit, authorize system overrides, and define when it is appropriate to do so.</li> <li>• Develop and maintain a listing of persons that have keys to the ICU.</li> </ul>	
<p><b>Recommendation #4:</b> DFAS-FMD management should:</p> <ul style="list-style-type: none"> <li>• Require the Driver Authorization Form to be submitted by the employee’s department prior to entering the employee into Fuel Focus.</li> <li>• Verify with the employee’s department that all employees entered into Fuel Focus prior to the implementation of the FMD Fuel Operations Procedures Manual are authorized to obtain fuel.</li> <li>• Require Fuel Usage Logs from facilities without an ICU to be forwarded to the Accounting Assistant weekly.</li> <li>• Perform regular reconciliations between (1) PeopleSoft and employees in Fuel Focus to remove terminated employees and (2) fuel card inventory to the City’s fleet to help ensure that only units requiring fuel have a fuel card. At a minimum, these reconciliations should be performed every 6 months.</li> <li>• Document the process of assigning fuel pin and fuel card numbers. Stay consistent when issuing these numbers in order to avoid duplicates, and create an audit trail.</li> </ul>	
<p><b>Recommendation #5:</b> DFAS-FMD management should:</p> <ul style="list-style-type: none"> <li>• Develop and document validation criteria and parameters, and the process for reviewing and updating these [fuel capacities and the number of times fuel may be dispensed for equipment or a vehicle in a day].</li> <li>• Review vehicle specifications for each type of vehicle included in the City’s fleet. The tank size specified for each City vehicle should then be compared to the vehicle fueling capacity limitations entered in Fuel Focus. Incorrect fuel capacity limitations should be corrected.</li> <li>• Consider lowering the number of fuelings per day for all units that are allowed to fill-up 99 times per day.</li> </ul>	
<p><b>Recommendation #6:</b> The appropriate level of DFAS-FMD management should:</p> <ul style="list-style-type: none"> <li>• Create and document a process of monitoring unusual transactions and reviewing reports for errors.</li> <li>• Perform a review of monthly billing worksheets.</li> <li>• Perform reconciliations of fuel usage to WEX credit card statements monthly.</li> <li>• Determine if Crystal reports can be used to create exception reports to routinely analyze data in an attempt to identify unusual fueling transactions/patterns.</li> </ul>	
<p><b>Recommendation #7:</b> PRD-GMD management should:</p> <ul style="list-style-type: none"> <li>• Ensure that fuel on hand is reconciled to fuel inventory records on a monthly basis. Reconciliation results should be used to help ensure accuracy and accountability of fuel resources, and exceptions should be immediately reported to senior management within the department and/or the Albuquerque Police Department, if deemed appropriate.</li> <li>• Create a fuel usage log with information necessary to perform reconciliations, such as unit number, and reiterate to staff the requirement and importance of properly completing these logs.</li> </ul>	
<p><b>Recommendation #8:</b> The CAO should consider implementing:</p> <ul style="list-style-type: none"> <li>• Fuel Focus at all City fueling facilities.</li> <li>• Increased security measures such as installing cameras, providing 24 hour security, and/or locking gates.</li> </ul>	

<b>Recommendation #9:</b> The CAO should determine the need to have two fuel cards assigned to one unit of fleet. If there is a need to have two fuel cards, direct the departments with WEX cards to define and document the criteria for issuing WEX cards, and determine if all active fuel cards meet the defined criteria.	
<b>Recommendation #10:</b> The CAO should develop a policy of securing all City vehicles and equipment, and communicate to all departments.	

<b>14-12-102F</b>	<b>Follow-up of Fleet Maintenance - Fire Department (AFD)</b>	<b>6/18/2014</b>
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






OIA conducted follow-up procedures for the AFD Fleet Maintenance Audit conducted in FY2012. AFD reported that one recommendation was resolved, three recommendations were partially implemented, and one recommendation was not implemented.

The table below illustrates the recommendations made and the implementation status.

<u>Recommendation</u>	<u>Status</u>
<b>Recommendation #1:</b> AFD should: <ul style="list-style-type: none"> <li>• Strive to obtain applicable EVT technician levels for fleet mechanics outlined by NFPA 1071.</li> <li>• Ensure that factory warranties will not be voided as a result of fleet maintenance technician knowledge or lack of certifications.</li> </ul>	
<b>Recommendation #2:</b> AFD should: <ul style="list-style-type: none"> <li>• Utilize City software systems to create and implement a comprehensive preventive maintenance and repair program that ensures compliance with factory warranties, NFPA standards and City regulations.</li> <li>• Create and implement documentation retention policies and procedures that are aligned with NFPA standards and State regulations for AFD vehicles, especially emergency vehicles.</li> <li>• Create and maintain AFD's Standard Operating Guidelines to include all vehicles maintained by the department.</li> </ul>	
<b>Recommendation #3:</b> AFD should: <ul style="list-style-type: none"> <li>• Create and implement comprehensive policies and procedures that ensure vendor part and service costs are reasonable and in compliance with established contracts.</li> <li>• Ensure that all outsourced vehicle maintenance and repair invoices are reviewed and approved by AFD's fleet maintenance supervisor to ensure reasonableness and contractual compliance before payment.</li> <li>• Recover sales tax overcharges from vendors that are charging tax in addition to labor rates.</li> <li>• Utilize contract clauses that allow AFD to capture recurring cost savings by furnishing vehicle parts needed for outsourced maintenance and repair services.</li> </ul>	
<b>Recommendation #4:</b> AFD should perform an analysis to determine if the current fleet maintenance facility is sufficient to meet the needs of the department's diverse fleet.	
<b>Recommendation #5:</b> AFD should ensure priority objectives are submitted by the due dates outlined within the City's <i>Approved Budget</i> .	

OIA conducted follow-up procedures for the APD Firearms Inventory Audit conducted in FY2012. APD reported that seven recommendations were fully implemented or resolved and two recommendations were partially implemented.

The table below illustrates the recommendations made and their implementation status.

Recommendation	Status
<p><b>Recommendation #1:</b> APD should:</p> <ul style="list-style-type: none"> <li>• Amend the SOPs to require that a complete inventory, including the verification of all serial numbers, be taken annually.</li> <li>• Maintain documentation and dates when complete inventories were conducted.</li> </ul>	
<p><b>Recommendation #2:</b> APD should:</p> <ul style="list-style-type: none"> <li>• Establish and implement SOPs pertaining to the other categories of individuals who may be issued APD firearms (i.e. AFD Arson investigators). At a minimum, the SOP should include the retention of APD firearms (i.e. period of inactivity).</li> <li>• Develop strict criteria regarding how firearms are to be issued to these individuals.</li> </ul> <p>Periodically, APD should verify the status of individuals who have been issued APD firearms.</p>	
<p><b>Recommendation #3:</b> APD should require that all firearm shipments be sent directly to the Property Control Unit. This will enable the Unit to accurately account for firearms inventory.</p>	
<p><b>Recommendation #4:</b> APD should work with the Property Control Unit to review current operations, determine staffing needs, and establish clear separation of duties among employees</p>	
<p><b>Recommendation #5:</b> APD should work with its IT Department to review and strengthen the electronic controls of the Quartermaster database.</p>	
<p><b>Recommendation #6:</b> APD should require the Range to conduct a full verification of the officers' files during the annual qualification. This will help ensure that all required forms are on file and that officers have qualified with any weapon carried for duty purposes. Additionally, any recording mistakes of qualifications would be discovered and corrected in a timely manner.</p>	
<p><b>Recommendation #7:</b> APD should ensure that Forms PD-3003 are forwarded to the Property Control Unit bi-annually in March and September. This will provide the Property Control Unit additional documentation with which to compare the Quartermaster database and corresponding Property Card.</p>	
<p><b>Recommendation #8:</b> APD should:</p> <ul style="list-style-type: none"> <li>• Amend the SOPs to clarify the procedures and associated responsibility for the issuance of temporarily issued firearms,</li> <li>• Require the Range to utilize a form that will document the issuance/return date, the officer's name, and the serial number of the temporarily issued firearm.</li> <li>• The Range should notify the Property Control Unit prior to the temporary issuance of a firearm. This will enable the Department to have accurate documentation regarding the location of all firearms at all times.</li> </ul>	
<p><b>Recommendation #9:</b> APD should review and clarify the SOPs involving personal firearm qualifications.</p>	



## Follow-Up on OIG Report Approved By the AGO in FY2014









14-13-202F








**Whistleblower Follow-up - Animal Welfare Department (AWD)**

2/20/2014

In FY2012, the Office of Inspector General (OIG) conducted an investigation of the Animal Welfare Department (AWD). OIG made 15 recommendations to improve AWD's processes. OIA performed follow-up procedures to determine AWD's implementation status of the recommendations made by OIG. Eight of the recommendations were fully implemented or otherwise resolved, and seven were in process at the time of the follow-up procedures.

The table below illustrates the recommendations made and the implementation status.

<u>Recommendation</u>	<u>Status</u>
<b>Recommendation # 1</b> AWD should develop an SOP delineating the functions and description of what volunteers can or cannot do, which includes taking direction from the kennel manager and/or designated staff. Once developed, this SOP is to be signed by the volunteer.	
<b>Recommendation #2</b> AWD should develop an SOP regarding "Volunteer Holds". There needs to be a specific time period for the hold, specific reasons given for the hold and once the time period expires, there should be a review of the hold and whether or not it needs to be extended, or if a final decision needs to be made regarding the animal.	
<b>Recommendation #3</b> AWD should create teams comprised of a staff member and group of volunteers based on schedules, where each team works together with a set of animals so that all involved get to know each other and the animals they work with. This helps develop teamwork, a sense of accomplishment and better knowledge of the animals.	
<b>Recommendation #4</b> AWD should consider having a trained and certified staff member solely dedicated to performing these tests [tests for predicting aggression in dogs in order to assess their suitability for adoption]. In this way, there is consistency in testing, uniformity in who conducts the tests, and the results and reporting can be credible and relied upon.	
<b>Recommendation #5</b> AWD should put the gate back up [Westside Shelter, Bldg. B] and secure it to restrict access to this area and to post signs at the entrance door that no one should be allowed to enter unless escorted by a staff member. This should be the case for any sensitive area of the shelters that may pose a danger to the public.	
<b>Recommendation #6</b> AWD should review their current situation [veterinarian staffing & workload] by convening a blue ribbon panel which can offer strategies moving forward. The OIG recognizes that this is not an easy fix and that running and operating a shelter is not an easy process. As such, a panel or bringing outside consultants to offer assistance and advice may be useful.	
<b>Recommendation #7</b> AWD should either hire a Veterinary manager or shift those duties from the Senior Veterinarian so this could free that person to perform more surgeries to help compensate for the two resignations.	
<b>Recommendation #8</b> AWD should develop a use of force policy and put in place as soon as possible. There should be a document acknowledging receipt and understanding of the policy signed by all officers annually.	

<p><b>Recommendation #9</b> AWD should include the use and deployment of the Impact Weapon and OC Spray as part of the Use of Force Policy developed for these officers.</p>	
<p><b>Recommendation #10</b> AWD should develop a written training regimen that incorporates re-certification or re-familiarization with these tools be developed.</p>	
<p><b>Recommendation #11</b> AWD should identify, train and certify an in-house instructor who would be in charge of training and documentation.</p>	
<p><b>Recommendation #12</b> AWD should develop a written policy which regulates the proper use, care and replacement of the issued Kevlar Vests to include appropriate fit testing.</p>	
<p><b>Recommendation #13</b> AWD should consider reviewing this issue [uniforms that resemble APD's] with a representative staff of the Animal Control/Field Officers and management.</p>	
<p><b>Recommendation #14</b> AWD should consider: (1) upgrading the AWD [radio] system so that it is compatible with APD's, or (2) consider purchasing radios or "borrowing" radios from APD that can be issued to the animal control officers for their use. If APD has empty channels, on their system, which could be dedicated to AWD this possibility should also be explored and considered.</p>	
<p><b>Recommendation #15</b> AWD should review and put in writing all word-of-mouth policies. It is a good practice that all policies be in writing so that there is a clear understanding of the policy, its application and enforceability.</p>	

## OIA STAFF



**FY2014 Approved Staff Level = 8**  
Department Director, Audit Manager, Contract Auditor, Senior Information Technology Auditor, two Principal Auditors, Executive Assistant, and Internal Audit Student Assistant

At the end of FY2013, OIA had an approved staffing level of seven (7). One Principal Auditor position was vacant and the long-time Department Director retired, leaving the OIA with a staff of five at the start of FY2014. Staff changes during FY2014 included:

- An Internal Audit Student Assistant position was approved in July 2013 and promptly filled.
- A new Principal Auditor was hired in August 2013, and terminated in January 2014.
- The Audit Manager was appointed Department Director in late August 2013.
- A Principal Auditor was promoted to Audit Manager in November 2013.
- A new Principal Auditor was hired in February 2014.
- A second Principal Auditor was hired in March 2014.
- The long-time Executive Assistant retired in June 2014; her replacement was hired the same month.

OIA staff members are well educated and hold numerous professional certifications:

- 4 Masters in Business Administration (MBA)
- 4 Certified Public Accountants (CPA)
- 2 Certified Internal Auditors (CIA)
- 1 Certified Information Systems Auditor (CISA)
- 3 Certified Government Auditing Professional (CGAP)
- 2 Certified Fraud Examiner (CFE)
- 1 Certified Management Accountant (CMA)
- 1 Certified in Financial Forensics (CFF)
- 1 Certified in Risk and Information Systems Control (CRISC)
- 1 Certified Internal Controls Auditor (CICA)



The staff is active in numerous professional organizations including:

- The Institute of Internal Auditors (IIA)
- The Association of Local Government Auditors (ALGA)
- The Association of Certified Fraud Examiners (ACFE)
- 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 Government Accountants (AGA)



## STAFF – BIOS

### Debra D. Yoshimura – Director

Debra has worked for OIA three times; most recently returning to OIA as the Audit Manager in January 2013. Debra was appointed OIA Director in August 2013. Immediately prior to her return to the City, she spent six and one-half years as the Managing Director of Audit for the United States Olympic Committee in Colorado Springs, CO. She was the Director of Internal Audit for the University of New Mexico for two years. Debra worked in several positions in the OIA for twelve years, serving as the Director from 1996 through 2004. She also spent several years in public accounting. Debra graduated from New Mexico Tech with a BS in Environmental Psychology, and from Texas A&M - Corpus Christi with an MBA with concentration in Accounting. Debra is a CPA (licensed in the State of New Mexico), CIA, CGAP, and CICA. She is a member of the AICPA, IIA, ALGA, and the ACFE.

## **STAFF – BIOS - Continued**

### **Lawrence L. Davis - Audit Manager**

Lawrence has over 10 years of audit and accounting experience. He has a diverse background from both private and public sectors, which includes financial management experience with multi-billion dollar corporate expense accounts and public pension fund experience with the New Mexico Educational Retirement Board's \$11 billion retirement fund. Lawrence received his BBA and MBA from the University of New Mexico – Robert O. Anderson School of Management with concentrations in accounting and finance respectively. Lawrence previously worked for the Program Evaluation unit of the New Mexico Legislative Finance Committee. He is a member of the IIA, ALGA, and AGA.

### **Lew Witz - Senior Information Systems Auditor**

A member of OIA since March 2012, Lew has over 13 years progressive audit and assurance experience, including 10 years as an internal auditor and three years in public accounting. Previously, he worked in information technology, as a programmer/analyst, systems administrator and IT manager. Lew holds an MBA from the University of New Mexico – Robert O. Anderson School of Management and a Bachelor of Science in Computer Science from the College of Santa Fe. Lew holds the CPA, CISA, CIA, CGAP, CMA, CFE and CRISC certifications and earned the ITIL Foundation Certificate in IT Service Management in July 2013. He is currently serving his third term as Chapter President for New Mexico ISACA. He is also a member of IIA, ALGA, ACFE, IMA, and Toastmasters.

### **Christina M. Owens - Contract Auditor**

Christina has over 15 years of audit and investigative experience in the private and governmental sectors. She is a graduate of the University of New Mexico – Robert O. Anderson School of Management and holds a Bachelor of Business Administration degree with an accounting concentration as well as a Master of Business Administration degree. Christina is a CPA licensed in the state of New Mexico and is also a CFE, CGAP, and CFF. She is a member of the AICPA, ACFE, IIA, and ALGA.

## **STAFF – BIOS - Continued**

### **Kate Bach - Principal Auditor**

Kate has over five years of audit and accounting experience. Before joining OIA, Kate worked as an intern in Internal Audit for a bank, and as an external auditor of not-for-profit organizations, and various local governmental agencies around the State of New Mexico. Kate received her BBA in Accounting from the University of New Mexico – Robert O. Anderson School of Management, and is a licensed CPA in the State of New Mexico. Kate is a member of the AICPA, the IIA, ALGA, and the NMSCPA.

### **Leann Bell - Principal Auditor**

Leann has over seven years of audit and accounting experience. She worked as an external auditor specializing in Federal Government audits for two and one-half years before joining the Office of Internal Audit for the City of Albuquerque in March of 2014. In addition, she worked within the private industry for over four years performing a multitude of accounting functions. Leann holds a Bachelor of Business Administration with a concentration in Accounting from the University of New Mexico – Robert O. Anderson School of Management. She is a current member of the AGA, ALGA, and the IIA.

### **Consuelo Baca - Executive Assistant**

Consuelo has been with the City of Albuquerque for 21 years. Her career began with the Department of Finance and Administrative Services-Employee Health Services, Risk Management and Purchasing. Consuelo then moved to the Solid Waste Management Department. She is currently the Executive Assistant in OIA/OIG. Consuelo is a member of the IIA and AICPA.

## STAFF – BIOS – Continued

### **Laura M. Maestas - Internal Audit Student Assistant**

Laura started working for OIA in July 2013. Laura holds an AA in Pre-Management from Central New Mexico Community College. Laura also holds a BBA with a concentration in accounting from the University of New Mexico – Robert O. Anderson School of Management. She is currently working towards her MBA with a concentration in Information Assurance at the University of New Mexico – Robert O. Anderson School of Management. She plans on graduating in the Spring of 2015.

### **Vicky M. DeHerrera – Internal Audit Assistant**

Vicky worked for the City of Albuquerque for more than 33 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 OIA. She then worked in the Fiscal Section of the Family and Community Services Department for nine years. Vicky returned to the OIA in 2004 as the Internal Audit Assistant. She retired at the end of FY2014.



## ACCOUNTABILITY IN GOVERNMENT OVERSIGHT (AGO) COMMITTEE

Section 2-10-5 of the Accountability in Government Ordinance creates the Accountability in Government 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 Committee consists of five members from the community at large. The Mayor and one City Councilor, appointed annually by the City Council President, are nonvoting ex-officio members. The Mayor and the appointed City Councilor can send designees to the Committee meetings. The Accountability in Government Ordinance requires at least one member of the Committee be a Certified Public Accountant (CPA), one have a law enforcement or law background, and one Committee member be a professional management consultant.

As vacancies on the AGO Committee occur, the City Council and Mayor alternately appoint new members. All appointments are subject to City Council approval. The AGO Committee members are appointed for staggered terms of three years unless an appointment is to fill a vacancy.

As of June 30, 2014, the AGO Committee was comprised of the following members:

<b>Name</b>	<b>Term Expires</b>	<b>Representative</b>
Gerald T. Kardas, CPA (Chair)	9/1/2016	CPA
Patricia A. Caristo, NMLPI	9/1/2016	Law
Jean Strosinski	9/1/2014	Management
Mark D. Jarmie	9/1/2015	At-large
Douglas W. Turner	9/1/2015	At-large