City of Albuquerque

Office of Internal Audit

Fiscal Year 2026 Annual Report

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

Office of Internal Audit

Fiscal Year 2026 Annual Report

July 1, 2025 - June 30, 2026

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Mission Statement

To provide objective and independent evaluations and effective solutions 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 31, 2026

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

In accordance with Section 2-10-14 ROA 1994 of the Accountability in Government Ordinance, I am pleased to present the Office of Internal Audit's (OIA's) Annual Report for the fiscal year ending June 30, 2026. This report highlights the audit services our office provided throughout the fiscal year.

As the independent auditor for the City of Albuquerque, our mission is to deliver valuable insights that enhance accountability, transparency, and foster continuous improvement for both the City and its citizens. This annual report highlights the dedication, professionalism, and high-quality work of the OIA staff, who have consistently demonstrated flexibility and commitment in fulfilling our statutory responsibilities and addressing risks across the City. In fiscal year (FY) 2026, OIA issued three performance audit reports, seven strategic reviews, three follow-up audits, one continuous audit monitoring status and follow-up report for a total of 14 reports. These efforts, encompassing both audit and non-audit services, resulted in an assessment amount of approximately $117.2 million, and the potential cost savings identified for FY2026 are estimated at $2.6 million. Additionally, OIA conducted continuous monitoring, which included tracking all 56 open recommendations from prior years' reports.

I sincerely appreciate the cooperation and assistance of City Management throughout this period. Their commitment to supplying the necessary information for our audit services, as well as their concurrence and partial concurrence with all recommendations made in 2026, is highly commendable. I believe City Management and staff deserve recognition for their continued efforts to leverage the audit process in improving City operations.

I would like to express my deep gratitude to the AGO Committee for its unwavering support of our office. The Committee's leadership, guidance, and advocacy have been invaluable, enabling us to provide audit services that are independent, objective, and conducted with the utmost integrity.

OIA's mission remains steadfast. In fiscal year 2027, we will continue delivering objective, independent evaluations and offering effective solutions that enhance transparency, accountability, and efficiency for Albuquerque's citizens. Your input is invaluable. By supporting our work and highlighting the issues we address, you play a crucial role in ensuring that Albuquerque's leaders take meaningful action. We invite you to stay engaged by signing up for our audit report distribution emails or by contacting us directly at oia@cabq.gov to share your thoughts, concerns, or questions.

Respectfully,

Marisa C. Vargas
City Auditor

Organizational Chart

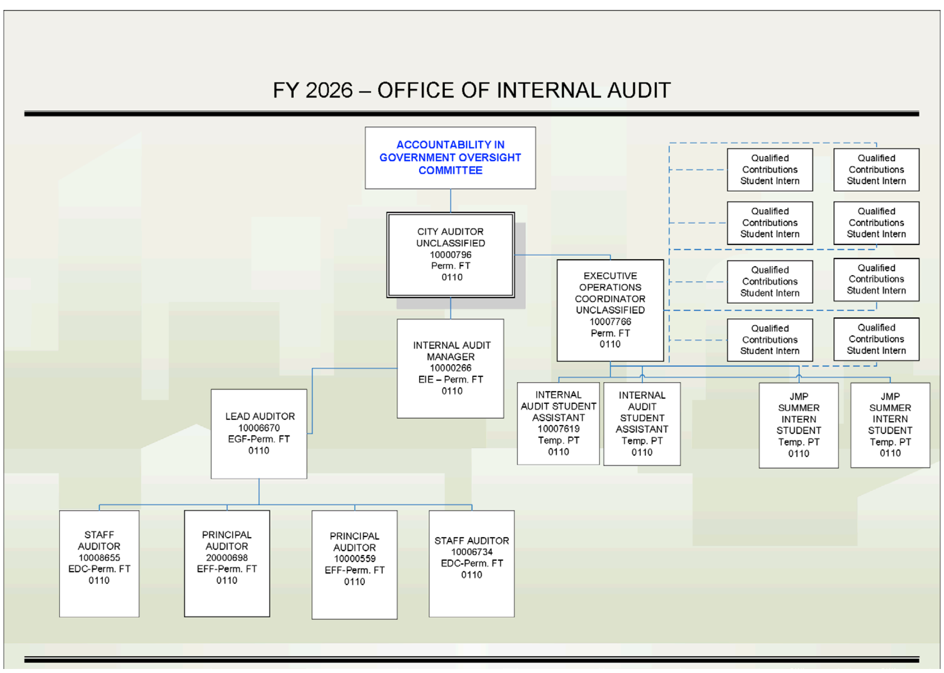
June 30, 2026

Section 2-10-5 ROA 1994 of the Accountability in Government Ordinance established the Accountability in Government Oversight (AGO) Committee. The AGO Committee serves as a management committee rather than a public board, commission, or committee, and it does not have the authority to formulate public policy. Its primary responsibilities include approving all OIA reports and making recommendations to the City Council regarding the selection of the City Auditor. The AGO Committee is composed of five members from the community at large; additionally, the Mayor and one city councilor, appointed annually by the City Council President, serve as nonvoting ex-officio members.

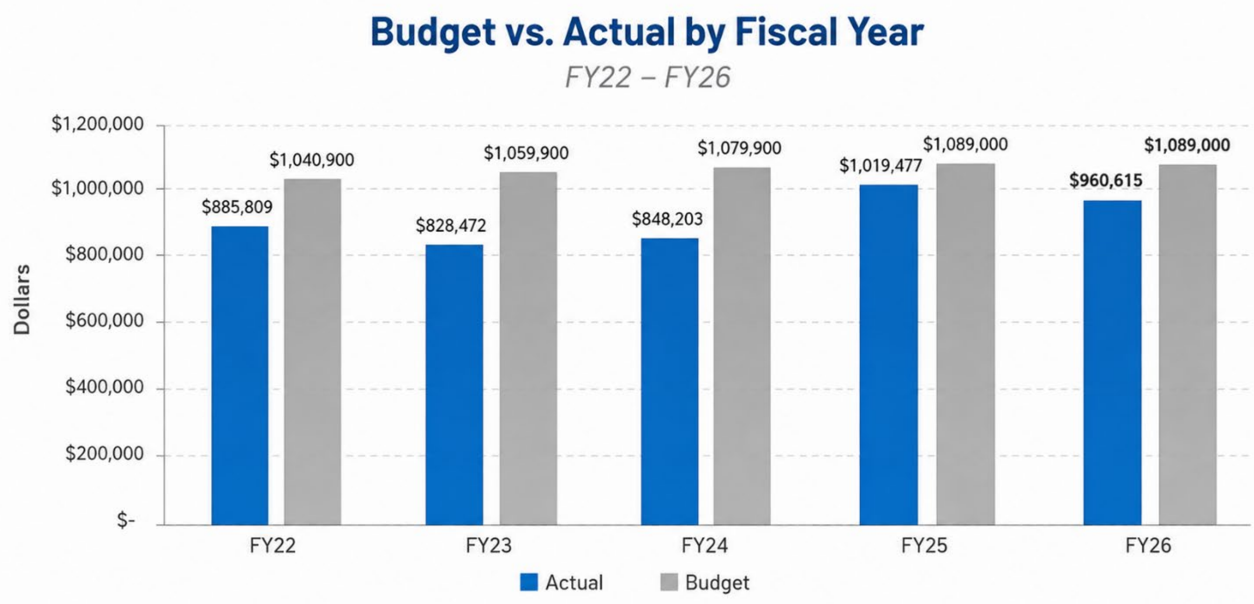
AGO Composition

Name	Representative
Victor Griego	CPA
Esteban A. Aguilar, Jr.	At Large
Robert J. Aragon	Law
Martin E. Mathisen	CPA
Lia Armstrong	At Large
Brook Bassan	Council Appointed Ex Officio Member
Carla Martinez	Mayor Appointed Ex Officio Member

Office of Internal Audit Organizational Chart



OIA Budget



FY26 actual expenditures totaled $960,615, representing **88%** of the approved budget.

OIA's spending is primarily driven by staffing, operating costs, audit-management licenses, training, and consultant activity.

OIA maintains stable and predictable spending, primarily driven by current staffing levels and associated operating costs. The majority of our operating expenses are dedicated to audit management system licenses and the annual training mandated by Government Auditing Standards. Consultant spending, funded through available vacancy savings, fluctuates based on the Annual Audit Plan and the volume of audit and non-audit service requests.

OIA is currently funded for eight budgeted positions. All auditors meet the continuing professional education requirements, and many hold professional certifications. Additionally, all auditors are members of the Association of Local Government Auditors (ALGA), the Institute of Internal Auditors (IIA), the Association of Certified Fraud Examiners (ACFE), and the Information Systems Audit and Control Association (ISACA).

OIA’s FY2026 Performance Measures

REPORTS ISSUED

The following is a list of outputs designed to measure the overall performance of the Internal Audit function and to underscore the value and return on investment our services provide.

One of OIA’s performance goals for FY2026 was to complete 80 percent of the projects identified in the Annual Audit Plan. This plan is developed with an understanding of the inherent risks and limitations in any system of audit prioritization; it may not be possible to complete all identified projects in one year. Consequently, the Audit Plan is periodically re-evaluated to reassess available resources and to incorporate special requests or strategic reviews, ensuring that OIA addresses high-risk areas promptly.

The duration of an audit can vary due to numerous factors. For instance, during an audit, OIA may identify additional areas of concern that require further examination. We do not constrain our audit procedures to meet internal performance metrics; instead, we prioritize auditing based on the assessed risk and potential exposure to the City. OIA’s work focuses on significant departmental processes and, where feasible, incorporates citywide data to provide broader insight into risks, controls, and operational performance

In FY2026, OIA issued three performance audit reports, seven strategic reviews, including the second biennial Qualifying Contributions Examination, three follow-up audits, and one continuous audit monitoring status and follow-up report. The Qualifying Contributions Examination verified qualifying contributions submitted on behalf of the Mayor and City Council candidates, as required by Articles XII, XIII, and XVI of the City Charter Relating to Elections and Public Campaign Financing. In FY2026, OIA issued a total of 30 recommendations, and City departments concurred or partially concurred with 100 percent of the recommendations made. Additionally, OIA conducted continuous monitoring efforts, which included monitoring all 56 open recommendations made in prior year audit reports. As a result of these efforts and as listed in detail below, OIA was able to complete 81 percent of the revised Annual Audit Plan.

Performance Audit Reports

Performance audits provide objective analysis, findings, and conclusions to improve operations, support decision-making, and promote public accountability. They are conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) and require extensive planning and documentation. An audited entity’s formal responses to audit recommendations are included in the final report.

Exhibit 1: Performance Audits Issued in FY2026

Performance Audits				
No.	Report Title	Original Report Date	Recommendations	
			Open	Closed
25-103	Albuquerque Community Safety Policy & Practices	07/30/2025	7	0
24-102	DFAS – CenturyLink Franchise Fees Compliance	06/24/2026	6	0
25-105	Arts & Culture – BioPark Gross Receipts Tax GRT Fund Compliance	06/24/2026	0	0
Recommendations Totals			13	0

Strategic Reviews

Strategic reviews are limited-scope, non-audit engagements used to address specific requests, emerging issues, best practices, benchmarking, or compliance matters. These reviews generally require less planning and documentation than performance audits and can typically be completed in a shorter timeframe.

Exhibit 2: Strategic Reviews Issued in FY2026

Strategic Reviews				
No.	Report Title	Original Report Date	Recommendations	
			Open	Closed
25-402	Human Resources Department – Strategic Review Vacation and Sick Time Accruals	7/30/2025	11	0
25-403	Qualifying Contributions Examination	10/14/2025	0	0
26-401	AWD Eastside Shelter Cash Count	10/29/2025	0	2
25-401	Aviation Department – Strategic Review of Dream of Flight Sunport Reimagined	06/24/2026	0	0
26-402	DFAS – Evaluation of Custodian and Sub-Custodian Oversight Requirements	03/25/2026	4	0
26-403	Solid Waste Department – Don Reservoir Center and	6/24/2026	0	0

	Cerro Colorado Landfill Cash Count			
26-404	Arts & Culture Department – Albuquerque Museum Cash Count	6/24/2026	0	0
Recommendations Totals			15	2

Follow-Up Audits and Continuous Monitoring

Follow-up audits report on the progress of corrective actions related to the original findings and recommendations, using minimal sampling and testing of the identified risks. In FY2026, OIA conducted three follow-up audits. City departments successfully closed 44 percent (8) of the audit report recommendations, while 56 percent (10) remained open at the time the follow-ups were conducted, which is detailed in Exhibit 3.

Exhibit 3: Follow-Up Audits Completed in 2026

Follow-Up Audits					
No.	Report Title	Original Report Date	Recommendations		
			Evaluated	Open	Closed
25-23-102F	Follow-Up-Business Registration	10/29/2025	2	0	2
26-24-104F	AFR Overtime	03/25/2026	5	0	5
26-25-402F	Human Resources Department-Vacation and Sick Time Accruals	06/24/2026	11	10	1
Recommendations Totals			18	10	8

In FY2022, OIA enhanced its continuous monitoring efforts. OIA now monitors all open recommendations until they are implemented on a six-month interval from the date a report is issued. During FY2026, OIA monitored 56 open recommendations made in prior years' reports. The numbers of recommendations monitored and reports open by department can be seen in Exhibit 4. For the names and original issue dates of the performance and follow-up audits that remain open as of June 2026, please see details in Exhibit 5.

Exhibit 4: Recommendations Monitored and Reports Open by Department for Fiscal Year 2026

Recommendations			
Department	Monitored	Closed	Reports Open
Albuquerque Police Department	4	1	1
Animal Welfare	3	3	0
Aviation	1	0	1
Finance and Administrative Services	23	0	4

Human Resources	7	4	1
Fire Rescue	6	6	0
General Services	10	4	1
Planning	2	2	0
Total	**56**	**20**	**8**

Exhibit 5: Summary of Open Performance and Follow-Up Audits as of June 2026

Open Performance and Follow-Up Audits			
Department	Issue Date	Report Title	Open Recommendations
Albuquerque Police Department	10/19/2022	Emergency Response Time Assessment	3
General Services	04/9/2025	Albuquerque Baseball Club, LLC	6
Aviation	12/14/2023	Strategic Review of Construction Project Management	1
Finance and Administrative Services	06/26/2024	Follow-Up of ABCWUA Franchise Fee Revenue Audit	1
Finance and Administrative Services	12/14/2023	PNM Franchise Fee Revenue Compliance Audit	5
Finance and Administrative Services	08/26/2024	Asset Management Performance Audit	6
Human Resources	10/19/2022	Citywide Hiring Practices Involving Unclassified Employees	3
Finance and Administrative Services	04/9/2025	Comcast Franchise Fees Compliance Audit	11
Total			**36**

QUALIFYING CONTRIBUTIONS

OIA completed the second biennial Qualifying Contribution Examination as required by Articles XII, XIII, and XVI of the City Charter Relating to Elections and Public Campaign Financing. OIA staff supported efforts to verify the identity of registered voters and provide assurance to the integrity of the City of Albuquerque's public campaign financing process. Electronic campaign contributions are automatically verified by software connected to the Secretary of State's voter registration database. For paper receipts, however, phone calls alone were not sufficient and required in-person verification. OIA's two-person teams visited a sample of contributors' homes to confirm name, residency, signature validity, and that each $5 contribution was personally provided. Up to three attempts were made, with doorknob hangers left for follow-up and replacement samples selected. For the city councilor race, OIA covered five city council districts: Districts 1, 3, 5, 7, and 9. OIA also covered the entire City of Albuquerque for the mayoral race. Based on this work, of 772 randomly selected samples, OIA verified 645 (84%) through more than 1,800 home visits.

AFTER AUDIT SURVEY RATINGS

Another key quality measure of OIA's services is the average ratings provided by auditees upon the completion of an audit or non-audit service. Each audited department is asked to complete a post-audit survey, which rates the auditor, the audit process, and the audit report on a scale of one to five, with five being the highest possible rating. OIA's goal for the after-audit survey is an average rating of 4.5. In FY2026, OIA surpassed this goal, achieving an average rating of 4.8 based on the collected survey responses.

AMOUNT ASSESSED AND SAVINGS IDENTIFIED

Audits and non-audit services involve verifying and testing transactions and other financial activity to assess the accuracy of the City's accounting records and ensure compliance with key policies, laws, regulations, and contracts. These services typically include applying audit and non-audit procedures to a sample of a larger population, such as payroll, revenues, or expenditures for a specific process or program. Through this work, OIA assesses City funds, transactions, and activities within the scope of each engagement. The amount assessed reflects the financial activity reviewed or tested and is distinct from the level of assurance provided by an engagement. A large dollar figure does not, by itself, indicate that a higher or lower level of assurance was provided; it only reflects the value of the financial activities in included in the engagement. In FY2026, OIA examined approximately $117.2 million in City financial activity through audit and non-audit services.

Many projects result in increased efficiencies, compliance, or financial benefits to the City. However, the value gained from some projects cannot be easily quantified; therefore, a financial impact may not be identified every year. The amount of savings identified reflects quantifiable cost savings and other financial benefits identified through OIA's work, including questioned costs, cost avoidance, recoveries, and opportunities to reduce or prevent unnecessary expenditures. For FY2026, OIA identified an estimated $2.6 million in potential cost savings and related financial benefits.

PEER REVIEW

Peer Reviews are conducted every three years by independent auditors who are facilitated by ALGA. Their purpose is to evaluate the internal system of quality control that an audit organization like OIA must maintain in accordance with Government Auditing Standards. This evaluation is meant to provide reasonable assurance that the audit organization complies with applicable legal and professional requirements. Organizations can receive a rating of pass, pass with deficiencies, or fail. In November 2025, a Peer Review was conducted for the period of July 1, 2022, through June 30, 2025, and OIA received a "Pass" rating.

OTHER NOTEWORTHY ACTIVITIES

- Issued 14 reports containing 30 recommendations to improve the efficiency and effectiveness of City operations.
- Followed up on 56 prior audit recommendations from 15 reports issued in fiscal years 2021 through 2025 to evaluate corrective action progress and promote accountability; found that 36% were implemented.
- Received concurrence or partial concurrence from City Management on 100% of recommendations issued.
- Maintained a 4.8 out of 5 rating from auditees through audit satisfaction surveys.
- Received a "Pass" rating of compliance with Government Auditing Standards through the peer review conducted by the Association of Local Government Auditors.
- Assessed $117.2 million in City funds through audit and non-audit work completed during the year.
- Completed the second biennial Qualifying Contributions Examination as required by Articles XII, XIII, and XVI of the City Charter Relating to Elections and Public Campaign Financing.
- Supported the development of the annual continuing professional education training program for the Institute of Internal Auditors Albuquerque Chapter, where several OIA team members serve as Officers.

STAFF – BIOS

Marisa Vargas – City Auditor

Marisa brings more than 21 years of internal auditing experience, specializing in assurance, risk management, governance, and performance improvement within the nonprofit, federal, and local government sectors. She began her auditing career at New Mexico Student Loans, conducting compliance and performance audits, before joining Sandia National Laboratories. During her decade at Sandia, she held progressively responsible roles as Contract Auditor, Internal Auditor, and Audit Supervisor, leading audit teams and overseeing a broad portfolio of assurance and advisory engagements.

Marisa has demonstrated a longstanding commitment to advancing the internal audit profession. She currently serves as President of the Institute of Internal Auditors (IIA) Albuquerque Chapter, having previously served six years as Chapter President, as well as in several other Board leadership roles. She also serves on the Executive Committee of the Southwest Intergovernmental Audit Forum (SWIAF), an organization affiliated with the U.S. Government Accountability Office's National Intergovernmental Audit Forum, where she collaborates with government audit leaders across the Southwest to advance public-sector auditing and professional development. She holds a Bachelor of Business Administration in Finance with a minor in Economics and a Master of Accounting from the University of New Mexico.

Marisa is an Internal Audit Practitioner (IAP), Certified Fraud Examiner (CFE), Certified Internal Controls Auditor (CICA), Certified Internal Controls Specialist (CICS), Certified Responsible Government Auditor (CRGA), Quality Assessor, and Certified Peer Reviewer under Government Auditing Standards. She joined the City of Albuquerque in 2020 as a Contract Auditor and was subsequently promoted to Internal Audit Manager before being appointed City Auditor by the Albuquerque City Council in June 2025.

As City Auditor, Marisa provides independent oversight to promote accountability, transparency, and effective stewardship of public resources. She is committed to strengthening governance, improving City operations, and ensuring the Office of Internal Audit delivers high-quality, risk-based assurance services that build public trust.

Vanessa Meske – Lead Auditor

Vanessa possesses over ten years of specialized experience in auditing and investigations, combining her academic background with practical expertise. While pursuing her bachelor's degree in criminal justice and her master's in business administration, Vanessa gained valuable experience working at a tribal casino, where she honed her skills in surveillance, risk management, and auditing over a four-year period.

Her career progressed as she joined MGM Resorts International as an Internal Auditor, where she conducted Title 31 compliance audits across 15 MGM properties, ensuring adherence to regulatory standards in a high-stakes environment.

Vanessa's commitment to the auditing profession is reflected in her role as Vice President of Programs on the IIA Albuquerque Chapter Board and her attainment of the Certified Fraud Examiner (CFE) credential and Certified Internal Controls Auditor (CICA). She was initially hired as a Principal Auditor with the Office of Internal Audit, where her strong performance led to her promotion to Lead Auditor.

Connie Barros-Montoya – Principal Auditor

Connie is a seasoned audit and financial professional with more than 30 years of experience spanning both the private and public sectors. She spent 24 years in the private sector, building expertise in financial services, lending, customer service, and collections. She later joined the State of New Mexico's Taxation and Revenue Department, where she served six years as an auditor for the International Fuel Tax Agreement (IFTA), International Registration Plan (IRP), and Weight Distance Tax (WDT) programs.

In 2019, Connie joined the City of Albuquerque as a Staff Auditor and currently serves as Principal Auditor in the Office of Internal Audit. In this role, she leads performance audits, advisory engagements, and internal control assessments that promote accountability, transparency, and effective stewardship of public resources.

Connie holds a Bachelor of Science in Business with a minor in Accounting from the University of Phoenix. She is committed to continuous professional development and has earned certifications in IT General Controls (May 2023), Internal Controls Auditing (September 2023), Internal Audit Practitioner (May 2024), and Responsible Government Auditing (September 2024).

Stacy Martin – Staff Auditor

Stacy brings more than 25 years of diverse private-sector experience in finance, lending, loan servicing, fraud detection, collections, mortgage services, and customer service. She leverages her extensive financial and operational background to support risk-based audits, evaluate internal controls, and promote accountability, transparency, and operational effectiveness across City departments.

Stacy joined the City of Albuquerque's Office of Internal Audit as a Staff Auditor in October 2021.

She holds a Bachelor of Science in Financial Management, a Master of Business Administration (MBA) in Accounting, and a dual Master of Management (MM) degree from National American University. In May 2023, she earned an IT General Controls (ITGC) Certificate, further strengthening her expertise in information technology controls and audit practices.

In addition to her professional responsibilities, Stacy has served as Treasurer of the Institute of Internal Auditors (IIA) Albuquerque Chapter since 2025, reflecting her commitment to the internal audit profession and ongoing professional development.

Kayla Martinez – Staff Auditor

Kayla brings a diverse background with experience in data management, compliance, and client support, including roles that involved coordinating processes, analyzing information, and supporting organizational operations. She has experience working with data and processes that require accuracy and attention to detail. She holds a bachelor's degree in community health education from the University of New Mexico and an MBA from Eastern New Mexico University. Her educational background and experience provide a strong foundation in her role. Kayla joined the City as an Intern in April 2025 and progressed to a Staff Auditor role in February 2026, where she contributes to the completion of audit work and supports the effort of the department.

Leslie Rendon – Executive Operations Coordinator

Leslie has served the City of Albuquerque for over 15 years in roles across multiple departments, including Cultural Services, the Albuquerque Police Department, Planning, and Municipal Development. She joined the Office of Internal Audit in 2020 as the Administrative Coordinator, was promoted to Staff Auditor, and in May 2025, she was appointed Executive Operations Coordinator. In her current hybrid role, she provides strategic and operational support to the Office of Internal Audit, the Office of Inspector General, the Accountability in Government Oversight Committee, and the Citizens' Independent Salary Commission, while also conducting audit engagements that promote accountability, transparency, and effective governance.

Leslie earned an IT General Controls Certificate in 2023 and obtained her Certified Responsible Government Auditor (CRGA) designation in 2024. She brings extensive experience in executive operations, audit administration, governance support, procurement, budgeting, strategic coordination, and performance auditing, helping ensure the effective and efficient operation of the City's independent oversight functions. Leslie is committed to advancing accountability, transparency, and excellence in public service.

The Year Ahead

The Office of Internal Audit (OIA) is committed to making FY2027 another productive year by delivering high-quality audit and non-audit services that promote accountability, efficiency, effectiveness, and transparency across City operations.

A key priority for the year is continued progress toward completing at least 80 percent of the FY2027 Audit Plan while reducing the existing audit backlog. OIA will also continue monitoring the implementation of prior recommendations and conducting performance audits in accordance with Government Auditing Standards.

Throughout the year, OIA will remain responsive to emerging risks and requests while focusing available resources on areas of greatest significance to the City and its residents.

Contact Information

If you have any questions about this report, the Office, or our mission, please contact us using one of the methods below. We look forward to hearing from you.

Website
https://www.cabq.gov/audit

Email
OIA@cabq.gov