

COUNTY OF BERNALILLO, NEW MEXICO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2010

Grantor Agency and Grant Title	Federal CFDA Number	Grant Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct				
Low Income Housing Assistance Programs:				
Section 8 Housing Choice Vouchers	14.871	NM057		\$ 11,030,239
Section 8 Housing Operating Administrative	14.871	NM057		<u>1,247,272</u>
				12,277,511
Section 8 FSS - Homeownership	14.877	NM057 / FSS		116,617
Section 8 Contract Administrators (El Centro - New Const)	14.182	NM020003014		153,544
ARRA-Capital Fund Recovery Grant (Seybold)	14.872	NM02S057501-09		44,560
Capital Fund Grant (Seybold)	14.872	NM02P057501-07		29,136
Capital Fund Grant (Seybold)	14.872	NM02P057501-08		<u>34,016</u>
				107,712
Operating Fund Grant	14.850	NM057-00000109D		14,708
Operating Fund Grant	14.850	NM057-00000110D		<u>46,968</u>
				61,676
				<u><u>12,717,060</u></u>
Pass-Through Programs From:				
NM Mortgage Finance Authority:				
HOME Investments Partnership Program				
2000 Homes	14.239		07-05-BCH-HOR-001	80,000
2000 Homes	14.239		09-01-BCH-HOR-001	357,326
Neighborhood Stabilization Program (NSP)	14.239		09-06-BCH-RHB-001	<u>13,717</u>
				451,043
				<u><u>13,168,103</u></u>
Total U.S. Department of Housing and Urban Development				
U.S. Department of Transportation				
Pass-Through Programs From:				
NM Department of Transportation:				
Highway Planning and Construction:				
Edith Blvd Phase II	20.205	L3047	STP7501 (13)	600,006
Eubank Blvd	20.205	L3710	TPU-4063(6)05	5,127,828
Alameda Trail	20.205	L3069	TPU-5094(1)	<u>67,737</u>
				5,795,571
Highway Safety Cluster				
Teen Seat Belt Demo	20.600		10-OP-TD1-008	10,058
Seatbelt Enforcement	20.600		10-OP-CIOT-008	9,448
Operation DWI	20.600		10-AL-410-008	67,982
Teen Seat Belt Demo	20.600		10-OP-TD-008	5,029
Selective Traffic Enforcement Program (S.T.E.P.)	20.605		09-PT-06-008	<u>11,586</u>
				104,103
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Operation DWI	20.608		09-AL-64-008	24,060
Impaired Driving Demonstration Project	20.608		09-AL-FTE164-008	<u>160,414</u>
				184,474
				<u><u>6,084,148</u></u>
Total U.S. Department of Transportation				

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U.S. Department of Agriculture				
National School Lunch Program				
Pass-Through Programs From:				
NM Children, Youth and Families Department:				
Summer Food Service Program for Children 08	10.559		3004-2008	627
Summer Food Service Program for Children 09	10.559		3004-2009	251,849
Summer Food Service Program for Children 10	10.559		3004-2010	182,718
Total U.S. Department of Agriculture				<u>435,194</u>
Executive Office of the President; Office Nat'l Drug Control Policy				
Direct				
High Intensity Drug Trafficking Area (HIDTA)	16.UNKNOWN	I6PSNP578Z		7,792
HIDTA-MRGVTF	16.UNKNOWN	I7PSNP578Z		22,000
HIDTA-DHI Initiative	16.UNKNOWN	I5PSNP578Z		5,138
HIDTA-ISC	16.UNKNOWN	G09SN0013A		173,032
HIDTA-supplement	16.UNKNOWN	I8PSNP578Z		18,517
HIDTA-MRGVTF	16.UNKNOWN	I8PSNP578Z		50,547
HIDTA-MRGVTF	16.UNKNOWN	G09SN0013A		422,935
Total Executive Office of the President				<u>699,961</u>
U.S. Department of Justice				
Direct				
Office of Juvenile Justice and Delinquency Prevention				
Teen Anti-Drinking	16.541	2006-JL-FX-0055		57,144
Bureau of Justice Assistance				
Sex Offender Regisitration Unit	16.580	2008-DD-BX-0043		54,594
SCAAP-direct payments with unrestricted use	16.606	APBX0871		349,826
SWBPI-direct payments with unrestricted use	16.755			73,641
Total Direct Assistance				<u>535,205</u>
Pass-Through Programs From:				
City of Albuquerque:				
E. Byrne Justice Assistance Grant (JAG) 2008	16.738	2008-DJ-BX-0132	700643	57,967
E. Byrne Justice Assistance Grant (JAG)2009	16.738	2009-DJ-BX-0267	2009-F6659-NM-DJ	82,084
E. Byrne Justice Assistance Grant (JAG) 2007	16.738	2007-DJ-BX-1100	2007-F6659-NM-DJ	5,587
				<u>145,638</u>
ARRA - E. Byrne Justice Assistance Grant (JAG)Stimulus	16.804	2009 BYRNE JAG	CITY OF ABQ INTER-LOCAL AGREE.	447,535
NM Corrections Department				
Residential Substance Abuse Treatment	16.593	2006-RT-BX-0040	FY10 MOU ADDICTION SERV. BUREAU	6,750
New Mexico Dept. of Public Safety:				
Edward Byne Memorial Justice Assistance Grant Program				
Drug Enforcement (JAG 2009)	16.738	2009-DJ-BX-0048	DPSJAG09REGI	51,978
E. Byrne Justice Assistance Grant (JAG)SWIFT	16.738	2009-DJ-BX-0048	DPSJAG09SWIFT	26,634
Drug Enforcement	16.738	2008-GP-CX-0026	08-JAG-REGION 1-FY 09	45,818
Southwest Investigative Fugitive Team	16.738	2008-GP-CX-0026	08-JAG-SWIFT-FY09	29,274
				<u>153,704</u>
Anti-Gang Initiative				
Gun Reduction Strategy	16.744	2007-GP-CX-0066	07-PSN-BCSO-FY08	541
Gang Reduction	16.744	2007-PG-BX-0082	07-Anti-Gang-BCSO-FY08	11,206
Gang Reduction	16.744	2008-GP-CX-0026	08-PSN-BCSO-FY09	6,309
				<u>18,056</u>
ARRA - E. Byrne Justice Assistance Grant -Stimulus	16.803	2009-SU-B9-0022	RA-JAG-REGION 1-SFY10	134,374
Total Indirect Assistance				<u>906,057</u>
Total U.S. Department of Justice				<u>1,441,262</u>

COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2010

Grantor Agency and Grant Title	Federal CFDA Number	Grant Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security				
Direct				
SAFER 2008	97.083	EMW-2007-FF-00758		335,415
Pass-Through Programs From:				
NM Department of Homeland Security:				
Homeland Security Grant-Cluster				
2006 DHS Exercise	97.067		2006-GR-T6-0064-BERNALILLO EX	36,501
2007 DHS Equipment	97.067		2007-GE-T7-0023-BERNALILLO COUNTY	9,490
2005 Homeland Security	97.067		2005-GE-T5-0012-BERNALILLO	658,798
2006 Homeland Security	97.067		2006-GE-T6-0064-Bernalillo	644
2009 Homeland Security	97.067	2009-SS-T9-000030	2009-SS-T9-000030-BERNALILLO	33,755
2008 Homeland Security	97.067	2008-GE-T8-0030	2008-BERNALILLO COUNTY-SHSGP	143,550
				<u>882,738</u>
Buffer Zone Protection	97.078		2006-BZ-T6-0036-BERNALILLO BZPP	130,395
2009 (EMPG) Emergency Mgmt Performance Grant	97.042	2009 EMPG	2009-EMPG-BERNALILLO	113,177
2009 (EMPG) Emergency Mgmt Performance Grant	97.042	2009 EMPG	2006-DHS TRAINING-BERNALILLO	4,787
				<u>117,964</u>
				<u>1,131,097</u>
Total Indirect Assistance				<u>1,131,097</u>
Total U.S. Department of Homeland Security				<u>1,466,512</u>
U.S. Department of Interior				
Direct				
Rivers, Trails and Conservation Assistance				
Sabino Canyon Enhancements	15.921	H126306SF05		6,128
Total U.S. Department of Interior				<u>6,128</u>
U.S. Environmental Protection Agency				
Direct				
Community Action for a Renewed Environment	66.035	RE-96663301-0		146,492
South Valley Sewer:				
SVDWP Reservoir	66.202	XP-96683701		382,000
Total U.S. Environmental Protection Agency				<u>528,492</u>
U.S. Department of Health and Human Services				
Pass-Through Programs From:				
NM Department of Health				
H1N1 Virus Vaccine Coordination	93.069		PO #66500-0000060256	7,983
Total U.S. Department of Health and Human Services				<u>7,983</u>
U.S. Department of Energy				
Direct				
ARRA-Energy Efficiency and Conservation-HVAC at Atrium	81.128	DE-SC0002454		459,500
Total U.S. Department of Energy				<u>459,500</u>
U.S. Department of Education				
Pass-Through Programs From:				
Albuquerque Public Schools				
Safe and Drug Free Schools and Communities	84.184		APS IGA	25,275
Total U.S. Department of Education				<u>25,275</u>
Total Expenditures of Federal Awards				<u>\$ 24,322,558</u>

The accompanying notes are an integral part of this schedule. See next page.

COUNTY OF BERNALILLO, NEW MEXICO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Bernalillo and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County of Bernalillo provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
HIDTA-MRGVTF - I8PSNP578Z	16.UNKNOWN	\$ 13,566
Drug Enforcement 08-JAG-REGION 1-FY 09	16.738	7,882
HIDTA-DHI Initiative-I5PSNP578Z	16.UNKNOWN	5,138
SW Investigative Fugitive Team -2008-GP-CX-0026	16.738	24,874
HIDTA-MRGVTF-G09SN0013A	16.UNKNOWN	31,187
Drug Enforcement-2009-DJ-BX0048	16.738	9,534
SW Investigative Fugitive Team -2009-DJ-BX-0048	16.738	22,067
ARRA - E. Byrne Justice Assistance Grant -Stimulus	16.803	16,655

**Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

We have audited the financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund and regional correction center of Bernalillo County, New Mexico (County), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 12, 2010. We have also audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise funds, internal service fund and the fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules and the respective budgetary comparison of each governmental fund and enterprise fund as of and for the year ended June 30, 2010, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *schedule of findings and questioned costs* as items 01-10, 06-01, 07-01 and 09-04 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's responses to findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of County management, the Office of the State Auditor, Government Finance Officers Association, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
November 12, 2010

**Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over
Compliance in Accordance With
OMB Circular A-133**

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

Compliance

We have audited the compliance of Bernalillo County, New Mexico (County), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements,

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-12, 09-14, 09-15, and 10-01 through 10-03.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questions costs. We did not audit the County's response and, accordingly, we express no opinion on the responses.

Commission Chairman,
Members of the County Commission
Bernalillo County and
Hector H. Balderas, State Auditor

This report is intended for the information and use of County management, the Office of the State Auditor, GFOA, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
November 12, 2010

COUNTY OF BERNALILLO, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2010

Findings From Year Ended June 30, 2009 :

Current Status:

01-10	Accounts Receivable Collections- Solid Waste	Repeated and Updated
06-01	Sheriffs Department Currency Evidence Account	Repeated
07-01	Payroll Controls- Human Resources	Repeated and Updated
07-03	Income Verification	Resolved
07-05	Rent Calculations	Resolved
08-01	Capital Assets	Resolved
08-04	Late audit Report	Resolved
08-05	Waiting List Selections	Resolved
09-01	Cash receipts are not agreed to cash receipts log	Resolved
09-02	Timesheets are not accurate	Resolved
09-03	Incomplete Campaign Contribution Disclosure	Resolved
09-04	No adjustment made for annual leave to excess Of amount allowed for carryover	Repeated and Updated
09-05	Incorrect valuation of properties	Resolved
09-06	Revaluation not performed due to delay in filing Sales documents	Resolved
09-07	No restricted endorsements on checks	Resolved
09-08	Inmate accounts are not being escheated to the State	Resolved
09-09	No formal policies or procedures to resolve Inmate account discrepancies	Resolved
09-10	Tax Increment Development Districts Lack Of policies and procedures	Resolved
09-11	Information Technology – User Controls	Resolved
09-12	Special Tests	Repeated and Updated
09-13	Procurement – DOT	Resolved
09-14	Procurement – Homeland Security	Repeated and Updated
09-15	Allowable costs – OEM	Repeated and Updated
09-16	Procurement – Environmental Protection Agency	Resolved

**COUNTY OF BERNALILLO, NEW MEXICO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? x Yes _____ None reported

Non-compliance material to financial statements noted? x Yes _____ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(s) identified that are not considered to be material weakness(es) x Yes _____ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? x Yes _____ No

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
14.871	Section 8 – Housing Choice Vouchers
20.205	Highway Planning and Construction
97.067	2005 Homeland Security/Fire Marshalls

Dollar threshold used to distinguish between type A and type B programs \$ 729,677

Auditee qualified as low-risk auditee? x Yes _____ No

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

B. FINANCIAL STATEMENT FINDINGS

01-10: Accounts Receivable Collections- Solid Waste

Condition

During the test work of the accounts receivable for the County's Solid Waste Fund, we noted that accounts greater than 120 days outstanding increased by approximately \$550,000 from the prior year.

Criteria

It is good cash management and accounting practice to timely collect receivable balances.

Cause

In accordance with the State of New Mexico Constitution, Anti-Donation Clause, the County may not forgive the debt of a private party.

Effect

For the year ended June 30, 2010 and 2009 a total of \$ 5,700,547 and \$4,177,566 Solid Waste accounts receivable were outstanding, of which \$4,241,541 and \$3,693,767 were greater than 120 days old. It is more difficult to collect accounts that have aged in excess of 120 days resulting in Solid Waste having less funding available for operations.

Recommendation

The County should commit more resources to collection of fees both current and delinquent. Initiate work with County Management to identify why fees are not being collected and possible changes to billing process in order to address this growing balance.

Management's Response

Old debt that is written off annually by private business cannot be written off by the county because the county cannot forgive debt. The total amount of accounts receivable will grow every year instead of get smaller because of uncollectable accounts that have been on the books since the beginning of the program 10 years ago. Interest still accumulates on those old accounts bringing the amount even higher. The applicable statute of limitations for collection efforts is 4 years. The County sends demand letters and will be filing suit to obtain judgments for amounts owed the County. Of course, not every judgment will be collected on due to a number of factors such as inability to locate the defendant, the defendant does not have property to attach or assets that are subject to

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

garnishment or other writ. The County is also working to get property owners to enter into promissory notes that will extend the statute of limitations to 6 years and will offer the County additional opportunities to collect unpaid amounts.

Corrective Action Plan

The Solid Waste Department is processing close to 2000 delinquent account letters annually. Those that do not respond or default on promissory notes go to the Legal department for follow up action. The Legal Department will continue to use the lien process for collection of large outstanding balances.

06-01: Sheriffs Department Currency Evidence Account

Condition

The East Area Command Center (EACC) is not faxing a copy of the evidence logs to the support technician as required per County policy.

Evidence logs do not include the amount of money collected by the officer. Amounts are entered into the spreadsheet kept by support technician, but there is no way to verify that the amounts Albuquerque Police Department entered were the same as the amount entered at the substations.

Criteria

Sound accounting controls, which include adequate documentation of receipts and timely reconciliation of cash receipts to deposits, are necessary to ensure adequate control over cash accounts.

Cause

There is no individual monitoring to ensure that the County is following the established evidence account procedures, including proper logging of funds, verification of deposits.

Effect

Increased risk of theft of evidence account funds.

Recommendation

Each substation should provide the accountant in charge of maintaining the evidence account a copy of the daily log noting all currency evidence received and transferred to APD. This log should be submitted timely and be complete.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Verification that all currency evidence was deposited into the evidence account should be completed through comparison to currency evidence information from records created. All related disbursements should be documented.

Management Response

The East Area Command Center (EACC) will maintain and fax a copy of the evidence logs to the support technician as required per County policy. Evidence logs will be properly completed and the amount of money collected by the officer will be noted.

Corrective Action Plan

The County is currently being audited by the County's internal auditors and is waiting for the results to determine corrective action.

07-01: Human Resources – Personnel File Maintenance

Condition

During our testing of payroll controls we noted 13 out of 18 instances in which the personnel files did not contain annual performance evaluations.

Criteria

Employee Regulations and Rules section 408 and 409, Employee Review Policy state that

- A. Classified employees shall be reviewed every twelve (12) months.
- B. Communicating the Performance Reviews
 - 1. The supervisor and the employee should discuss the review and each should retain a copy of the review form to use during on-going discussions about performance progress, job objectives, or revised responsibilities.
 - 2. The original copy of the completed review form shall be forwarded to the Human Resources Department for procedure verification and to file in the employee's personnel file.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Cause

There is no individual monitoring to ensure that the County is following the established policies and procedures are being followed to ensure that personnel files are current and accurate.

Effect

By not following and implementing controls over the maintenance of information in personnel files, the County is exposed to a risk of potential claim by employee by not have proper documentation of employee's performance.

Recommendation

We recommend that management implement monitoring procedures to ensure that annual performance evaluations are being conducted annually and personnel files maintain the most current evaluation.

Management Response

The Human Resources Departments follows the letter of the Employment Relations Rules and Regulations in that the annual performance notices are sent out to the county departments on an established schedule. All completed performance evaluations that are returned to the Human Resources Department are placed in the official, personnel file. The Human Resources Department can only file the evaluations that are submitted by the respective county departments. The Human Resources Department does not have enforcement authority over the submission of the performance evaluations.

Corrective Action Plan

Management will look at policies and determine if updating will be required.

09-04 No adjustment made for annual leave in excess of amount allowed for carry over

Condition

During the 2010 fiscal year internal auditors followed up on the excess leave calculation reporting and could not complete testing because some of the data in the spreadsheet utilized to track annual leave did not recalculate correctly and errors existed in the formulas and hard corded data was incorrect.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Criteria

Based on the County's Employment relations rules and regulations section 1003.F annual leave accrual (vacation), "...Classified employees shall not carry forward into a new calendar year more than two hundred eighty-eight (288) hours of accrued annual leave. In the event that a classified employee's request for annual leave does not meet operational requirements with regard to workforce, that employee shall not suffer loss of leave time accrued, provided, however, that any excess time shall be taken by February 28 of the following year and shall be granted on a priority, first come-first served basis, and be approved by the Deputy County Manager, Elected Official, County Attorney or Department Director. Provided however, for good cause shown the County Manager may provide additional extensions."

Cause

The worksheet utilized to calculate excess annual leave by staff and Management has formula errors.

Effect

Leave balances may not be adjusted correctly.

Recommendation

We recommend that current worksheet utilized for calculating excess annual leave be reviewed for errors before utilizing the calculated balances to make adjustments for carryovers.

Management Response

The Human Resource Department will review the report used to calculate excess leave and make the necessary corrections.

Corrective Action Plan

Human Resources will work with auditors to clear audit finding for next year.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

09-12 Special Tests

Federal Agency: U.S. Environmental Protection Agency
(Non Major Program) CFDA 66.202, South Valley Sewer Program

Award Number: XP-976162-01

XP-976713-01

XP-976715-01

XP-986861-01

Questioned Costs

None

Condition

During our compliance testwork for special reporting we noted that the entity did not submit 2 of 4 quarterly MBE/WBE reports by the required deadlines as required per the grant agreements.

Criteria

Per the grant agreement, Condition #11 states that the entity must comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements. The recipients must submit and EPA form 5700-52A "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the federal fiscal year quarter the recipient receives the award and continue until the project is completed.

Cause

The policies and procedures to ensure that the MBE/WBE reports were being submitted on time are not being followed.

Effect

Without the timely submission of MBE/WBE reports, the EPA can not ensure that the program is meeting the special requirements per the grant agreement and this could effect future funding.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Recommendation

We recommend that policies and procedures established are followed to ensure that monitoring of required reports are completed and submitted in a timely manner.

Management Response

The Valley Utility Project has millions in expenditures and multiple funding sources. The two reports for the grant periods ending December 2009 and March 2010 were 2 days and 19 days late respectively. The Public Works Division (PWD) has taken the time to create a Grant Policy Procedures Manual to comply with the many requirements. PWD shall make every reasonable effort to submit reports by the required due dates.

Corrective Action Plan

The PWD has implemented procedures to facilitate getting required reports submitted in a timely manner. Policies include detailed instructions on completing required forms and submission dates. Additional staff is available to assist in preparation of required reports and the Grant Representative has entered grant submission dates into the Outlook Calendar/Task Bar to ensure that all reports will be completed in a timely manner. Procedures implemented should help resolve this finding in the following year.

09-14 Procurement

Pass-Through Programs From: NM Department of Homeland Security and Emergency Management

CFDA 97.067, Homeland Security Grant Program

Award Number: 2006-GR-T6-0064 BERNALILLO EXERCISE

2007-GE-T7-0023-BERNALILLO COUNTY

2005-GE-T5-0012-BERNALILLO

2006-GE-T6-0064-Bernalillo

2004-GE-T4-0005-BERNCO TRAINING

Questioned Costs

None

Condition

During procurement testing we noted that four out of four contracts selected for testing did not have documentation ensuring that vendors were not debarred or suspended. In addition, one out of the four contracts did not have documentation showing state approval.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Criteria

Grant agreement requires state approval for any expenditures must be approved by NMDHSEM prior to procurement by the County.

Cause

There were no established policies and procedures and there was no individual monitoring to ensure that reporting of the programs progress to the State of New Mexico was completed.

Effect

The County is out of compliance with the grant agreement and OMB compliance requirements which could impact future funding.

Recommendation

We recommend that a policy and procedure is established to ensure that vendors were not debarred or suspended and state approval of contracts.

Management Response

Policies and Procedures have been developed to determine suspension or debarment of contractors when federal funds are utilized.

Correction Action Plan

Purchasing staff will ensure the Policies and Procedures developed are fully implemented and followed when expending federal funds.

09-15 Allowable costs

Pass-Through Programs From: NM Department of Homeland Security and Emergency Management

CFDA 97.067, Homeland Security Grant Program

Award Number: 2006-GR-T6-0064 BERNALILLO EXERCISE

2007-GE-T7-0023-BERNALILLO COUNTY

2005-GE-T5-0012-BERNALILLO

2006-GE-T6-0064- BERNALILLO

2004-GE-T4-0005-BERNCO TRAINING

2008-GE-T8-0030 BERNALILLO COUNTY -SHSGP

2009-SS-T9-000030- BERNALILLO

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Question Costs

\$1,488.60

Condition

During allowable costs test work we noted 6 out of 12 disbursements selected for testing had incurred and paid the expense prior to getting approval from the State agency.

Criteria

Circular A-102 states that agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and sub-grantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.

Grant agreement requires state approval for any expenditures must be approved by NMDHSEM prior to procurement by the County.

Cause

There were no established policies and procedures and there was no individual monitoring to ensure that reporting of the programs progress to the State of New Mexico was completed.

Effect

The County is out of compliance with the grant agreement requirements which could impact future funding.

Recommendation

We recommend that the policy and procedures established to ensure that disbursements have state approval prior to being processed by the County are followed.

Management Response

The Office of Emergency Management (OEM) has worked hard to create Standard Operating Procedures for New Mexico Department of Homeland Security and Emergency Management Sub-Grant Agreements to comply with grant agreements rules and regulations. Procedures implemented should resolve this finding in following years.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Corrective Action Plan

OEM has implemented procedures to correct any future findings relating to getting prior approval for purchases.

Procedures have required steps that outline the procedures implemented for example:

1. Procurement of goods against the grant:
 - a. Obtain the required quotes for each project/purchase.
 - b. Submit to NMDHSEM the “*NMDHSEM Request for Approval Form*” for each project/purchase.
 - c. Receive approval from NMDHSEM..
 - d. Follow procurement guidelines to process requisition, purchase order and payment.

10-01 Reporting

Pass-Through Programs From: NM Department of Homeland Security and Emergency Management

CFDA 97.067, Homeland Security Grant Program

Award Number: 2006-GR-T6-0064 BERNALILLO EXERCISE
2007-GE-T7-0023-BERNALILLO COUNTY
2005-GE-T5-0012-BERNALILLO
2006-GE-T6-0064- BERNALILLO
2004-GE-T4-0005-BERNCO TRAINING
2008-GE-T8-0030 BERNALILLO COUNTY -SHSGP
2009-SS-T9-000030- BERNALILLO

Question Costs

None

Condition

During our compliance testwork for reporting we noted 7 of 8 samples tested were not submitted timely.

Criteria

Per sub-agreement from the State of New Mexico – Department of Homeland Security and Emergency Management, in order that the DHSEM may adequately evaluate the progress of the sub-grant Program, the sub-recipient shall provide periodic reports to the DHSEM.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Each grant agreement specifies the grant reporting due dates for both quarterly and final reporting. Quarterly reports are due 15 days after the end of the quarter and the final report is due 90 days after termination date of grant.

Cause

There were no established policies and procedures to ensure that reporting of the programs progress to the State of New Mexico is completed in a timely basis.

Effect

The County is out of compliance with the grant agreement requirements which could impact future funding.

Recommendation

We recommend that the policy and procedures established are followed to ensure that monitoring of required reports are submitted in a timely manner.

Management Response

The Office of Emergency Management (OEM) has worked hard to create Standard Operating Procedures for New Mexico Department of Homeland Security and Emergency Management Sub-Grant Agreements to comply with grant agreements rules and regulations. The OEM shall make every effort to obtain signatures and submit reports by the required dates.

Corrective Action Plan

OEM has implemented procedures to correct any future findings relating to getting required reports submitted in a timely manner. A letter from the State Grant Unit Manager with specific Quarterly dates was added to the OEM procedures manual on October 6, 2010. Procedures implemented should help resolve this finding in the following year.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

10-02 Reporting

Federal Agency: Department of Housing and Urban Development
CFDA 14.871, Section 8 Housing Choice Vouchers
Award Number: NM057V0 (June 30, 2010)

Question Costs

None

Condition

During our testing of Form HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons, we noted that the incorrect amount of contract expenditures was identified as Section 3 businesses.

Criteria

According to 24 CFR sections 135.3(a) and 135.90 states for each public housing grant that involves development, operating, or modernization assistance, the prime recipient must submit Form HUD 60002. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public. Accounting controls, including proper review and approval of all reports submitted to HUD, are necessary to ensure adequate numbers are recorded and reported.

Cause

Bernalillo County Housing Authority was following incorrect processes put in place by prior administration.

Effect

The purpose of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Recommendation

We recommend that the Bernalillo County Housing Authority comply with reporting requirements as stated in 24 CFR sections 135, Economic opportunities for low-and very low-income persons and to include accurate monitoring of reports.

Management Response

Housing agrees that the HUD form 60002 has been filled out incorrectly for reporting of zero dollars spent for section 3 Businesses. HUD has never communicated that form was being submitted incorrectly. Housing will fill out the section correctly.

Corrective Action Plan

The Housing will now submit the form with a zero dollar amount in the project area and will make the necessary adjustments. Housing considers the finding resolved and will be removed in the next year.

10-03 Special Provision

Federal Agency: Department of Housing and Urban Development
CFDA 14.871, Section 8 Housing Choice Vouchers
Award Number: NM057V0 (June 30, 2010)

Question Costs

None

Condition

During our testing of special tests and provisions, we noted that the depository agreement was not entered into agreement during the 2010 fiscal year.

Criteria

According to 24 CFR section 982.156, Depository for program funds, requires that the Bernalillo County Housing Authority enter into a depository agreement with their financial institution in the form required by HUD. The agreement serves as a safeguard for Federal funds and provides third-party rights to HUD.

**COUNTY OF BERNALILLO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Cause

There was no monitoring to ensure that the Bernalillo County Housing Authority was following the compliance requirement.

Effect

Bernalillo County Housing Authority is not allowing a safeguard for Federal funds and providing third-party rights to HUD as intended by completing form.

Recommendation

We recommend the Bernalillo County Housing Authority implement a process in order to comply with 24 CFR section 982.156, to include that a HUD form be completed when new bank account is opened.

Management Response

Housing was unaware the form had not been signed as required by federal regulations. Once notified Housing immediately contacted the appropriate personnel and had depository agreement signed.

Corrective Action Plan

Housing implemented procedures that at the start of each year, any depository account will have a depository agreement on file. Housing considers this finding resolved and will be removed in the next year.

**COUNTY OF BERNALILLO, NEW MEXICO
EXIT CONFERENCE**

An exit conference was held on November 10, 2010 and attended by the following:

Audit Committee (Representing the County Commission)

Demesia Padilla, CPA, Chair
Maxwell Kagan, CPA, Secretary
Paulette Becker, CPA, Esq., Member

External Auditors

Chris Garner, CPA, Senior Manager

County Personnel

Thaddeus Lucero, County Manager
Julie Baca, Deputy County Manager, Community Services
Teresa Byrd, Director of Budget
Kim Mckibben, Solid Waste Director
Lisa Sedillo-White, Director of Purchasing
Jeff P. Lovato, MBA, Director of Accounting
Fidel A. Bernal, CPA, Chief Deputy Treasurer
Betty Valdez, Director of Housing
Roger Paul, Director of Technical Services
Roger Tannen, Deputy Chief, Office of Emergency Management
Bonnie Ulibarri-Romero, CPA, Financial Projects Coordinator, Accounting
Kevin Sourisseau, CPA, Financial Projects Coordinator, Accounting
Cindy Torres, Audit Liaison, Accounting
Anthony Infantino, MBA, Financial Administrator, Accounting
Nataliya Rubinchik, MSA, Financial Administrator, Accounting
Trudy McGregor, CPA, Financial Administrator, Accounting
Ginny Montoya, Accountant Senior, Accounting
Leticia Carreon, Accountant Senior, Accounting
Sue Solosky, Grant Accountant, Accounting
Ruth Lott, Housing Administrator, Housing
Virginia Chavez, Financial Administrator, MDC
Greg Stricklin, CPA, MDC
Danette Gonzales, Human Resources
Martin Gallegos, Fixed Asset Manager
Lenore Buffington, Sheriff's Office
Fran Romero, DSAP
Deborah Pearson, Solid Waste
Juanita Mesias, OEM
Geri Maestas, Budget
Destry Hunt, County Manager's Office
Victoria Herring, Administrative Assistant, Accounting