



City of Albuquerque

Office of Internal Audit

P.O. BOX 1293, ALBUQUERQUE, NM 87103

August 28, 2017

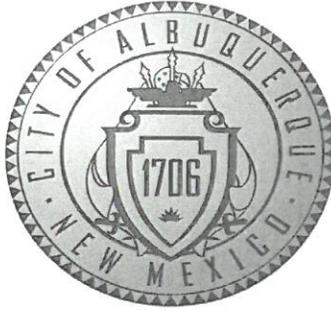
Councilor Isaac Benton, President
City Council
P.O. Box 1293
Albuquerque, NM 87103

Dear Councilor Benton:

We have completed the Office of Internal Audit's Annual Report for fiscal year 2017. The Accountability in Government Oversight Committee approved the Annual Report on August 25, 2017, and we are pleased to transmit it to the City Council.

Sincerely,

Lawrence L. Davis
Acting City Auditor
Office of Internal Audit



City of Albuquerque
Accountability in Government Oversight Committee
P.O. Box 1293 Albuquerque, New Mexico 87103

August 25, 2017

Honorable Mayor Richard J. Berry, Members of the City Council, and Citizens of Albuquerque:

The Accountability in Government Oversight (AGO) Committee would like to recognize the Office of Internal Audit (OIA) Acting City Auditor and his staff for their continued service to the Administration, City Council and the Citizens of the City of Albuquerque.

As this annual report demonstrates, OIA produces audits and non-audit services that include recommendations intended to improve City operations. It also shows the service OIA provides by offering its knowledge and expertise in responding to requests for assistance from department personnel.

The AGO Committee has found the OIA staff to be a professional and respected resource for the City of Albuquerque. As an independent, objective set of eyes that can help the organization accomplish its objectives, OIA is certainly an integral part of the City of Albuquerque government.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark D. Jarmie", is written over a faint, circular stamp or watermark.

Mark D. Jarmie, Chairperson for
Accountability in Government Oversight Committee

Raul J. Anaya
Elizabeth Metzger
Edmund E. Perea
Robert M. Doughty III



City of Albuquerque

Office of Internal Audit

Fiscal Year 2017 Annual Report



Increasing the City's efficiency, effectiveness, and accountability to the citizens of
Albuquerque



Office of Internal Audit

Fiscal Year 2017 Annual Report
July 1, 2016 - June 30, 2017

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Mission Statement

*Provide independent audits that promote transparency,
accountability, efficiency, and effectiveness of City
government for the citizens of Albuquerque.*



City of Albuquerque

Office of Internal Audit

P.O. Box 1293 Albuquerque, New Mexico 87103

August 16, 2017

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

I am pleased to present the Office of Internal Audit's (OIA) Annual Report for the fiscal year-end June 30, 2017 (FY2017). The Annual Report illustrates OIA's performance and is required by Section 2-10-14 ROA 1994 of the Accountability in Government Ordinance.

OIA persevered through a challenging FY2017. The Office not only operated without a City Auditor, but also accomplished an unprecedented alignment of mandatory activities during FY2017. Since the establishment of OIA in 1986, the following mandatory requirements have never aligned in the same fiscal year as they did in FY2017. The Office:

- Passed its fourth *External Quality Control Review*, which determined that OIA is in full compliance with Government Auditing Standards issued by the Comptroller General of the United States;
- Completed structural and inclusive work product revisions to the Office's policies and procedures manual;
- Provided support and insight for City Ordinance revisions to the Accountability in Government Ordinance (Internal Audit Ordinance);
- Supported the Citizen's Independent Salary Commission by conducting research activities directed by the Commission such as analyses, surveys, and interviews; and
- Retained an independent external attorney to perform the oversight requirements outlined in City Ordinance Section 2-7-2-5B(3) and (4) ROA 1994.

In addition to the mandatory activities, OIA maintained a service level that provided great value to the City and its Citizens. OIA completed various audits contained in the Annual Audit Plan, as well as other audit and non-audit services requested by the Administration and City Council to address emerging issues. The Office issued eight audit reports, completed ten strategic reviews, performed five follow-up reviews, and responded to fifty-nine requests for assistance in FY2017.

The AGO Committee provides functional oversight of OIA to ensure audits, strategic reviews, follow-ups, and other non-audit services are performed in an impartial, equitable, and objective manner. Audit and non-audit services provide objective findings and recommendations to help the Administration and City Council:

- 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 term for one AGO Committee member will expire on September 1, 2017. The Mayor will be responsible for appointing the Professional Management Consultant member.

OIA continually strives to maximize the value of our services and looks forward to our continued service to the Citizens of Albuquerque, the City Council, and the Administration by providing independent value added services.

Sincerely,

Lawrence L. Davis,
Acting City Auditor

Organization Chart

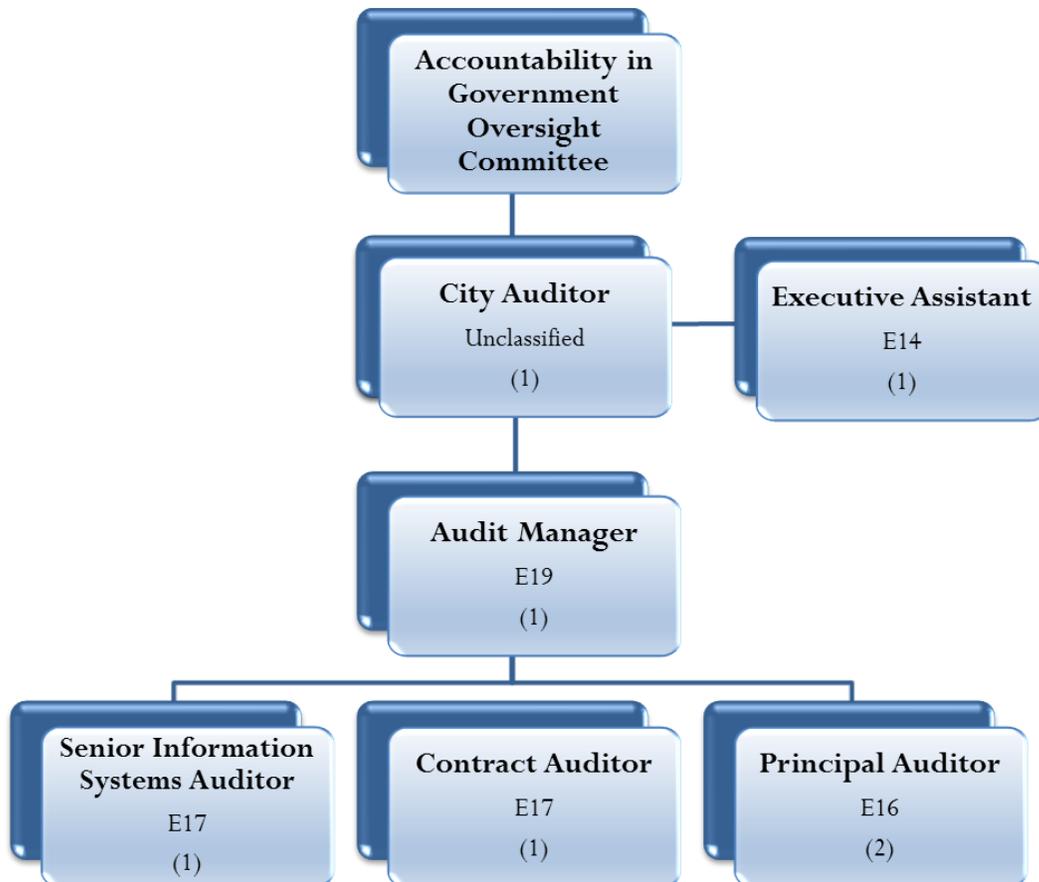
June 30, 2017

Section 2-10-5 ROA 1994 of the Accountability in Government Ordinance creates the Accountability in Government Oversight (AGO) Committee. The AGO Committee consists of five members from the community at large. The primary functions of the AGO Committee are to appoint the City Auditor of the Office of Internal Audit (OIA), approve OIA’s annual audit plan, and approve audit, strategic review and follow-up reports.

AGO Committee Composition

| Name | Term Expiration | Representative |
|-------------------------------|-----------------|-------------------|
| Mark D. Jarmie (Chair) | 9/1/2018 | At-large |
| Raul J. Anaya | 9/1/2018 | At-large |
| Robert M. Doughty III | 9/1/2017 | Management |
| Elizabeth Metzger | 9/1/2019 | CPA |
| Edmund E. Perea | 9/1/2019 | Law |

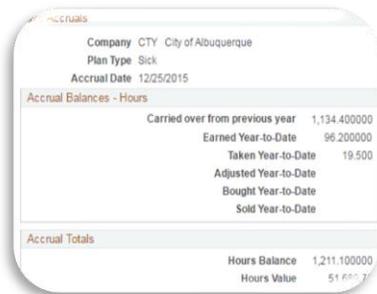
OFFICE OF INTERNAL AUDIT Organizational Chart June 30, 2017



FY2017 Audit Reports

Audit No. 15-109 Administrative Maintenance of Vacation and Sick Leave

October 26, 2016



| Company | | CTY - City of Albuquerque |
|---------------------------------|--------------|---------------------------|
| Plan Type | | Sick |
| Accrual Date | | 12/25/2015 |
| Accrual Balances - Hours | | |
| Carried over from previous year | 1,134.400000 | |
| Earned Year-to-Date | 96.200000 | |
| Taken Year-to-Date | 19.500 | |
| Adjusted Year-to-Date | | |
| Bought Year-to-Date | | |
| Sold Year-to-Date | | |
| Accrual Totals | | |
| Hours Balance | 1,211.100000 | |
| Hours Value | \$1,607,700 | |

As a benefit of employment with the City, permanent employees working more than 20 hours per week are eligible to earn vacation and sick leave.

The purpose of the audit was to determine if vacation and sick leave accruals are correctly calculated and applied, and if maximum accrual balances for vacation and sick leave are exceeded.

Overall, the City does a good job of ensuring established processes comply with vacation and sick leave regulations. Several issues were noted that will help increase the City's compliance, and monitoring activities.

Processing issues were noted in the application of the vacation and sick leave accrual calculations. In some cases, City systems are not properly set-up to calculate and apply vacation and sick leave accruals, and in other cases, processes have been established on historical interpretations that are not supported by regulations. As a result, employees over accrued vacation and sick leave benefits, and were allowed to exceed maximum sick leave accumulation balances.

Audit No. 16-102 Advantage Barricade (2 Reports Issued)

October 26, 2016

The City requires barricading services for a number of reasons, including traffic control, street maintenance, sidewalk construction, and park maintenance.

The purpose of this audit was to review and report on the accuracy of vendor billing rates and to confirm that vendor personnel are certified.



The audit found that the vendor overcharged the City \$.70 for the critical services rate, and two of the vendor's employees had expired certifications but were still performing barricading

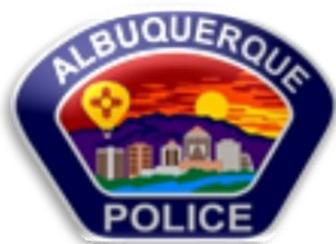
services. Specifically, Advantage Barricade had consistently overcharged the City for “Critical Services, with a Traffic Control Technician”. City departments did not identify the compliance issues because the services from the vendor were not effectively monitored.

When notified of the overcharge, Advantage Barricade corrected its billing system and refunded the City \$652.93.

Audit No. 16-103

SID Expense Review

March 17, 2017



The Special Investigations Division (SID) is a specialized division within the Albuquerque Police Department (APD), and has the responsibility of investigating targeted areas of crime and behavior of great concern to the community.

The purpose of this audit was to determine whether SID has internal controls to ensure operational expenditures are appropriate and accurate, and in accordance with federal and City regulations.

The audit identified weaknesses relating to the accuracy and approval of financial reports and expense information. To ensure financial transactions are appropriate and authorized, APD must improve SID’s fiscal compliance by:

- Ensuring amounts reported on the federal report reconcile to the City’s financial system,
- Properly reporting, classifying, and approving SID’s operational expenses,
- Ensuring federal forfeiture expenses comply with program requirements,
- Training SID employees regarding the approval and documentation of expense requirements, and
- Establishing policies and procedures for the anticipated use of City General Funds to support SID’s field operations.

APD and SID implemented many of the audit recommendations, and have agreed to work with the Department of Finance & Administrative Services to address the future use of General Funds for SID field operations.

Audit No. 16-104

ACH & Wire Transfer Payments

June 28, 2017

The Department of Finance and Administrative Services – Treasury Division (DFAS-Treasury) is responsible for the City’s ACH and wire transfer payments, which include: debt service, IRS payroll tax, retirement, fuel hedge, and state gross receipts tax payments.

The purpose of this audit was to determine if ACH and wire transfer payments are approved, authorized, supported, accurate, timely, and valid.

Overall, the audit found that Treasury does a good job ensuring the City's ACH and wire transfer payments are approved, authorized, supported, accurate, timely, and valid.

DFAS-Treasury could improve internal controls by revising its policies and procedures to specifically address procedures for initiating, approving, and executing ACH and wire transfer payments. Additionally, DFAS-Treasury should establish a business continuity plan that documents how to continue daily operations in the event of unforeseen service disruptions.



Audit No. 16-106

Ahern Rentals, Inc. (2 Reports Issued)

April 26, 2017



The City contracted with Ahern Rentals, Inc. (Ahern) for on-call equipment rental services. The contract is city-wide, and multiple City departments use Ahern's services.

The purpose of the audit was to review and report on the accuracy of vendor billing rates, and compliance with insurance requirements.

The audit found that Ahern did not fully comply with contract billing and insurance requirements, and overcharged the City an estimated \$6,300. The following billing inaccuracies were identified in Ahern's invoices:

- Unallowable damage waiver and environmental fees,
- Charges for equipment not included in the Equipment Schedule, and
- Billing rates not in compliance with the Equipment Schedule.

Ahern generally complied with the insurance requirements but did not carry a required \$5,000 policy for medical payments.

In addition, the contract does not specifically address fuel, delivery, and pickup charges. As a result, the City paid above market rates for fuel, and it is unclear if the \$65 delivery and pickup charges are reasonable.

Audit No. 16-107

APD Officer Overtime

March 17, 2017

APD officers are entitled to compensation at the rate of time-and-one-half of their regular

straight time rate when they perform work in excess of forty (40) hours in one workweek.

The purpose of this audit was to determine if internal controls at the APD ensure the validity of officer overtime and detect irregular overtime activity.



The audit found that APD personnel do not consistently follow standard operating procedures for pre-approving and recording overtime transactions. The audit also noted that APD's current overtime monitoring processes are decentralized, and do not include monitoring overtime for irregular activity. In addition to the lack of monitoring, APD's Fiscal Division does not reconcile overtime between the timekeeping and payroll systems.

APD agreed with the recommendations and will revise internal procedures for reviewing overtime. Additionally, APD will design and distribute reports for monitoring overtime and examine alternative solutions for reconciling the timekeeping and payroll systems.

FY2017 Strategic Review Reports

Strategic Review No. 16-304 FY2016 Purchasing Card Review

August 30, 2016



The City of Albuquerque implemented a Purchasing Card (P-Card) Program to serve as an alternative and more efficient method for purchasing small-dollar goods and services within the guidelines of the City's Public Purchases Ordinance.

The review's objective was to analyze City departments' P-Card purchases made between July 1, 2015 and June 8, 2016 for non-compliant activity.

Overall the P-Card program appears to be accomplishing its objective by helping the City operate effectively and efficiently.

The review identified the following minor issues and deficiencies with the P-Card Program:

- Cardholder status and purchases are not regularly monitored,
- The P-Card manual was last updated December 2012,
- Split purchase compliance issues, and
- Other issues that involve highly frequented vendors and potential tax issues.

August 2, 2016

A citizen requested documents pertaining to the contracts between the City, and Walz and Associates (Walz) for the provision of outside legal counsel services related to the negotiation of the DOJ Settlement Agreement. The City provided the citizen a copy of the fiscal year FY2016 contract, but could not locate a contract for FY2015.



The objectives of the non-audit service were:

- Determine if a contract was prepared and approved for FY2015.
- Determine why the contract for FY2016 was prepared on December 23, 2015, rather than prior to the start of the time of performance, which was July 1, 2015.
- Determine how payments were made when an approved contract was not in place.

The review found that the City's Legal Department (Legal) contracted with Walz since 1993 to provide outside legal services related to risk claims. In the past, a new contract was prepared and approved for each fiscal year. However, a contract was not prepared for FY2015 and the FY2016 contract was dated nearly six months after the start of the fiscal year. Without a contract, the City paid Walz \$409,303 and \$67,390 in FY2015 and FY2016, respectively.

Legal had significant turnover during FY2015; however, processes should be in place to ensure that City regulations are followed regardless of the amount of staff turnover. Accepting and paying for services without a contract is a violation of City policies and City Ordinance.

April 26, 2017



At the request of the Department of Finance and Administrative Services, OIA conducted a review of the New Mexico Veterans' Memorial Foundation's maintenance repair fund (fund).

The intent of this review was to determine if the maintenance fee was paid for each monument, and if the fee was not paid, what is the outstanding balance owed to the maintenance fund?

The review determined the following:

- Payment of the maintenance fee was confirmed for five of the monuments,
- Due to a lack of supporting documentation, payment of the maintenance fee could not be confirmed for 12 of the monuments, and

- The outstanding balance owed to the fund could not be determined because monument cost information was not provided for the 12 monuments, and the City has not determined if the maintenance fee applies to City commissioned monuments.

Strategic Review No. 17-301

SID Cash Count

October 26, 2016



At the request of APD, OIA annually conducts a petty cash count to ensure SID's custodian funds were accounted for and deposited in accordance with APD procedures at fiscal year-end. The FY2017 cash count found that all petty cash funds were properly accounted for and deposited in SID's main checking account.

Past OIA fiscal year-end cash counts have addressed verifying and reconciling various SID financial activities. OIA did not review many of these activities as audit number 16-103 was initiated to provide greater assurance regarding SID's financial controls.

Strategic Review No. 17-302

AIS Restroom Remodel

October 26, 2016

A City Councilor requested that OIA conduct an independent review of the procurement process followed for the Albuquerque International Sunport (AIS) Restroom Remodeling Project #7770.02 and the issuance of change order No. 1. Specifically, the Councilor requested that OIA assess whether material change orders may be negotiated between the time of a competitive bid opening and the time of award, and whether bidders other than the low bidder should be afforded the opportunity to provide competitive bids for additional work identified by the City prior to or shortly after the bid opening.



Overall, the procurement process followed for the AIS Restroom Remodeling Project and the issuance of change order No. 1 complied with the City's Public Purchases Ordinance and CIP Award Regulations. However, materiality of change orders is not defined and no regulations were identified that expressly address whether material change orders may be negotiated between the time of competitive bid and the time of award.

The review also found that the contractor did not increase its bond coverage to reflect the increased contract value from subsequent change orders. At a final project cost of \$2.3 million, the project exceeded the value of the bonds by \$1.2 million.

October 26, 2016



OIA received an inquiry from a City Councilor regarding City Ordinance Section 5-6 ROA 1994, Minority and Women's Business Enterprises.

Section 5-6 ROA 1994 was originally established in 1974 and was amended in 1984 and states "It is the policy of the city to take affirmative action to assure that a fair share of city purchases of goods and services, including construction work, is made from enterprises owned and controlled by minorities and women." Section 5-6-1 ROA 1994 states, "The Mayor shall submit quarterly reports to the Council regarding steps taken and progress made in the implementation of this article."

In an effort to gather information, OIA contacted the Office of the Mayor. Following this request, it was determined that, for at least the past 15 years, no one had been in charge of overseeing the process of preparing and submitting quarterly reports. The Director of the Office of Diversity has agreed to assume responsibility for this task and will report according to Section 5-6 ROA 1994.

February 9, 2017

As a result of the Regular Municipal Election on October 6, 2009, the voters of Albuquerque established the Citizens' Independent Salary Commission (Commission). The Commission is charged with studying and setting the salaries of the Mayor and City Councilors. OIA supports the Commission by conducting research activities directed by the Commission such as analyses, surveys, and interviews.



In its research and deliberations for this report, the Commission directed OIA staff to update the survey information previously received from regional and comparably sized cities, and compile a historical postscript that details the activities of the Commission from October 6, 2009 through the present.

Based on the Commission's independent research and analysis, the Commission decided not to adjust the salaries of the Mayor and City Councilors. The salaries will remain the same through the 2019 municipal election, and are as follows:

Mayor salary: \$125,000
City Councilors salary: \$30,000
Council President salary: \$32,000

Strategic Review No. 17-305

Scott T. Greenwood Invoice Review #3

December 14, 2016



In April 2014, the City contracted with Scott T. Greenwood, Attorney at Law to serve as the City's Special Counsel with regard to the US Department of Justice monitoring agreement with APD. Total compensation under the original contract was \$70,000. Two supplements to the contract were subsequently approved, which increased the contract amount to \$750,000.

At the request of a City Councilor, OIA performed a review of all invoices submitted by Mr. Greenwood under the contract. OIA had conducted two previous reviews, which collectively addressed invoices dated April 2014 through March 2015. The third and final review addressed Mr. Greenwood's invoices dated from April 2015 through June 2016. OIA assessed the mathematical accuracy of invoices, and appropriateness of expense charges for reimbursement by the City. The review did not include an assessment of the reasonableness of the hours billed for the performance of work by Mr. Greenwood. The City hired outside legal counsel to review Mr. Greenwood's billing methods and charges.

The review found that Mr. Greenwood had overbilled the City \$1,506 due to mathematical errors on invoices and the submission of duplicate travel expenses. Additionally, the invoices contained charges totaling \$18,384.25 for professional services, travel fees, and travel expenses for a subcontractor that were not established in the contract.

As of the date of the report, unresolved issues remained from prior reviews including overbillings and missing/incomplete documentation. The combined overcharges identified in all three invoice reviews totaled \$2,975. The City Attorney was notified of OIA's findings and agreed to address the issues with Mr. Greenwood.

Strategic Review No. 17-306

AP Internal Controls Best Practices

June 28, 2017

In April 2017, City Administration requested OIA to research, compile, and provide best practices and regional city information for the DFAS – Accounts Payable Division. The request came after the City fell victim to electronic payment fraud.

OIA contacted 13 regional and comparable organizations, to assist in identifying beneficial best practices and common controls for electronic payment changes. Responding organizations acknowledged the importance of internal controls in protecting against electronic payment fraud. Among the responding organizations, the common controls identified include; written policies and procedures, submission of updated electronic payment forms, authentication of revised bank information, and verification of changes with the vendor.



Industry best practice and guidance for internal controls include the Committee of Sponsoring Organizations of the Treadway Commission and the Government Finance Officers Association.

Although the City was a victim of electronic payment fraud, DFAS is taking the necessary steps to prevent such occurrences from happening again. Improvements to internal policies and procedures, coupled with the awareness of such fraudulent activities will assist the City in its on-going fraud detection and prevention efforts.

Strategic Review No. 17-401 Golf Training Center Cash Count

February 22, 2017



On December 30, 2016, OIA performed a surprise cash count of the \$350 change fund maintained by the Parks & Recreation Department's (PRD) Golf Training Center.

The Golf Training Center at Balloon Fiesta Park offer a 6-hole putt course, driving range, equipment rentals and repairs, and golf accessories. The change fund is used to make change for paying customers.

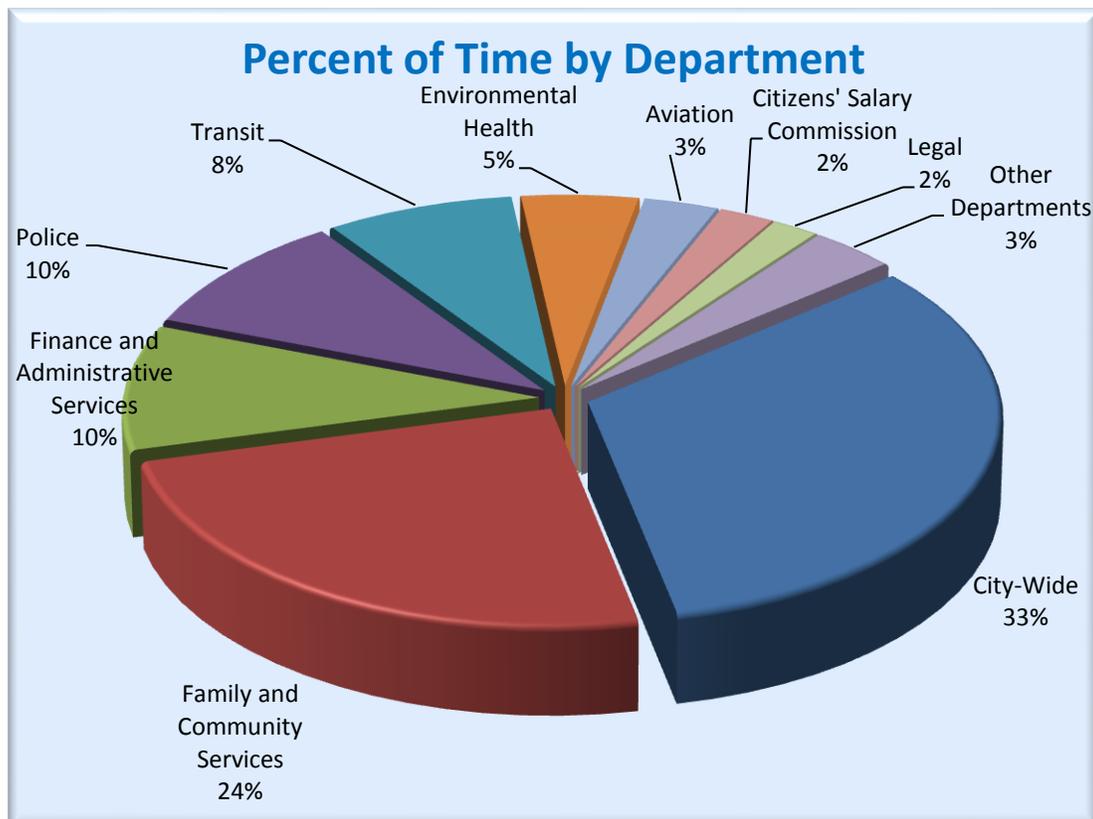
The change fund was accounted for without exception. However, the following three areas of improvement were identified with regard to PRD's cash handling practices during the cash count:

- Proper safekeeping of funds,
- Department specific cash handling policies and procedures, and
- Management of cash handling certifications.

Audit Hours by Department

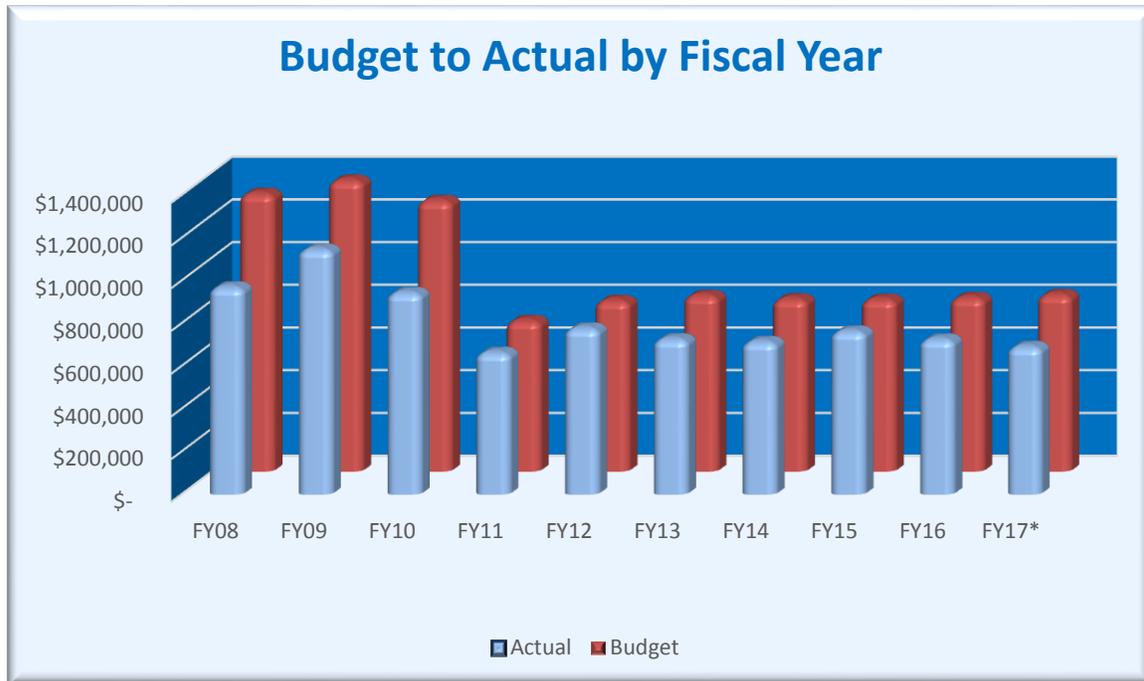
| Department | Hours |
|-----------------------------------------|--------------|
| City-Wide | 1,864 |
| Family and Community Services | 1,366 |
| Finance and Administrative Services | 563 |
| Police | 544 |
| Transit | 441 |
| Environmental Health | 274 |
| Aviation | 174 |
| Citizens' Independent Salary Commission | 129 |
| Legal | 109 |
| Other Departments | 204 |
| Total | 5,668 |

The table above only includes directly applicable hours for OIA projects. Excluded hours include paid holidays, vacation leave, sick leave, and administrative time. Administrative time includes department activities such as staff meetings, required training to maintain certifications, and required management activities to maintain the day-to-day operations of the office. The chart below illustrates the percentage of time OIA dedicated to City departments in FY2017.



OIA Budget

OIA's FY2017 budget was \$830,000. Estimated actual expenses for FY2017 are \$694,000. The City Auditor position remained vacant during FY2017, which is the primary reason for the disparity between the budgeted vs. actual expenditures. The FY2018 budget was increased to \$850,000 (2.4%), and is due to technical adjustments for personnel costs.



**Actual expenditures for FY2017 are approximate, as they are unadjusted and unaudited.*

Note: For the years FY2008 through FY2010, the budget also contained activity for the Office of Inspector General (OIG). OIA and OIG became separate departments in FY2011.

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 measuring the efficiency and effectiveness of City programs; and
- ✦ Recommending programs/policies, which educate and raise the awareness of all City officials and employees.

The OIA Program Strategy is part of the City's Goal No. 8, *Government Excellence and Effectiveness*.

OIA's FY2017 Performance Measures

REPORTS ISSUED

One of OIA's outputs is measured by the number of reports completed during each fiscal year. OIA completed six audits and issued eight reports in FY2017. Although the project mix differed from our goal, the value of OIA's efforts has been very beneficial to the City. Strategic reviews are particularly valuable and are designed to add value by providing rapid responses to urgent City issues or ensure compliance in high-risk areas. OIA completed 10 strategic reviews in FY2017. The chart below illustrates the project goals versus actuals for FY2017.



Audit Reports

The FY2017 Goal was to complete 15 audit reports. Eight audit reports were issued and another six audits were in various stages of completion at year-end. Audits require a significant amount of planning and documentation in order to comply with Government Auditing Standards. In addition, the audited entity and/or the Administration prepare formal responses to the audit recommendations, which are included in the final report.

Strategic Reviews (Special Projects)

In FY2017, the Accountability in Government Ordinance was amended. The amendment included the addition of Strategic Reviews, which replaced the previously used term *Non-Audit Services* and must be approved by the AGO Committee. The FY2017 Goal was to complete four strategic reviews. Ten strategic reviews were completed in FY2017. Strategic reviews are performed at the request of the Administration and/or City Council, or in response to emerging issues. Generally, they do not require as much planning or documentation as audits and can be completed in less time.

Follow-Up Reviews

The FY2017 Goal was to complete six follow-up reviews. Five initial follow-up reviews were completed in FY2017 and one was near completion at year-end.

OIA follows up on recommendations made in past audits to determine the status of implementation. Follow-up reviews help motivate the audited entities to make the recommended changes. The follow-up reviews are generally conducted a year or more after an audit is completed.

REQUESTS FOR ASSISTANCE

OIA also measures service quality by the number of requests for assistance received from other City departments and organizations. Requested assistance ranges from technical explanations to advice on implementing internal controls. For example, the Administration requested OIA to research, compile, and provide best practices and regional city information after the City fell victim to electronic payment fraud. As shown below, the number of requests for assistance in FY2017 exceeded expectations by 24 requests.

FY2017 Requests for Assistance

Goal: 35 Requests

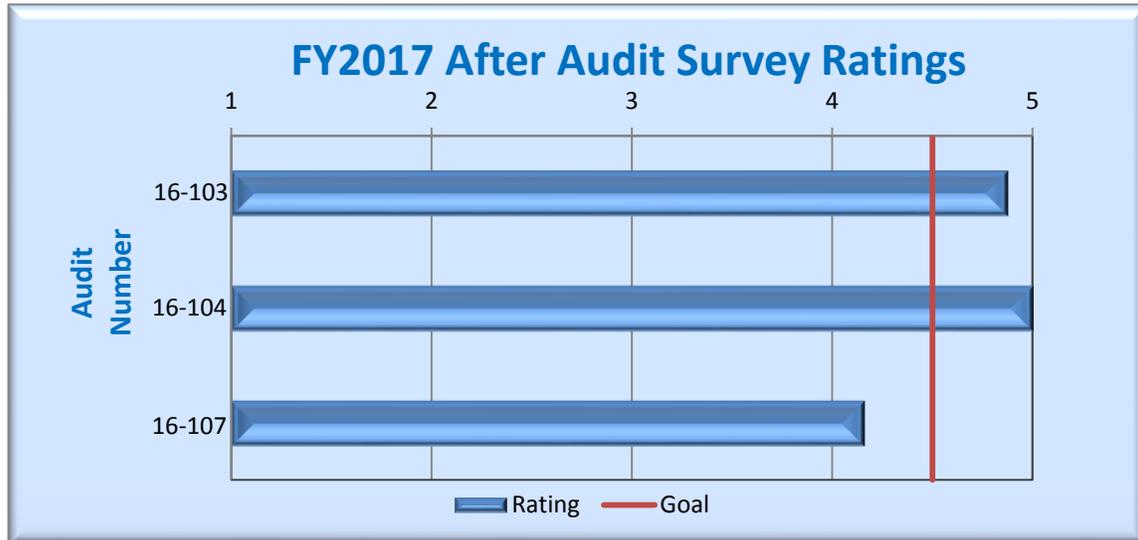


Actual: 59 Requests



AFTER AUDIT SURVEY RATINGS

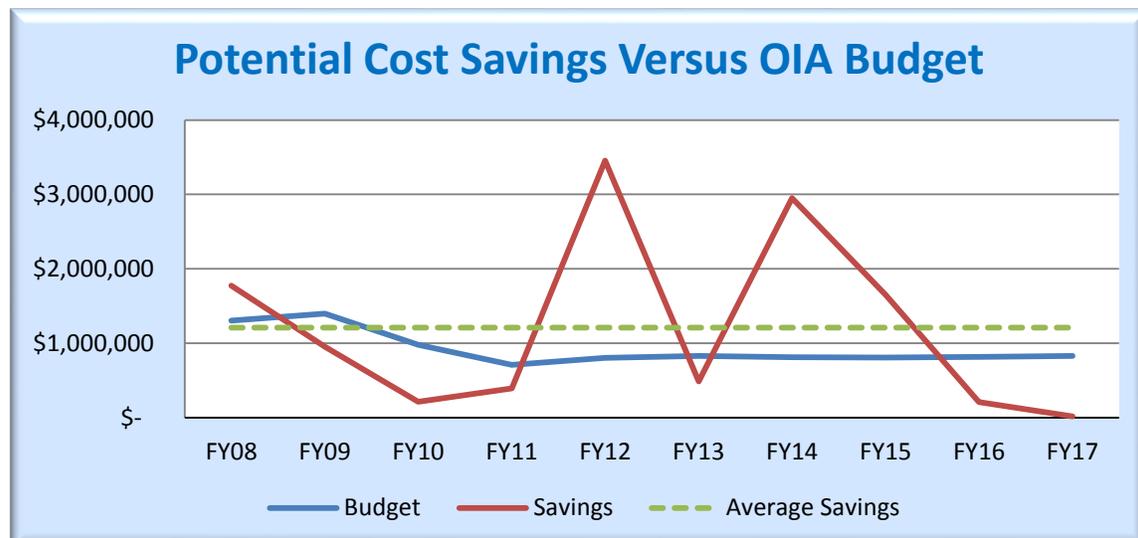
Another quality measure of OIA services is the average ratings provided by auditees after audits are completed. Each audited department is asked to complete an after-audit survey. The survey requests the auditee to provide a rating of the auditor, the audit process, and the audit report on a one to five scale, with five being the highest rating. The after audit survey goal is 4.5. The average rating for FY2017 was 4.7. Auditees provided ratings for three of the six FY2017 completed audits, as shown below.



SAVINGS IDENTIFIED BY PROJECTS

Each year OIA identifies costs savings, either one-time or recurring. OIA's goal is to be self-sufficient and fully recover the costs of OIA's operations. Projects completed in FY2017 identified potential savings equal to two percent of the department's budget for the year. The potential annual savings identified by OIA over the past 10 years averaged \$1.2 million.

Many projects result in increased efficiencies and compliance. However, the value gained from some projects cannot be easily quantified. As a result, this measure may not be achieved every year, as illustrated below.



Implementation of Recommendations

OIA strives to improve the operational efficiency of departments by identifying the root causes to audit findings and proposing value added recommendations to address the findings.

Follow-up procedures rely on the department(s) providing the status of the recommendations. Follow-up procedures are substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the findings and recommendations.

OIA conducted five initial follow-up reviews in FY2017. City departments *fully implemented* or *resolved* 70 percent (14) of audit report recommendations, while 25 percent (5) were *in process* and 5 percent (1) of recommendations were *not implemented* at the time the follow-ups were performed. The table below illustrates each follow-up and the status of associated recommendations.

| Audit No. | Title | Original Report Date | Recommendations | | |
|------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------|------------|-----------------|
| | | | Fully Implemented or Resolved | In Process | Not Implemented |
| 17-10-106F | Albuquerque Fire Department – Fire Certifications & Licenses | 9/2/2011 | 5 | 0 | 0 |
| 17-13-104F | Department of Finance & Administrative Services – Telecom Use and Expense | 12/11/2013 | 6 | 0 | 0 |
| 17-13-108F | Department of Finance & Administrative Services – Professional/Technical Contract Development and Approval Process | 12/11/2013 | 1 | 1 | 1 |
| 17-14-102F | Department of Finance & Administrative Services – Operating Grants Fund Balance | 8/27/2014 | 2 | 0 | 0 |
| 17-14-106F | Department of Finance & Administrative Services – P-Card Use and Oversight | 10/29/2014 | 0 | 4 | 0 |
| Recommendation Totals | | | 14 | 5 | 1 |

OIA Staff

FY2017 Approved Staff Level = 7
City Auditor, Audit Manager, Contract Auditor,
Senior Information Systems Auditor, two Principal
Auditors, and Executive Assistant



OIA had an approved staffing level of seven (7) for FY2017. The City Auditor retired at the end of FY2016 and the Audit Manager served as Acting City Auditor throughout FY2017. In the first quarter of FY2017, the Accountability in Government Ordinance was amended and the Director's title was changed to City Auditor. There were no other staff changes during FY2017.

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

- 3 Masters in Business Administration (MBA)
- 3 Certified Public Accountants (CPA)
- 1 Certified Internal Auditors (CIA)
- 1 Certified Information Systems Auditor (CISA)
- 2 Certified Government Auditing Professional (CGAP)
- 2 Certified Fraud Examiner (CFE)
- 1 Certified Information Technology Professional (CITP)
- 1 Certified in Financial Forensics (CFF)
- 1 Certified Six Sigma Green Belt (CSSGB)
- 1 Information Technology Infrastructure Library - Foundation (ITIL F v3)
- 1 Associate in Risk Management (ARM)



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 Albuquerque Chapter of Certified Public Accountants (ACPA)
- The Association of Government Accountants (AGA)



ALGA



STAFF – BIOS

Lawrence L. Davis – Acting City Auditor/Audit Manager

Lawrence has more than 13 years of audit, accounting, and financial management 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 accounting 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 (Audit) unit of the New Mexico Legislative Finance Committee.

Alan R. Gutowski - Senior Information Systems Auditor

Alan has worked for OIA 2 times; most recently returning as the Senior Information Systems Auditor on May 14, 2016. He has worked for the City of Albuquerque (COA) for over 16 years. Alan was the Risk Finance Manager for the COA Risk Management Division from January 2012 thru May 2016. He previously worked for OIA from December 2000 – January 2012 as the Senior Information Systems Auditor and as the Audit Manager. Alan worked in the private sector from 1991 thru 2000 in the banking and healthcare industries in various positions, and in public accounting in various positions. He graduated from the University of New Mexico – Anderson School of Management with a BBA with a concentration in Accounting. Alan is a CPA licensed in New Mexico, CISA, CITP, ITIL F v3, CFE, CIA, CSSGB, and ARM. He is a member of the AICPA, IIA, ISACA, ACFE, AGA, and ALGA.

Christina M. Owens - Contract Auditor

A member of OIA since November 2011, Christina has over 18 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.

Kate Bach - Principal Auditor

Kate has over nine years of audit and accounting experience. Before joining OIA, Kate worked as an Internal Audit intern for a bank, and as an external auditor of for-profit companies, 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 IIA, and ALGA, and sits on the Board of the Albuquerque Chapter of CPAs (ACPA).

Chad Mantelli - Principal Auditor

Chad has over 10 years of audit and compliance experience in both the private and public sectors. He has served in various capacities for insurance companies, and financial institutions. Prior to joining OIA, Chad served as an auditor for the Office of the Inspector General at the New Mexico Department of Transportation. He is a graduate of the University of Texas – Dallas, and holds a Bachelor’s Degree in Economics and Finance. Chad also holds an MBA from New Mexico Highlands University. Chad is a member of the IIA and ALGA.

Consuelo Baca - Executive Assistant

Consuelo has been with the City of Albuquerque for 24 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 for both the Office of Internal Audit as well as the Office of the Inspector General. Consuelo is a member of the IIA.