



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

August 28, 2024

Honorable Mayor Tim Keller, City Council Members, and Citizens of Albuquerque:

The Accountability in Government Oversight (AGO) Committee wishes to commend the Interim City Auditor and the staff of the Office of Internal Audit (OIA) for their dedicated service to the Administration, City Council, and the citizens of Albuquerque.

As this annual report illustrates, OIA consistently produces audits that offer valuable recommendations aimed at improving City processes, enhancing efficiency, and generating cost savings for the citizens of Albuquerque.

The AGO Committee recognizes the OIA staff as a professional and highly respected resource for both the citizens of Albuquerque and the City's administration. As an independent and objective entity, OIA provides invaluable expertise in helping the City achieve its goals. OIA is undoubtedly an essential component of the City's government.

Sincerely,

Signed by:

Victor Griego

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Victor Griego, CPA

Accountability in Government Oversight Committee Chairperson

Johnny I. Mangu

Robert J. Aragon

Manilal Patel



Marisa C. Vargas
Interim City Auditor

Office of Internal Audit

City of Albuquerque

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August 28, 2024

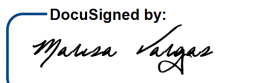
Honorable Mayor Tim Keller
Office of the Mayor
PO Box 1293
Albuquerque, NM 87103

Councilor Dan Lewis, President
City Council
P.O. Box 1293
Albuquerque, NM 87103

Dear Mayor Keller and Councilor Lewis,

I am pleased to inform you that the Office of Internal Audit's Annual Report for fiscal year 2024 has been completed. The Accountability in Government Oversight Committee approved the report on August 28, 2024, and I am now transmitting it to both the Mayor's Office and the City Council for review.

Sincerely,

DocuSigned by:

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Marisa C. Vargas
Interim City Auditor



City of Albuquerque

Office of Internal Audit

Fiscal Year 2024 Annual Report



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



Office of Internal Audit

Fiscal Year 2024 Annual Report
July 1, 2023 - June 30, 2024

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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 28, 2024

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) Annual Report for the fiscal year ending June 30, 2024. 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) 2024, OIA issued one audit report, six strategic reviews, three follow-up audits, two audit monitoring status and follow-up reports, and responded to numerous departmental requests for assistance. These efforts, encompassing both audit and non-audit services, provided assurance on issues totaling \$45 million and the potential cost savings identified for FY2024 is estimated at \$1 million. Additionally, OIA conducted continuous monitoring, which included tracking all 56 open recommendations from the prior two fiscal years.

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 2024, 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 2025, we will continue delivering objective, independent evaluations and offering effective solutions that enhance transparency,

accountability, efficiency, and effectiveness for Albuquerque's citizens. As an independent agency, we play a crucial role in promoting good governance within the City.

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,

A handwritten signature in black ink, appearing to read "Marisa C. Vargas". The signature is written in a cursive style with a large, stylized "V" at the end.

Marisa C. Vargas
Interim City Auditor

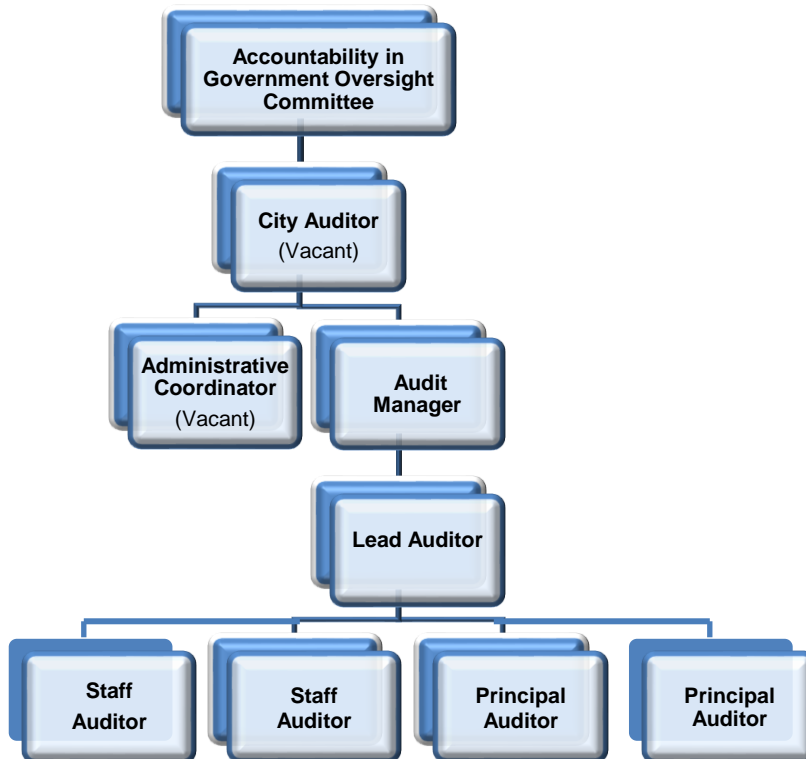
Organizational Chart

June 30, 2024

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, with the Mayor and one city councilor, appointed annually by the City Council President, serving as nonvoting ex-officio members.

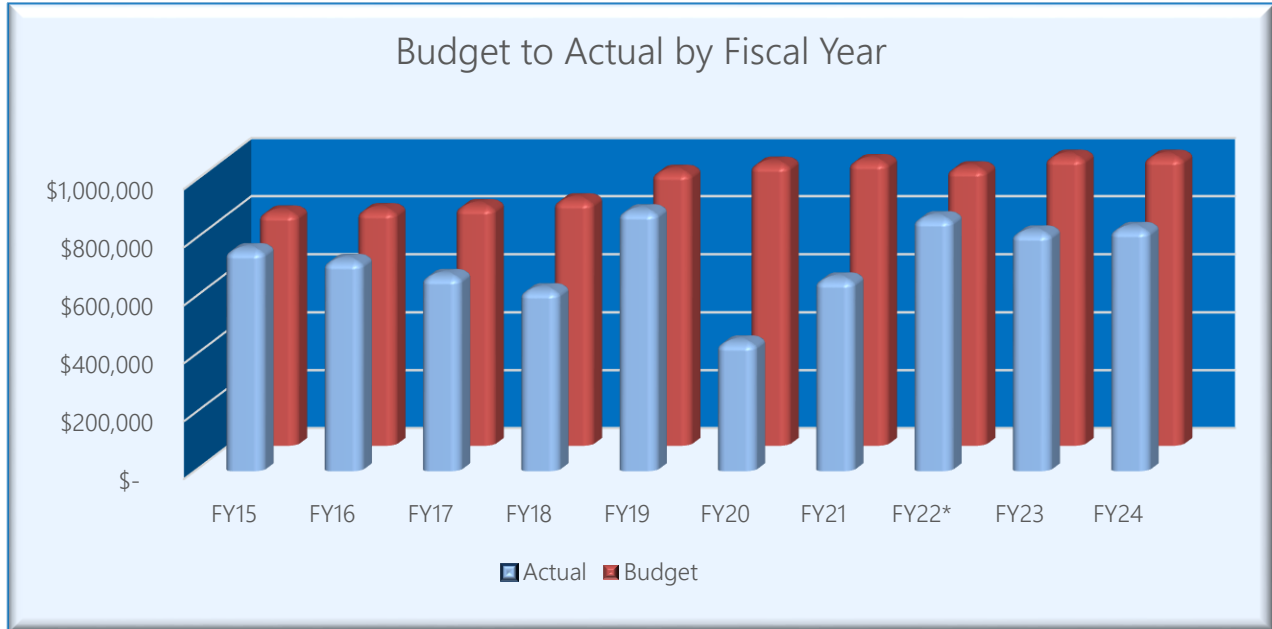
AGO Composition

Name	Representative
Victor Griego	CPA
Manilal Patel	At Large
Robert J. Aragon	Law
Johnny Mangu	Management
Vacant	At Large
Brook Bassan	Council Appointed Ex Officio Member
Kevin Sourisseau	Mayor Appointed Ex Officio Member



OIA Budget

Exhibit 1: 10-Year Budget to Actuals Chart



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 FY2024 Performance Measures

REPORTS ISSUED

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

One of OIA's performance goals for FY2024 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. Consequently, the Audit Plan is periodically re-evaluated to reassess available resources, and projects, 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 investigation. 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 all City departments within a single audit.

In FY2024, OIA issued one performance audit report, six strategic reviews, three follow-up audits, two continuous audit monitoring statuses and follow-up reports, and responded to numerous requests for assistance from departments. In FY2024, OIA issued a total of 24 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 the prior two fiscal years. As a result of these efforts, OIA was able to complete 77 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. In FY2024, one performance audit was completed.

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. During the fiscal year, six strategic reviews were completed.

Exhibit 2: Listing of Audits and Strategic Reviews Issued in FY2024

No.	Report Title	Type of Service	Original Report Date	Recommendations	
				Open	Closed
23-403	Qualifying Contributions	Strategic Review	07/21/2023	0	0
23-103	PNM Franchise Fees	Performance Audit	12/14/2023	8	0
23-406	Construction Project Management	Strategic Review	12/14/2023	2	1
23-402	Parking Division Cash Count	Strategic Review	12/14/2023	3	3
23-401	Arts & Culture Cash Count	Strategic Review	12/14/2023	0	0
24-403	Senior Affairs Cash Count	Strategic Review	06/26/2024	7	0
24-404	Parks and Rec Cash Count	Strategic Review	06/26/2024	4	2
Recommendations Totals				24	6

Continuous Monitoring and Follow-Up Audits

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 FY2024, OIA monitored 56 open recommendations made in the prior two fiscal years. 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 2024, please see details in Exhibit 4.

Exhibit 3: Recommendations Monitored and Reports Open by Department for Fiscal Year 2024

Department	Recommendations		Reports Open
	Monitored	Closed	
Albuquerque Police Department	10	4	1
Animal Welfare	1	0	1
Aviation	5	5	0
City Council and Mayor	2	2	0
Environmental Health	3	3	0
Finance and Administrative Services	2	1	1
Human Resources	21	8	2
Municipal Development	3	2	1
Planning	9	7	1
Total	56	32	7

Exhibit 4: Summary of Open Performance and Follow-Up Audits as of June 2024

Department	Issue Date	Report Title	Open Recommendations
Albuquerque Police Department	10/19/2022	Emergency Response Time Assessment	6
Animal Welfare	03/11/2021	Street Cat Hub, Inc. City Vendor Audit	1
Finance and Administrative Services	04/25/2019	Follow-Up of ABCWUA Franchise Fee Revenue Audit	1
Human Resources	04/24/2022	Citywide Veterans Hiring Initiative	4
Human Resources	10/19/2022	Citywide Hiring Practices Involving Unclassified Employees	9
Municipal Development	06/27/2019	Follow-Up of MWI, Inc.	1
Planning Department	06/28/2023	Business Registration	2
Total			24

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 FY2024, OIA conducted three follow-up audits. City departments successfully closed 62 percent (8) of the audit report recommendations, while 38 percent (5) remained open at the time the follow-ups were conducted, which is detailed in Exhibit 5

Exhibit 5: Listing of Follow-Up Audits Completed in 2024

No.	Report Title	Original Report Date	Recommendations		
			Evaluated	Open	Closed
22-114	Citywide Veterans Hiring Initiative	04/27/2022	7	4	3
22-402	Call-to-Service Officer Overtime	10/19/2022	4	0	4
19-106F	MWI, Inc.	06/27/2019	2	1	1
Recommendations Totals			13	5	8

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 FY2024, OIA surpassed this goal, achieving an average rating of 4.7 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 FY2024, OIA estimated a combined assurance value of \$45 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 FY2024 is estimated at \$1 million.

PEER REVIEW

In April 2023, OIA received a pass rating in a Peer Review conducted for the period of July 1, 2019 through June 30, 2022. 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 turn, in July 2024, Interim City Auditor Marisa Vargas lent her expertise to supporting transparent, high-quality auditing at the Long Beach City Auditor's Office in California, where she conducted a comprehensive Peer Review.

OTHER NOTEWORTHY ACTIVITIES

- Completed the first biennial Qualifying Contributions Examination as required by Articles XII, XIII, and XVI of the City Charter Relating to Elections and Public Campaign Financing. This ordinance was adopted to verify the identity of registered voters and provide assurance on the integrity of the City of Albuquerque's voting process. OIA covered four City districts, verifying 190 out of 211 randomly selected samples (90%) through 373 home visit attempts.
- Implemented a generative artificial intelligence policy to enhance the efficiency, effectiveness, and impact of OIA's work and to govern its responsible use.
- Achieved Certified Fraud Examiner, Certified Internal Controls Auditor, Internal Audit Practitioner, and Quality Assessor designations by various members of the OIA team.
- Developed and integrated Diversity, Equity, and Inclusion (DEI) policies and practices into OIA's processes, as required by Government Auditing Standards.
- Led the development of the training program for the Institute of Internal Auditors Albuquerque Chapter, including facilitating a presentation by an IIA Executive during May's Internal Audit Awareness Month.

STAFF – BIOS

Marisa Vargas – Internal Audit Manager/Interim City Auditor

Marisa brings 20 years of comprehensive assurance and consulting experience, with a specialized focus on the non-profit and government sectors. She began her career as an Internal Auditor at New Mexico Student Loans, where she conducted compliance and performance audits. Marisa then joined Sandia National Laboratories, where she advanced through various roles over a decade, culminating in her position as Audit Supervisor for six years. During her tenure at Sandia, she distinguished herself as a Contract Auditor, Internal Auditor, and a trusted leader in the audit function.

Marisa's leadership extends beyond her professional roles; she served as Chapter President of the Institute of Internal Auditors (IIA) Albuquerque Chapter for six years, and she currently holds the position of Past President on the Chapter Board. Her dedication to the profession is matched by her academic achievements—she holds a bachelor's degree in finance and economics and a master's in accounting, both from the University of New Mexico.

Marisa's expertise is further demonstrated by her certifications as a Certified Fraud Examiner (CFE), Certified Internal Controls Auditor (CICA), and her completion of the IIA's IT General Controls Program. She was later hired by the City of Albuquerque as a Contract Auditor and her performance led to her current role as the 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. 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 brings 24 years of extensive experience in financial services, lending, customer service, and collections within the private sector. She also has 6 years of specialized experience with the State of New Mexico's Taxation and Revenue Department, where she served as an auditor for the International Fuel Tax Association (IFTA), the International Registration Program (IRP), and the Weight Distance Tax (WDT) programs. Connie joined the City of Albuquerque in 2019 as a Staff Auditor and has since been promoted to Principal Auditor. She holds a Bachelor of Science degree in business with a minor in accounting from the University of Phoenix. Her professional development includes an IT General Controls Certificate (May 2023), a Certified Internal Controls Auditor designation (September 2023), and an Internal Audit Practitioner certification (May 2024).

Mark Correa – Principal Auditor

Mark began his career in governmental accounting in 2003 as an Accountant at the New Mexico Institute of Mining and Technology. In 2007, he transitioned to a role as a Business Manager at the University of New Mexico, where he spent the next five years. Mark joined the City of Albuquerque in 2012 as an Executive Budget Analyst II. After two years in the Office of Budget and Management, he served as a Fiscal Manager for the Animal Welfare and Arts & Culture Departments for four years. In 2018, Mark became the BioPark Fiscal Program Manager, a position he held until his promotion to Principal Auditor in 2024.

Mark earned his Bachelor of Science in Business Administration in 2003 and his Master of Business Administration in 2007, both from the University of Phoenix.

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 – Staff Auditor/Interim Administrative Coordinator

Leslie has dedicated over 13 years of service to the City of Albuquerque, contributing in various roles across multiple departments. She began her career at the Cultural Services Department's Albuquerque Museum of Art and History, and later worked at the Albuquerque Police Department, the Planning Department, and the Department of Municipal Development. In June 2022, Leslie joined the Office of Internal Audit (OIA) as a Staff Auditor,

after serving as the Administrative Coordinator for both the OIA and the Office of Inspector General (OIG) for over two years.

Leslie holds an associate's degree in integrated studies from Central New Mexico Community College. In May 2023, she earned an IT General Controls Certificate. She is currently pursuing a Bachelor of Business Administration (BBA) in general business at New Mexico State University.

The Year Ahead

The Office of Internal Audit (OIA) is committed to making 2025 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 FY2024 Annual Plan without terminating any ongoing projects.

Looking ahead to FY2025, the OIA has scheduled nine audits, including the biennial Qualifying Contributions Examination and the Citizen's Independent Salary Commission. 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

<https://www.cabq.gov/audit>

Email

OIA@cabq.gov

