



# *City of Albuquerque*

## **Office of Internal Audit**

FOLLOW-UP

ACH & WIRE TRANSFER PAYMENTS

Report #19-16-104F

October 24, 2018

### **INTRODUCTION**

The Office of Internal Audit (OIA) performed a follow-up of Audit No. 16-104, ACH & Wire Transfer Payments – Department of Finance & Administrative Services – Treasury Division (DFAS-Treasury) during fiscal year (FY) 2019. The purpose of this follow-up is to report on the progress made by DFAS-Treasury in addressing the audit’s findings and recommendations. Our follow-up procedures rely on the department providing the status of the recommendations.

A follow-up is substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the audit’s findings and recommendations.

We limited our scope to actions taken to address our audit recommendations from the final audit report dated June 28, 2017 through the submission of actions and final contact with DFAS-Treasury on October 3, 2018.

### **BACKGROUND**

DFAS-Treasury is responsible for the City’s Automated Clearing House (ACH) and wire transfer payments, which include:

- Debt Service Payments,
- IRS Payroll Taxes,
- PERA Payments,
- Fuel Hedge Payments,
- State Gross Receipts Tax Payments,
- Investment Security Payments,
- Golf Concessionaire Payments, and
- Cost of Issuance Payments (Bond Issues).

The purpose of the audit was to determine if ACH and wire transfer payments are approved, authorized, supported, accurate, timely, and valid. The audit found that DFAS-Treasury could improve internal controls by revising its policies and procedures to specifically address the necessary workflow for processing ACH and wire transfer payments, and by establishing a business continuity plan that documents how to continue daily operations in the event of unforeseen service disruptions.

### **SUMMARY**

Of the two recommendations addressed in the original audit report, both have been fully implemented.

The status of the recommendations is identified by the symbols in the following legend:



Fully Implemented



Resolved



In Process



Not Implemented

**Recommendation #1:**

DFAS-Treasury should:

- Revise its internal Electronic Funds Transfer (EFT) Policy to address specific processes and daily operations.
- Work with the Department of Technology and Innovation to establish a business continuity plan that documents how to continue daily operations in the event of unforeseen service disruptions.

RESPONSE FROM DFAS-Treasury:

*“DFAS-Treasury concurs with the recommendations. Treasury will (1) revise the current EFT policy to address daily operations and (2) work with Department of Technology and Innovation to establish a business continuity plan.”*

ESTIMATED COMPLETION DATE:

*“Revisions to the EFT policy to address daily operations and establishment of a business continuity plan are being drafted and shall be completed by August 1, 2017.”*

**Status Reported by DFAS:** “On June 6, 2017 Treasury created additional procedures to the EFT Policy for Daily Monitoring & Communicating the Initiation, Dispatchment and Verification of the Payment Cycle for EFTs. The procedures were revised on August 23, 2018.

“On June 25, 2017, Treasury worked with Department of Technology and Innovation to establish a “DFAS Treasury Division Continuation of Operations Plan (COOP). The COOP Plan was revised on August 23, 2018.”



**Fully Implemented**

*DFAS-Treasury has updated its EFT policy for ACH and wire transfers to address specific processes and daily operations and has established a business continuity plan. Emergency ACH and wire transfer payments will only be processed by Treasury for critical purposes.*

**Recommendation #2:**

DFAS-Treasury should:

- Ensure that all employees are aware of, and comply with, the division’s EFT Policy.
- Annually require that DFAS-Treasury employees sign an acknowledgement form indicating their review and understanding of the division’s EFT Policy.

RESPONSE FROM DFAS:

*“DFAS-Treasury concurs with the recommendations. Treasury will (1) ensure all employees are aware of and will comply with the division’s EFT policy and (2) require that employees sign an acknowledgement form indicating their review and understanding of the EFT policy.”*

ESTIMATED COMPLETION DATE:

*“By July 1, 2017, DFAS-Treasury will ensure that all employees, who administer the EFT process, will be provided a revised EFT Policy and will require all employees to acknowledge receipt and understanding of the EFT policy.”*

**Status Reported by DFAS:** “In June, 2017 employees and managers received for review and understanding the EFT Policy, Procedures for Daily Monitoring & Communicating the Initiation, Dispatchment and Verification of the Payment Cycle for EFTs and the COOP Plan. They acknowledged receipt by signing a form. Unfortunately, we were unable to retrieve a copy of the signed acknowledgement form, however, the acknowledgements of receipt for most current and revised EFT policy is available as stated below.

“On August 23 – 27, 2018 employees and managers received for review and understanding a revised EFT Policy, Procedures for Daily Monitoring & Communicating the Initiation, Dispatchment and Verification of the Payment Cycle for EFTs and the COOP Plan.”



**Fully Implemented**

*DFAS-Treasury has distributed the division’s updated EFT policy and has obtained employee acknowledgements.*

Follow-Up  
Department of Finance & Administrative Services – Treasury Division  
ACH & Wire Transfer Payments  
October 24, 2018

19-16-104F

SUBMITTED:

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Christina Owens, Contract Auditor  
Office of Internal Audit

REVIEWED

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Lawrence L. Davis, Internal Audit Manager  
Office of Internal Audit

APPROVED:

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Jim Thompson, City Auditor  
Office of Internal Audit

APPROVED FOR PUBLICATION:

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Chairperson, Accountability in  
Government Oversight Committee