OC-25-48

Office of Internal Audit

City of Albuquerque

Marisa C. Vargas
City Auditor

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August 29, 2025

Honorable Mayor Tim Keller
Office of the Mayor
PO Box 1293
Albuquerque, NM 87103

Councilor Brook Bassan, President
City Council
P.O. Box 1293
Albuquerque, NM 87103

Dear Mayor Keller and Councilor Bassan,

I am pleased to inform you that the Office of Internal Audit's Annual Report for fiscal year 2025 has been completed. I am now transmitting it to both the Mayor's Office and the City Council for review.

Sincerely,

Marisa C. Vargas
City Auditor

City of Albuquerque

Office of Internal Audit

Fiscal Year 2025 Annual Report

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

Office of Internal Audit

Fiscal Year 2025 Annual Report

July 1, 2024 - June 30, 2025

TABLE OF CONTENTS

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 29, 2025

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, 2025. 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) 2025, OIA issued four performance audit reports, three follow-up audits, one audit monitoring status and follow-up report; furthermore, OIA performed salary evaluations for the Mayor and City Councilors on behalf of the Citizens' Independent Salary Commission and began the biennial Quality Contributions Examination to verify qualifying contributions submitted on behalf of Mayor and City Council candidates[1].These efforts, encompassing both audit and non-audit services, provided assurance on issues totaling $29.2 million, and the potential cost savings identified for FY2025 are estimated at $1.2 million. Additionally, OIA conducted continuous monitoring, which included tracking all 41 open recommendations from 11 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 2025, 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

[1] This work is required by article XVI, section 5 of the City Charter. This is the first year that OIA will examine qualifying contributions for mayoral candidates.

us to provide audit services that are independent, objective, and conducted with the utmost integrity.

OIA's mission remains steadfast. In fiscal year 2026, 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, 2025

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

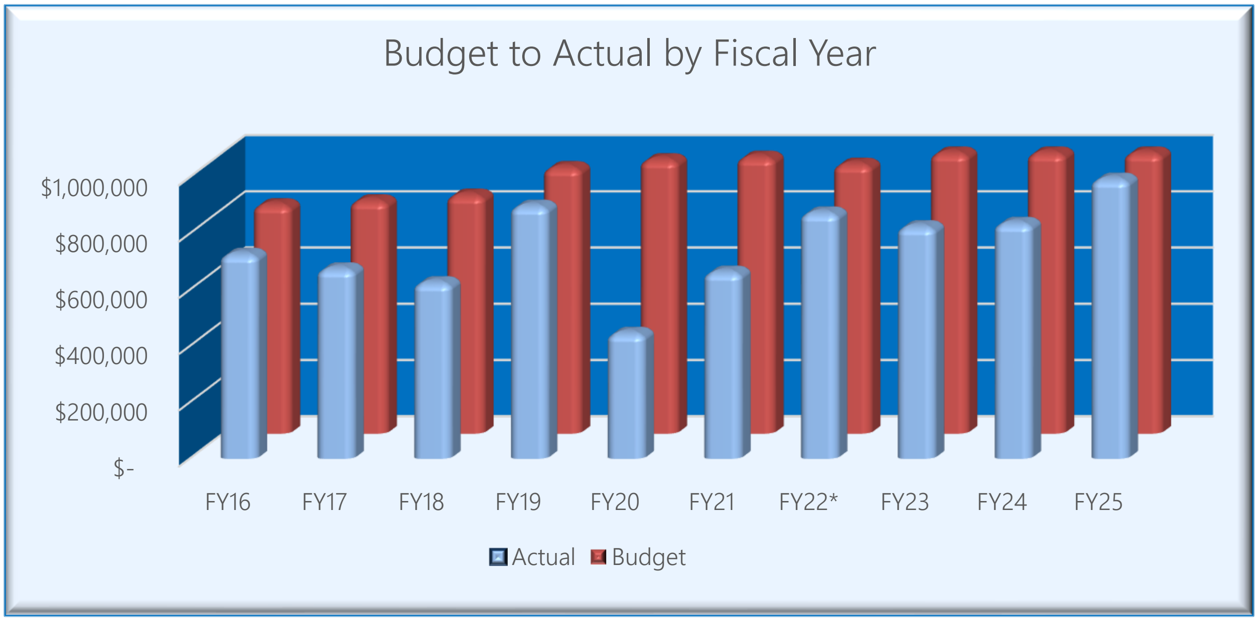
Name	Representative
Victor Griego	CPA
Esteban A. Aguilar, Jr.	At Large
Robert J. Aragon	Law
Johnny Mangu	Management
Lia Armstrong	At Large
Brook Bassan	Council Appointed Ex Officio Member
Kevin Sourisseau[2]	Mayor Appointed Ex Officio Member

[3]

[2] Organizational chart reflects membership as of June 30, 2025. Effective July 10, 2025, Carla Martinez was appointed as the Mayor's ex officio member,

[3] Organizational chart reflects the department as of June 30, 2025. Effective July 2025, Marisa Vargas was confirmed as City Auditor.

OIA Budget



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 FY2025 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 FY2025 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. As part of our commitment to thoroughness, OIA has made a concerted effort to expand its testing, often encompassing whole City departments within a single audit.

In FY2025, OIA issued four performance audit reports, three follow-up audits, one continuous audit monitoring status and follow-up report, performed salary evaluations for the Mayor and City Councilors on behalf of the Citizens' Independent Salary Commission, and began the biennial Quality Contributions Examination to verify qualifying contributions submitted on behalf of the Mayor and City Council candidates. In FY2025, OIA issued a total of 33 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 41 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.

Audit Reports

Audits require extensive planning and documentation to ensure compliance with Government Auditing Standards. Additionally, the audited entity and/or the Administration prepare formal responses to the audit recommendations, which are included in the final report.

Strategic Reviews

Strategic reviews are conducted at the request of the Administration and/or City Council, or in response to emerging issues. These reviews generally require less planning and documentation than audits and can typically be completed in a shorter timeframe.

Exhibit 1: Performance Audits Issued in FY2025

No.	Report Title	Type of Service	Original Report Date	Recommendations	
				Open	Closed
23-101	Citywide Asset Management	Performance Audit	8/28/2024	6	0
23-101B	Comcast Franchise Fees Compliance	Performance Audit	04/09/2024	11	0
24-101	Albuquerque Baseball Club, LLC Contract Compliance	Performance Audit	04/09/2024	10	0
24-101	Fire and Rescue Overtime	Performance Audit	04/09/2024	5	1
Recommendations Totals				32	1

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 FY2025, OIA conducted three follow-up audits. City departments successfully closed 57 percent (12) of the audit report recommendations, while 43 percent (9) remained open at the time the follow-ups were conducted, which is detailed in Exhibit 2.

Exhibit 2: Follow-Up Audits Completed in 2025

No.	Report Title	Original Report Date	Recommendations		
			Evaluated	Open	Closed
25-24-403F	Senior Affairs Cash Count	06/26/2024	7	0	7
25-22-118F	APD Emergency Response Time Assessment	10/19/2024	6	4	2
25-22-116F	Citywide Hiring Practices Involving Unclassified Employees	04/09/2025	8	5	3
Recommendations Totals			21	9	12

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 FY2025, OIA monitored 41 open recommendations made in 11 prior years' reports. A listing of recommendations monitored and reports open by department can be seen in Exhibit 3. For performance and follow-up audits that remain open as of June 2025, please see details in Exhibit 4.

Exhibit 3: Recommendations Monitored and Reports Open by Department for Fiscal Year 2025

Department	Recommendations		Reports Open
	Monitored	Closed	
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
Total	41	20	8

Exhibit 4: Summary of Open Performance and Follow-Up Audits as of June 2025

Department	Issue Date	Report Title	Open Recommendations
Albuquerque Police Department	10/19/2022	Emergency Response Time Assessment	4
Animal Welfare	03/11/2021	Street Cat Hub, Inc. City Vendor Audit	1
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
Human Resources	04/24/2022	Citywide Veterans Hiring Initiative	2
Human Resources	10/19/2022	Citywide Hiring Practices Involving Unclassified Employees	5
Planning Department	06/28/2023	Business Registration	2
Total			21

Citizens' Independent Salary Commission Support

OIA supported the Citizens' Independent Salary Commission (CISC) in its evaluation of compensation for the Mayor and City Councilors. OIA staff provided analytical assistance by compiling and assessing historical salary data, cost-of-living and median income trends, City budget and revenue changes, and benchmarking information from comparable cities. OIA also analyzed survey feedback from elected officials, City administration, and the public, and presented this data to the Commission to inform deliberations. Based on this work, the Commission approved salary adjustments effective for the next term: increasing the Mayor's salary from $146,081 to $151,193.84, City Councilors' salaries from $62,843 to $67,907, and the Council President's salary from $66,927.80 to $72,321.

REQUESTS FOR ASSISTANCE

The internal audit function extends beyond assurance services. OIA also offers non-audit activities designed to add value and enhance the organization's operations. These consulting-like services go beyond the traditional scope of internal audit, encompassing areas such as enterprise risk management evaluations, advanced analytics, and process feedback. Throughout the year, we responded to numerous requests for assistance, providing tailored support and expertise to address a variety of organizational needs.

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 FY2025, OIA surpassed this goal, achieving an average rating of 4.8 based on the collected survey responses.

ASSURANCE PROVIDED AND SAVINGS IDENTIFIED

Audits and non-audit services involve verifying and testing transactions 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 for a specific department. OIA's work provides assurance relative to the populations subjected to these procedures. In FY2025, OIA estimated a combined assurance value of $29.2 million for the audit and non-audit services performed.

Many projects result in increased efficiencies, compliance, or avoidable costs to the City. However, the value gained from some projects cannot be easily quantified and as a result, this measure may not be achieved every year. Outcome measures are an accounting of the impact of our audit results and recommended corrective actions, quantified on an annual basis. The potential cost savings identified for FY2025 is estimated at $1.2 million.

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. OIA anticipates having a Peer Review conducted in Quarter 4 of FY 2026[4].

OTHER NOTEWORTHY ACTIVITIES

- Conducted physical observations of approximately $3.4 million in City assets to confirm their existence.
- Developed a comprehensive OIA policy for Personally Identifiable Information (PII), establishing clear standards for record security, retention, storage, labeling, destruction, and data breach response across all record formats.
- Achieved Certified Internal Controls Specialist, Internal Audit Practitioner, and Certified Responsible Government Auditor designations by various members of the OIA team.
- Launched a new initiative with local colleges and universities to provide students with hands-on experience in public service and internal auditing.
- Led the development of the training program for the Institute of Internal Auditors Albuquerque Chapter, where several OIA team members serve as Officers.

[4] OIA received a pass rating in a Peer Review conducted in April 2023.for the period of July 1, 2019 through June 30, 2022.

STAFF – BIOS

Marisa Vargas – Internal Audit Manager/Interim City Auditor

Marisa brings over 20 years of comprehensive assurance and consulting experience, with a specialized focus on the non-profit and government sectors. She began her auditing career at New Mexico Student Loans, where she conducted compliance and performance audits, and later joined Sandia National Laboratories. During her decade at Sandia, Marisa advanced through a series of key roles, including Contract Auditor and Internal Auditor, ultimately serving as Audit Supervisor for six years.

Marisa’s leadership and dedication to the internal audit profession have been widely recognized. She served as Chapter President of the Institute of Internal Auditors (IIA) Albuquerque Chapter for six years and continues to contribute as the Chapter's Past President. Her academic background includes a bachelor's degree in finance and economics and a master's in accounting, both from the University of New Mexico.

In addition to her academic and professional credentials, Marisa is a Certified Fraud Examiner (CFE), a Certified Internal Controls Auditor (CICA), a Certified Internal Controls Specialist (CICS), Certified Responsible Government Auditor, and Quality Assessor. Her journey with the City of Albuquerque began as a Contract Auditor, where her high-quality performance and leadership led to her promotion as Internal Audit Manager.

Vanessa Meske – Lead Auditor

Vanessa possesses over seven 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 over 30 years of combined experience in the private and public sectors. She brings 24 years of expertise in financial services, lending, customer service, and collections from the private sector, coupled with 6 years of public sector experience with the State of New Mexico's Taxation and Revenue Department. There, she served 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. She holds a Bachelor of Science in Business with a minor in Accounting from the University of Phoenix.

Connie continues to build on her professional knowledge through certifications in IT General Controls, Internal Controls Auditing, Internal Audit Practitioner, and Certified Responsible Government Auditor.

Mark Jaramillo – Principal Auditor

Mark has over 4 years of experience performing financial statement audits for local governments, state agencies, non-profit organizations, and tribal entities. Throughout this time, he has developed a strong expertise in auditing processes, financial reporting, and compliance within the public and non-profit sectors. In January 2025, Mark joined the City of Albuquerque as a Principal Auditor, where he continues to apply his skills to support accountability and transparency in government operations. He holds a Bachelor of Business Administration with a concentration in Accounting from the University of New Mexico, providing a solid foundation in auditing and accounting principles and practices.

Stacy Martin – Staff Auditor

Stacy brings over 25 years of diverse experience in finance, lending, servicing, fraud detection, collections, mortgage services, and customer service within the private sector. She holds a bachelor's degree in financial management, an MBA in accounting, and a dual master's degree in management from National American University. Stacy joined the City as a Staff Auditor in October 2021, and recently, in May 2023, she earned an IT General Controls Certificate, further expanding her expertise in the field.

Leslie Rendon – Executive Operations Coordinator

Leslie has served the City of Albuquerque for over 14 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, later serving as Staff

Auditor and Interim Administrative Coordinator. In May 2025, she was appointed Executive Operations Coordinator, providing strategic and operational support for the Office of Internal Audit, the Office of Inspector General, the Accountability in Government Oversight Committee, and the Citizens' Independent Salary Commission.

Leslie holds an Associate's degree in Integrated Studies from Central New Mexico Community College and is pursuing a BBA in General Business at New Mexico State University. She earned an IT General Controls Certificate in 2023 and obtained her Certified Responsible Government Auditor (CRGA) designation in 2024

The Year Ahead

The Office of Internal Audit (OIA) is committed to making 2026 another successful year by prioritizing the delivery of high-quality audit and non-audit services. Our primary focus is on uncovering opportunities to enhance the efficiency, effectiveness, and transparency of the City's critical programs and functions.

As part of our ongoing commitment, we will diligently monitor the implementation of recommendations from previous audits to ensure they lead to measurable improvements. Additionally, we are working to complete all audits from the FY2025 Annual Plan without terminating any ongoing projects.

Looking ahead to FY2026, the OIA has scheduled eight audits. These audits reflect our dedication to upholding the highest standards of accountability and transparency, ensuring that the City continues to operate efficiently and effectively for 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	Email
https://www.cabq.gov/audit	OIA@cabq.gov