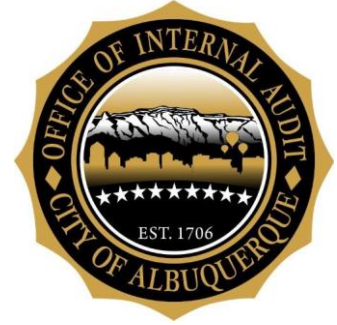




City of Albuquerque

Office of Internal Audit

Fiscal Year 2025 Audit Plan





FY2025 Audit Plan

Overview

The Office of Internal Audit (OIA) is responsible for conducting independent audits and assessments of operations for the City of Albuquerque (City). OIA benefits the City and its citizens by making recommendations that reduce costs, increase revenues, increase effectiveness and efficiency, and improve internal controls. Our mission is to provide objective and independent evaluations and effective solutions that promote the City government's transparency, accountability, efficiency, and effectiveness for the citizens of Albuquerque.

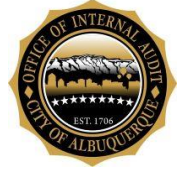
Introduction

By Section 2-10-11 ROA 1994 of the Accountability in Government Ordinance, OIA is pleased to submit the Fiscal Year 2025 Annual Audit Plan (FY2025 Audit Plan). The US Government Accountability Office's Generally Accepted Government Auditing Standards – 2018 Revision (Government Auditing Standards) and the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards) encourage the chief audit executive to establish a risk-based approach to determine the priorities for City Auditor activities¹.

An Audit Plan is created by soliciting ideas from various internal and external sources, examining data and processes, and assessing risk factors. Audit services considered for the Audit Plan are compiled from suggestions by the Accountability in Government Oversight Committee (AGO), City Administration, the City Council, City employees, the general public, and OIA staff. All suggestions are evaluated and rated based on risk factors such as financial impact, risk perception, organizational management changes, time since the last internal/external audit, and control factors such as regulatory environment and fraud potential.

An Audit Plan facilitates the efficient allocation of OIA's current and planned resources and prioritizes potential audit services based on the level of risk posed to the City. The FY2025 Audit Plan dedicates resources to audit services based on the risk assessment performed, completion of carryover audits from the prior year, special requests, strategic reviews, monitoring activities, follow-up audits, and advisory services. The majority of this Audit Plan comprises nine audits and

¹ *Generally Accepted Government Auditing Standards – 2018 Revision*, 8.04-5 and 8.16, July 2018, < <https://www.gao.gov/assets/gao-18-568g.pdf> >, accessed June 13, 2024. *International Standards for the Professional Practice of Internal Auditing*, 2000 and 2010, October 2017, < <https://www.theiia.org/globalassets/site/standards/mandatory-guidance/ippf/2017/ippf-standards-2017-english.pdf> >, accessed June 13, 2024.



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one alternative audit. An alternative audit was included in case additional or substitute projects are required.

Objective and Principles for Audit Plan Development

The annual planning process aims 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 method for fulfilling this objective. However, the Audit Plan does not present the order in which audits will be performed because, as previously mentioned, OIA must remain flexible in executing the highest-priority audits throughout the year. Additionally, audit scope and objectives will be defined or refined once a meeting is held and preliminary information is obtained and assessed.

OIA recognizes and observes the following principles to provide practical guidance for developing the Audit Plan.

- The Audit Plan is flexible, which allows the audit function to focus on stakeholder needs, accelerate audit cycles, drive timely insight, and reduce inefficiencies.
- The Audit Plan represents a dynamic and continuous process that adapts to changing business cycles, regulatory demands, and economic environments.
- The Audit Plan is a working document that may be revised throughout the year to reflect changing risks and priorities at the city auditor's discretion and professional judgment.

The Audit Plan is developed with the understanding that any method or system of prioritizing audits has risks and limitations. As a result, the audit plan will be evaluated quarterly. The City Auditor will exercise authority to reassess available resources and audits/projects while incorporating special requests and strategic reviews to ensure OIA captures immediate coverage of high-risk areas.

While OIA operates independently from other city entities, OIA leadership meets regularly throughout the year with City Council members, City Administration, and department directors and management to solicit input regarding emerging risks.

OIA extends its gratitude and appreciation to the Mayor's Office, City Council, AGO, City leadership and employees, and the general public for providing input on the 2025 Audit Plan and supporting our office's general mission throughout the year



FY2025 Audit Plan

Audit Selection and Prioritization

OIA electronically surveyed AGO, City Administration, City Council, City employees, and the general public. Survey participants were asked to identify City departments, divisions, contracts, vendors, and processes that would benefit from an independent audit or review. Survey suggestions were then compiled, evaluated, and rated using OIA's risk assessment matrix. OIA's risk assessment uses a weighted average to prioritize audits. The following risk factors were utilized: economic impact, risk perception, organizational changes, environmental factors, time since the last internal/external audit, results from the previous audit, and the quality of the organization's internal controls.

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. OIA's available resources limit the number of audit services completed each year. As a result, the Audit Plan does not, nor intends to, examine every City department, division, vendor, or potential risk. OIA believes that the Audit Plan utilizes resources strategically and that high-level priorities and risks are being appropriately addressed now.

Estimated Audit Hours

The City's FY2025 approved budget for OIA is \$1.1 million and provides for seven audit staff positions and an administrative coordinator position. The annual hours available were adjusted to reflect that not all budgeted positions have been filled. OIA estimated the total annual hours available for FY2025 to be approximately 9,360. From the annual hours available, OIA reduced standardized hours per auditor for holidays, vacation and sick leave, continuing professional education credits, supervision, administrative duties, and other assigned projects. OIA reduced additional hours to complete FY2024 carryover audits, anticipate special requests and strategic reviews, perform monitoring activities and follow-up audits, and conduct cash counts and internal quality checks.

The resulting 3,477 hours represent the audit hours available to conduct FY2025 audits. Refer to Appendix A for the Calculation of Estimated Audit Hours.

Further, OIA will develop and perform detailed procedures during each audit to address identified specific risks. Each audit includes its own risk assessment process, further evaluating risk and



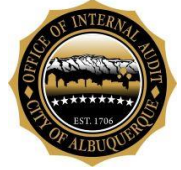
FY2025 Audit Plan

allocating audit effort to the highest risks. OIA management accepts responsibility for the quality control system and continually strives to improve OIA's operations.

City management is responsible for establishing internal controls to detect and prevent fraud. Although fraud detection is not a primary responsibility of OIA, all audits consider the possibility that fraud, waste, or abuse may be occurring. OIA also assumes the risk of inequity as part of our audit process². This is in accordance with Government Auditing Standards, which specify that the management of public resources should be done effectively, efficiently, economically, and ethically³.

² Albuquerque, NM, Accountability in Government Ordinance, § 2-C-1 (2022).

³ *Generally Accepted Government Auditing Standards – 2018 Revision*, 1.03, July 2018, <
<https://www.gao.gov/assets/gao-18-568g.pdf>>, accessed June 15, 2024.



FY2025 Audit Plan

OFFICE OF INTERNAL AUDIT

Annual Audit Plan

For the Year Ending June 30, 2025

<u>DESCRIPTION</u>	<u>Estimated Audit Hours</u>
City Clerk's Office Qualifying Contributions Examination ⁴ Goal Area: Government Excellence and Effectiveness	1,000
Citizen's Independent Salary Commission Evaluations of the Salaries of the Mayor and City Councilors ⁵ Goal Area: Government Excellence and Effectiveness	250
Albuquerque Community Safety Policy and Practice Goal Area: Government Excellence and Effectiveness	350
Citywide Overtime Performance Audit ⁶ Goal Area: Government Excellence and Effectiveness	400
Targeted Vendor Audit Oversight of Supportive Housing Vouchers Compliance Audit Goal Area: Government Excellence and Effectiveness	400
Technology & Innovation Department Management of City Issued Cell Phones Goal Area: Government Excellence and Effectiveness	250

⁴ Amending Articles XII, XIII, and XVI of the City Charter Relating to Elections and Public Campaign Financing. The ordinance requires OIA to conduct audits on a percentage of qualifying contributions submitted by candidates to the City Clerk's Office throughout the qualifying period.

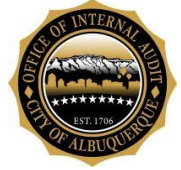
⁵ The Commission's first evaluation of salaries report was issued on February 26, 2013. Source: Citizens' Independent Salary Commission, "Citizens' Independent Salary Commission Report and Recommendations," <https://www.cabq.gov/audit/documents/2013_02_26_10_34_36.pdf>, accessed June 14, 2024.

⁶ Albuquerque Fire Rescue and Police Department are excluded from this audit due to audit assurance previously provided.



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Arts & Culture Department BioPark Gross Receipts Tax Fund Compliance Audit Goal Area: Government Excellence and Effectiveness	350
Aviation Department Strategic Review of Construction Project Management Goal Area: Government Excellence and Effectiveness	200
Human Resources Department Strategic Review of Vacation and Sick Time Goal Area: Government Excellence and Effectiveness	200
TOTAL HOURS INCLUDED IN FY2025 AUDIT PLAN	3,477
Technology & Innovation Department Software Licensing Performance Audit Goal Area: Government Excellence and Effectiveness	



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Appendix A

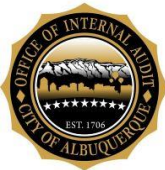
Quality Control Compliance

Audits conducted by OIA are performed in accordance with the Government Auditing Standards. These standards provide the foundation for government auditors to lead by example in independence, transparency, accountability, and quality through the audit process. Each audit organization performing audits by Government Auditing Standards must have an external peer review conducted by reviewers independent of the audit organization; such a review must occur at least once every three years. The objective of the peer review is to determine whether an audit organization's quality control system is suitably designed. A peer review also assures that an audit organization follows established policies, procedures, and applicable standards. In April 2023, OIA passed its sixth independent external quality control review for the period of July 1, 2019 through June 30, 2022.

Types of Audit and Non-Audit Services

Below are brief explanations for each type of audit service provided by OIA.

- **Audits** – An audit report is the result of a performance audit. Performance audits evaluate programs, processes, and activities against stated criteria, such as specific requirements, measures, or defined business practices as determined by the audit topic area.
- **Monitoring and Follow-Ups** – These activities analyze the implementation of corrective actions in response to findings and recommendations issued in audits and strategic reviews. This means determining whether recommendations have been completed (closed), are ongoing (open), are contested (management accepts risk), or management failed to respond to OIA's inquiry.
- **Special Requests** – Audits and assessments not specifically identified in the Annual Audit Plan, but are anticipated and subsequently assigned based on the impact and value of addressing new and emerging issues.
- **Strategic Reviews** – Strategic reviews are reportable non-audit work that includes assessments, agreed-upon procedures, and compliance reviews. Strategic reviews are narrower than performance audits in scope and typically assess a particular situation or a piece of a process. Strategic reviews may include findings and recommendations.



FY2025 Audit Plan

Staff

<i>Vacant</i>	City Auditor
Marisa Vargas	Interim City Auditor/Internal Audit Manager
Vanessa Meske	Lead Auditor
Connie Barros-Montoya	Principal Auditor
Mark Correa	Principal Auditor
Stacy Martin	Staff Auditor
Leslie Rendon	Interim Administrative Coordinator/Staff Auditor
<i>Vacant</i>	Administrative Coordinator

Calculation of Estimated Audit Hours Available for FY2025

APPENDIX A

	Lead Auditor	Principal Auditor	Principal Auditor	Staff Auditor	*Staff Auditor	Total
Total FY2025 Annual Hours Available	2,080	2,080	2,080	2,080	1040	9,360
Less Hours For:						
Holidays	104	104	104	104	52	
Vacation	120	120	120	120	60	
Sick Leave	80	80	80	80	40	
Continuing Professional Education	60	60	60	60	30	
Professional Organizations	60	30	0	0	0	
City Training	10	10	10	10	10	
Administrative Duties	100	100	100	100	50	
Other Assigned Projects	90	70	70	70	35	
Supervision	250	80	40	0	0	
Total Less Hours:						2,933
Total FY2025 Annual Hours Available						6,427
Total FY2024 Carryover						1,550
Non-Audit Work:						
Monitoring						200
Follow-Ups						500
Internal Quality Check						100
Cash Counts/Employee Incentive						200
Peer Review						0
Special Requests and/or Strategic Reviews						400
Total FY2025 Annual Hours Available						3,477

*This position represents the Administrative Coordinator fulfilling the roles and responsibilities of a Staff Auditor.

**Audit supervision and administrative hours for the City Auditor and Audit Manager were not included in the direct audit hours.