

# CITY of ALBUQUERQUE

## TWENTY FOURTH COUNCIL

COUNCIL BILL NO. R-20-110 ENACTMENT NO. \_\_\_\_\_

SPONSORED BY: Diane G. Gibson, by request

1 RESOLUTION  
2 APPROVING THE FY2021 AUDIT PLAN AS SUBMITTED BY THE  
3 ACCOUNTABILITY IN GOVERNMENT OVERSIGHT COMMITTEE.

4 WHEREAS, the Mayor and the City Councilors were invited to  
5 recommend audit areas to be included in the plan; and

6 WHEREAS, The Accountability in Government Oversight Committee has  
7 approved the audit plan of the Office of Internal Audit on July 29, 2020; and

8 WHEREAS, Article 2-10-11 (B), the Accountability in Government  
9 Ordinance, requires the Accountability in Government Oversight Committee to  
10 transmit the audit plan to the Council for final approval as a resolution.

11 BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE  
12 CITY OF ALBUQUERQUE:

13 That the Audit Plan attached hereto is hereby adopted for FY2021.  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

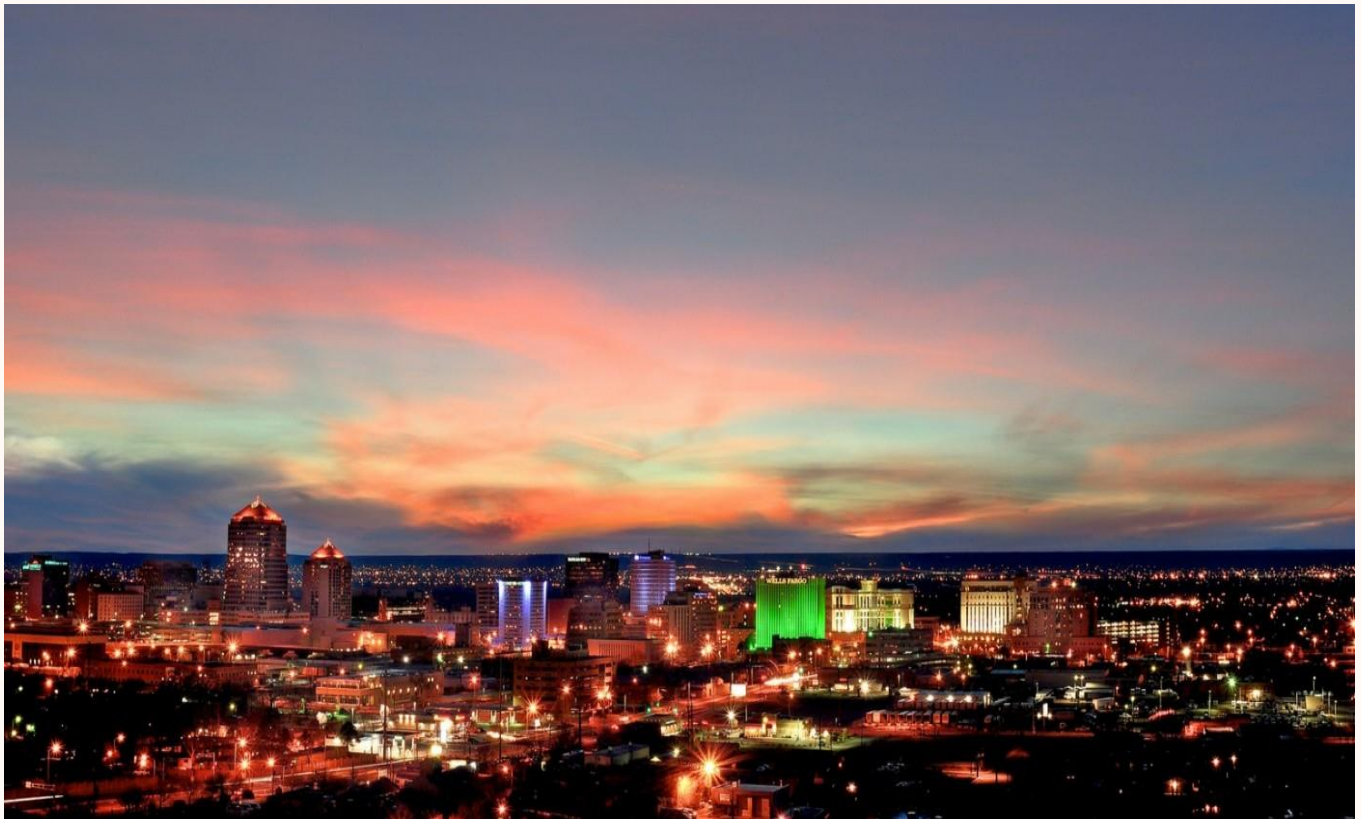
[Bracketed/Underscored Material] - New  
[Bracketed/Strikethrough Material] - Deletion



**City of Albuquerque**

# Office of Internal Audit

Fiscal Year 2021 Audit Plan





# FY2021 Audit Plan

## Introduction

---

In accordance with Section 2-10-11 ROA 1994 of the Accountability in Government Ordinance, the Office of Internal Audit (OIA) is pleased to submit the Fiscal Year (FY) 2021 Audit Plan. Audits considered for the annual audit plan are compiled from suggestions by OIA staff, City Administration staff, City Council members, the general public and other sources of information. The suggestions are evaluated and rated using a risk assessment matrix. The number of audits selected for the plan is based on the impact the audit would have, the sensitivity, complexity, and difficulty of the project compared to its likely impact, staff qualifications and other resources available, and the breadth and depth of audit coverage across City government. The Audit Plan facilitates the efficient allocation of OIA's limited resources.

The FY2021 Audit Plan dedicates resources to audits, special audits, strategic reviews, audit follow-ups, and the completion of work in process at July 1, 2020. The majority of the Audit Plan is comprised of 10 audits with a resource demand of 4,600 hours. OIA will also dedicate 1,900 hours to other value-added services and completion of audits in process at July 1, 2020.

In an effort to increase the response time of OIA's audits and maximize the value of our services, OIA has targeted high-risk areas that allow for narrowed scopes. This effort will allow quicker turnaround times and enable OIA to address identified issues in a timely manner. However, some audits are inherently complex and demand additional time to provide quality results. OIA will not sacrifice quality for timeliness, and will adhere to the exceptional internal quality standards that have consistently enabled us to comply with *Generally Accepted Government Auditing Standards* (GAGAS). Other value-added services that increase accountability include special audits, audit follow-ups, and strategic reviews. Below are brief explanations for each service.

- Special Audits – Audits not specifically identified in the FY2021 Audit Plan but are anticipated and subsequently assigned based on the impact and value of addressing ad-hoc issues. These are frequently performed at the request of the City Council or City Administration.
- Audit Follow-Ups – Follow-ups report on the status of corrective actions taken to address OIA's recommendations for the specified audit. A follow-up is substantially less in scope than an audit, and is typically performed one year after the date the audit was issued.
- Strategic Reviews – Reportable non-audit services that are designed to add value by providing rapid responses to urgent City issues or ensure compliance in high-risk areas. Strategic reviews may include, but are not limited to bench marking, best practice research, targeted compliance reviews, and surprise cash counts.

OIA's available resources limit the number of audits that can be completed each year. As a result, there are a number of high-risk areas that are not addressed by the FY2021 Audit Plan, but may be considered in future audit plans.



# FY2021 Audit Plan

## OFFICE OF INTERNAL AUDIT Annual Audit Plan For the Year Ending June 30, 2021

<u>DESCRIPTION</u>	<u>Estimated Audit Hours</u>
<b>Animal Welfare Department</b> City Vendor – Compliance with Contract Terms Goal Area: Government Excellence and Effectiveness	400
<b>Aviation Department</b> Construction Project Management and Change Orders Goal Area: Public Infrastructure	450
<b>Aviation Department</b> Targeted Concessionaire Contract(s) Goal Area: Government Excellence and Effectiveness	350
<b>Citywide</b> Human Resources – Hiring Practices Goal Area: Government Excellence and Effectiveness	500
<b>Citywide</b> Targeted Department(s) Purchase and Travel Card Usage Goal Area: Government Excellence and Effectiveness	450
<b>Department of Municipal Development</b> Contracting and Solicitation Practices Goal Area: Government Excellence and Effectiveness	500
<b>Department of Technology and Innovation</b> IT Governance and Cybersecurity Goal Area: Government Excellence and Effectiveness	550
<b>Parks and Recreation Department</b> Cash Collections Goal Area: Government Excellence and Effectiveness	400
<b>Police Department</b> Payroll – Overtime Goal Area: Public Safety	550
<b>Transit Department</b> Targeted Revenue Source(s) Goal Area: Government Excellence and Effectiveness	450



# FY2021 Audit Plan

## DESCRIPTION

## Estimated Audit Hours

**Unplanned Special Audit(s)** 450

**Strategic Reviews** 700

**Follow-up Status Reports** 200

**Complete Work in Process at July 1, 2020** 550

---

**TOTAL HOURS INCLUDED IN FY2021 AUDIT PLAN** **6,500**

---



## FY2021 Audit Plan

### Mission Statement

---

To provide independent, objective and value added audits and services that promote transparency, accountability, efficiency and effectiveness for the citizens of Albuquerque.

### Staff

---

Kenneth Bramlett	Interim City Auditor
Nicole Kelley	Internal Audit Manager
<i>Vacant</i>	Contract Auditor
<i>Vacant</i>	Contract Auditor
Connie Barros-Montoya	Principal Auditor
Vanessa Meza	Principal Auditor
<i>Vacant</i>	Staff Auditor
Leslie Rendon	Executive Assistant

### Quality Control Compliance

---

OIA performs audits in accordance with GAGAS issued by the Comptroller General of the United States. OIA is committed to improving the audit process, and undergoes an independent external quality control review every three years. In October 2019, OIA passed its fifth GAGAS compliance quality control review for the period of July 1, 2016 through June 30, 2019. The next GAGAS compliance quality control review of July 1, 2019 through June 30, 2022 is anticipated to take place in FY2022.

### Principles for Audit Plan Development

---

In order to provide practical guidance and a framework for the development of the annual Audit Plan, the following principles are recognized and observed:



## FY2021 Audit Plan

- Audit resources are limited, resulting in significantly less than one hundred percent audit coverage each year. This inherent limitation is mitigated by using a dynamic risk assessment to select and prioritize audits.
- The risk assessment criteria used in the ranking of the audit suggestions places an emphasis on perceived and actual knowledge of systems of internal control.
- The Audit Plan is viewed as a flexible and active tool that can be amended throughout the year to reflect changing City risks and priorities.
- The Audit Plan gives consideration to those audits that may be mandated by City Ordinance.

The Audit Plan is developed with the understanding that there are risks and limitations associated with any method or system of prioritizing audits. As a result, the risk factors and scoring process are periodically evaluated and modified in an effort to continuously refine the Audit Plan process.

## Audit Selection and Prioritization

---

The development of an annual risk-based audit plan is a dynamic process. Throughout the year, OIA staff members obtain information from a variety of sources for inclusion in the risk assessment process. Audits considered for the Audit Plan are compiled from suggestions by OIA staff, surveys, complaints, known areas of risk, the Comprehensive Annual Financial Report, and other sources of information.

To develop the FY2021 Audit Plan, OIA surveyed the Accountability Government Oversight (AGO) Committee, the Mayor's Office, City Council, City Administration, department directors, and created general surveys on the City's intranet and external website to allow all City employees and citizens to provide audit suggestions. Survey participants were asked to identify City departments, divisions, contracts, vendors, and processes that would benefit from independent audit or review. Respondents also identified areas they believed could be subject to fraud, waste, or abuse.

Survey suggestions were then compiled, evaluated, and rated using OIA's risk assessment matrix. The risk assessment matrix uses a weighted average to prioritize audits. The following risk factors were used:

- Impact factors such as financial impact, volume of transactions, number of personnel, revenue generated, alignment of responsibility with authority, and trends;
- Risk perception from the Administration, City Council, department personnel, and potential culture issues within departments;
- Changes in the organization's management, key personnel and information systems;
- Time since the last internal/external audit; and
- Control factors such as regulatory environment, fraud potential and public perception.



## FY2021 Audit Plan

The number of audits selected for the Audit Plan is based on the impact the audit may have (the problem or risks the audit may address and the likely types of opportunities for improvement that may result); the sensitivity, complexity, and difficulty of the project compared to its likely impact; the breadth and depth of audit coverage across City government; staff qualifications; and available resources.

### Preparing the Annual Audit Plan

---

The objective of the annual planning process is to establish and schedule audit activities for the next fiscal year. The principles and procedures discussed in this document have been developed to provide a process for fulfilling this objective. A critical component of the annual audit planning process is to ensure qualified audit personnel are assigned to the highest priority assignments.

Staff assignments are based on experience, qualifications, interests, and availability. During the Audit Plan development process, we may identify projects that may also require additional expertise from consultants.

The final step in completing the annual Audit Plan is to estimate the number of available staff hours in the year and apply these to the estimated hours needed to complete selected audits and projects. The FY2021 Audit Plan, on pages 2 and 3, is presented along with the estimated time allocations for individual audits and projects.

### Estimated Audit Hours

---

We estimate the total number of direct audit hours available for FY2021 to be approximately 6,500. We reduced the 2,080 annual full-time hours per auditor in FY2021 by holidays, vacation leave, sick leave, administrative time, staff meetings, and the annual required training to maintain certifications and comply with GAGAS. The available-hours calculation anticipates minimal staff turnover and that vacant positions, with the exception of the Senior IT Auditor position, will be filled by within the first quarter of the fiscal year.

The 6,500 direct audit hours includes hours required to review audit work papers and reports to ensure compliance with OIA's system of quality control, professional standards, and regulatory requirements. OIA management accepts responsibility for the system of quality control and continually strives to improve OIA's operations.