

# OFFICE OF INTERNAL AUDIT

## CITY OF ALBUQUERQUE

### MEMORANDUM

Marisa C. Vargas  
Interim City Auditor

**SUBJECT: Office of Internal Audit Monitoring Status and Follow-Up Report**  
**DATE: April 9, 2025**

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The United States Office of Management and Budget (OMB) Circular A-50, entitled “Audit Follow-up,” provides the requirements for establishing systems to assure prompt and proper resolution and implementation of audit recommendations. The Circular states:

Audit follow-up is an integral part of good management, and is a shared responsibility of agency management officials and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of Government operations. Each agency shall establish systems to ensure the prompt and proper resolution and implementation of audit recommendations. These systems shall provide for a complete record of action taken on both monetary and non-monetary findings and recommendations.

The City of Albuquerque’s (City) Office of Internal Audit (OIA) conducts monitoring activities and follow-up procedures on all recommendations it issues to city departments. Monitoring activities involve obtaining the status of each recommendation from the applicable department. While follow-up procedures include periodically selecting reports for a more in-depth assessment, in which OIA tests to verify the implementation status of the recommendations. While the responsibility to resolve issues and manage agreed actions lies with management, the monitoring process helps to determine the effectiveness of management's response to risks identified.

As of fiscal year 2024, OIA takes a risk-based approach to identify follow-up audits for more in-depth procedures. This approach includes minimal sampling and test work to verify whether the recommendations implemented sufficiently mitigate the risks originally identified in the audit.

If an open audit is not selected for a follow-up audit, OIA monitors all open recommendations issued to City departments every six months and reports the results bi-annually. Additionally, OIA tracks and reports on the duration of open recommendations. Please see the detailed information below.

## MONITORING AND FOLLOW-UP AUDIT ACTIVITY

The monitoring process begins when OIA requests a written status update from the responsible department (auditee) on the implementation status of each recommendation. OIA reviews the response and determines whether the recommendation is open, contested, or closed.

- **Ongoing (Open)** – the recommendation has not yet been fully implemented and/or the risk identified has not been mitigated. The auditee is working to implement the recommendation. OIA will follow up on all open recommendations as part of its ongoing monitoring efforts.
- **Contested (Management Accepts Risk) or Failed to Respond** – the department has chosen not to implement the recommendation or the auditee failed to respond to the monitoring request.
- **Completed (Closed)** – the response described sufficient action to fully implement the recommendation or an acceptable alternative to mitigate the risk identified or a change occurred making the recommendation no longer applicable or feasible. No further monitoring is required.

OIA performed follow-up audits and monitoring activities on 41 open recommendations from 11 reports. Of the 41 open recommendations, departments reported implementing 20 (49 percent). Consequently, OIA closed three (3) of the 11 reports. Of the remaining 21 open recommendations, all were reported as in progress with completion dates expected to occur in fiscal year 2026 with the exception of those related to franchise agreements. OIA will follow up on all open recommendations as part of its ongoing monitoring efforts.

Exhibit 1 shows the number of recommendations OIA followed up on and their resulting status and summarizes the status of reports for each department at the end of the calendar year.

**Exhibit 1: Summary of Recommendations Monitored and Reports Open by Department**

| Department                          | Recommendations |                      | Reports Open |
|-------------------------------------|-----------------|----------------------|--------------|
|                                     | Monitored       | Closed in March 2025 |              |
| Albuquerque Police Department       | 6               | 2                    | 1            |
| Animal Welfare                      | 1               | 0                    | 1            |
| Aviation                            | 1               | 0                    | 1            |
| Finance and Administrative Services | 9               | 3                    | 2            |
| Human Resources                     | 12              | 5                    | 2            |
| Municipal Development               | 1               | 1                    | 0            |
| Parks and Recreation                | 2               | 2                    | 0            |
| Planning                            | 2               | 0                    | 1            |

|                |           |           |          |
|----------------|-----------|-----------|----------|
| Senior Affairs | 7         | 7         | 0        |
| <b>Total</b>   | <b>41</b> | <b>20</b> | <b>8</b> |

Exhibit 2 shows the reports that OIA closed due to monitoring or follow-up efforts. Reports are closed when the status of all recommendations are implemented.

#### Exhibit 2: Summary of Reports Closed as of March 2025

| Department            | Issue Date   | Audit Code | Report Title                               | Number of Recommendations |
|-----------------------|--------------|------------|--|---------------------------|
| Municipal Development | 06/27/2019   | 19-106     | Contract Compliance Audit – MWI, Inc       | 2                         |
| Parks and Recreation  | 6/26/2024    | 24-404     | Parks and Recreation Department Cash Count | 2                         |
| Senior Affairs        | 6/26/2024    | 24-403     | Senior Affairs Department Cash Count       | 7                         |
|                       | <b>Total</b> |            |  | <b>11</b>                 |

### Open Recommendations

Sometimes, a department has implemented few or none of OIA's recommendations. This does not necessarily indicate that the department is not trying to resolve the underlying issues. In some instances, the department has not yet had the opportunity because the recommendations relate to events that happen only periodically, such as revising Ordinances, or because the recommendations were issued too recently for the department to have achieved full implementation. Departments reported each of the remaining 21 open recommendations as in progress with expected implementation dates for fiscal year 2026. Exhibit 3 lists all open audit reports with an aging schedule for the open recommendations.

#### Exhibit 3: Summary of Open Reports as of March 2025

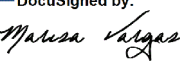
| Department      | Issue Date | Follow-Up Audit Date<br>(If applicable) | Report Title   | Recommendation Status |                     |           | Days Open <sup>4</sup> |
|-----------------|------------|---|--|-----------------------|---------------------|-----------|------------------------|
|                 |            |   |  | Open                  | Closed <sup>5</sup> | Contested |                        |
| Animal Welfare  | 3/11/2021  | n/a                                     | <a href="#">Street Cat Hub, Inc. City Vendor Audit</a> | 1                     | 6                   | 0         | 1476                   |
| Human Resources | 4/27/2022  | 6/26/2024                               | <a href="#">Citywide Veterans Hiring Initiative</a>    | 2                     | 6                   | 0         | 1064                   |

<sup>4</sup> The length of time a recommendation is calculated as open is the time between the report's issue date and March 26, 2025, the date this report is issued.

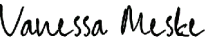
<sup>5</sup> Recommendations may have been closed in previous monitoring activities performed by OIA.

|                                     |            |              |  |           |           |          |            |
|-------------------------------------|------------|--------------|--|-----------|-----------|----------|------------|
| Albuquerque Police Department       | 10/19/2022 | 3/26/2025    | <a href="#">Emergency Response Time Assessment</a>                         | 4         | 2         | 0        | 889        |
| Human Resources                     | 10/19/2022 | 3/26/2025    | <a href="#">Citywide Hiring Practices Involving Unclassified Employees</a> | 5         | 5         | 1        | 889        |
| Planning Department                 | 6/28/2023  | n/a          | <a href="#">Business Registration</a>                                      | 2         | 7         | 0        | 637        |
| Finance and Administrative Services | 04/25/2019 | 6/26/2024    | <a href="#">Follow-Up ABCWUA Franchise Fee Revenue Audit</a>               | 1         | 1         | 0        | 637        |
| Finance and Administrative Services | 12/14/2023 | n/a          | <a href="#">PNM Franchise Fee Compliance Audit</a>                         | 5         | 3         | 0        | 468        |
| Aviation                            | 12/14/2023 | n/a          | <a href="#">Strategic Review of Construction Project Management</a>        | 1         | 1         | 0        | 468        |
|                                     |            | <b>Total</b> |  | <b>21</b> | <b>31</b> | <b>1</b> | <b>n/a</b> |

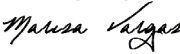
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