

Summary of Monitoring Activities and Follow-Up Audits

Marisa C. Vargas
Interim City Auditor

OFFICE OF INTERNAL AUDIT
CITY OF ALBUQUERQUE
MEMORANDUM

SUBJECT: Office of Internal Audit Monitoring Status and Follow-Up Report

DATE: June 26, 2024

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.

In fiscal year 2021, OIA enhanced its monitoring efforts. The revised process will be implemented in three phases. The first phase was to monitor all recommendations issued during fiscal year 2021. The results from phase one were issued on February 24, 2022. The original purpose of the second phase was to perform monitoring procedures on all open recommendations included in reports issued within the previous five years (fiscal year 2016 to fiscal year 2021)¹. However, due to the high-risk nature of many of those audits, OIA performed follow-up procedures on all audits during that time period, which was completed in June 2023. See a summary of these audits in Report No. 24-304, “Office of Internal Audit Monitoring Status and Follow-Up,” Exhibit 1. Any open recommendations remaining from that effort have now been included in ongoing follow-up and monitoring activities until implemented.

¹A five-year period was determined, as the environment in which audits issued more than five years ago may have changed such that the issue identified no longer exists or the recommendation is no longer relevant or feasible.

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Phase three was implemented in fiscal year 2024 and includes defining a risk-based approach to identify follow-up audits for more in-depth procedures. This approach may include 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 it issues to City departments every six months after issuance and reports on the results of its monitoring activities bi-annually. Additionally, OIA will track and report on the length of time recommendations have been open. 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 46 open recommendations from 11 reports. Of the 46 open recommendations, departments reported implementing 22 (48 percent). Consequently, OIA closed four (4) of the 11 reports. Of the remaining 24 open recommendations, all were reported as in progress with completion dates expected to occur in fiscal year 2024. 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.

Summary of Monitoring Activities and Follow-Up Audits

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

Department	Recommendations		Reports Open
	Monitored	Closed as of June 2024	
Albuquerque Police Department	10	4	1
Animal Welfare	1	0	1
City Council and Mayor	2	2	0
Environmental Health	3	3	0
Finance and Administrative Services	1	0	1
Human Resources	17	4	2
Municipal Development	3	2	1
Planning	9	7	1
Total	46	22	7

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 June 2024

Department	Issue Date	Audit Code	Report Title	Number of Recommendations
Environmental Health	02/24/2022	22-105	Environmental Health Inspections	6
Municipal Development	04/27/2022	21-19-304F	Follow-Up of Capital Implementation Plan Labor Recovery	5
Albuquerque Police Department	10/19/2022	22-402	Strategic Review of Call-to-Service Overtime	4
City Council/Mayor	06/28/2023	23-19-104F	Follow-Up of Citywide Allocation & Use of Quarter Cent Public Safety Tax Performance Audit	4
Total				19

Exhibit 3 documents the reports that were closed out administratively by OIA. Vendor compliance audits with open recommendations (23-18-105F and 23-16-106F) will be evaluated in the fiscal year 2024 Audit No. 24-103, “Citywide Contract Compliance Performance Audit” currently in progress. Since the two (2) Human Resource Department audits (23-15-109F and 23-13-103F) were issued more than five (5) years ago, their risks were incorporated into the fiscal year 2025 annual risk assessment and as a result, an audit titled “Strategic Review of Vacation and Sick Time” will be conducted.

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Exhibit 3: Summary of Reports Administratively Closed

Department	Issue Date	Audit Code	Report Title	Number of Open Recommendations
Finance and Administrative Services	02/27/2019	23-18-105F	Parts Plus of New Mexico	6
Finance and Administrative Services	04/26/2017	23-16-106F	Ahern Rentals, Inc.	1
Human Resources	10/26/2016	23-15-109F	Administrative Maintenance of Vacation and Sick Leave	3
Human Resources	05/01/2013	23-13-103F	Personnel Services Performance Audit	2
Total				12

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 24 open recommendations as in progress with expected implementation dates for fiscal year 2024. Exhibit 4 lists all open audit reports with an aging schedule for the open recommendations.

Exhibit 4: Summary of Open Reports as of June 2024

Department	Issue Date	Follow-Up Audit Date (If applicable)	Report Title	Recommendation Status			Days Open ²
				Open	Closed ³	Contested	
Animal Welfare	3/11/2021	n/a	Street Cat Hub, Inc. City Vendor Audit	1	6	0	1203
Human Resources	4/27/2022	6/26/2024	Citywide Veterans Hiring Initiative	4	4	0	791

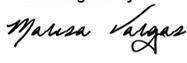
² The length of time a recommendation is calculated as open is the time between the report’s issue date and June 26, 2024, the date this report is issued.

³ Recommendations may have been closed in previous monitoring activities performed by OIA.

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Albuquerque Police Department	10/19/2022	n/a	Emergency Response Time Assessment	6	0	0	616
Human Resources	10/19/2022	n/a	Citywide Hiring Practices Involving Unclassified Employees	9	2	0	616
Planning Department	6/28/2023	n/a	Business Registration	2	7	0	364
Finance and Administrative Services	04/25/2019	6/26/2024	Follow-Up ABCWUA Franchise Fee Revenue Audit	1	1	0	364
Municipal Development	06/27/2019	06/26/2024	Follow-Up of MWI, Inc. .	1	1	0	364
Total				24	21	0	n/a

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Marisa C. Vargas, Interim City Auditor
Office of Internal Audit

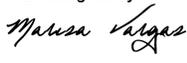
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Vanessa Meske, Lead Auditor
Office of Internal Audit

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Marisa C. Vargas, Interim City Auditor
Office of Internal Audit

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Victor Griego, CPA
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