



## MEMO

To: Fernando Macias, County Manager

From: Ernest Harvin, Internal Auditor

CC: Vincent Pokluda, Assistant County Manager – Administration

Date: July 31, 2018

Re: Internal Auditor's Assessment

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The Internal Auditor completed a preliminary assessment at the behest of the Assistant County Manager – Administration. This assessment found its genesis in the Parks & Facilities Department, and came about due to perceived discrepancies discovered concerning the rental of a Community Center.

The Internal Auditor considered the following evidentiary matter:

- A document originating in the **Facilities & Parks** Department quoting a lower rental price, than the standard rental amount charged by the County.
- An agreement for use of Doña Ana County (DAC) property [a park], unsigned by a client, yet signed by a **Facilities & Parks** staff member. This agreement represents an actual contract that waives indemnification requirements, and which invokes the question of whether or not this staff member had the authority to formulate what could be a binding contract on behalf of the County.
- Per a statement taken by DAC Fire and Emergency Services, the client in the bullet above stated that, he had an agreement with **Facilities & Parks** wherein he was not charged to operate out of a County facility. This brings about questions concerning the legitimacy of such an agreement, i.e. approval authority.

This client also kept some of his belongings secured in a County facility, as the client reportedly held keys to the facility. Again, questions arise about why the client had keys to a County facility, as well as permission to store personal items in the facility.


- A report submitted by our Budget Analyst, and Accountant I concluded that **Facilities & Parks**' grant reimbursement requests appear to be taking an 'unreasonable' amount of time.
- A July 2018 memorandum written by the Director of Health & Human Services indicates that there have been occasions wherein the rates charged, via a **Facilities & Parks** staff, for the use of DAC Community Centers were inconsistent.

From an auditing standpoint, all of the information above points to a lack of internal controls, and/or lack of management oversight. Both of which are management's responsibilities. The inconsistencies noted above require not only the **immediate attention** of Facilities & Parks management, but also DAC Upper Management.

As the Internal Auditor for Doña Ana County, I would recommend an initial procedural audit of this department. This recommendation results from the following observations:

1. The initial risks if substantiated indicate unfair or biased practices, which could expose the County to liabilities.
2. Lack of management oversight can allow inconsistencies to occur and continue unchecked, again exposing the County to risks.
3. There should be a system or procedure in place that routes the reserving of County Community Centers to the proper authority. This appears to be lacking.
4. There should be policies in place which stipulate who has the authority to obligate the County in a contract. There should also be controls in place to monitor this; to prevent and/or detect the occurrence of contracts without proper authority. If such policies and controls indeed already exist, then the circumvention or overriding of these controls should be considered a serious policy violation and a material risk factor.

While the Internal Auditor has constructed an annual audit schedule, the Internal Audit Advisory Committee (IAAC) allows for Audit Plan/Schedule flexibility to address serious matters that may develop. Upon guidance from the County Manager, the Internal Auditor will meet with the IAAC concerning adjusting the current Audit Plan/Schedule so that Facilities & Parks would be the next department audited by the Internal Auditor.

  
Ernest Harvin, CIA  
DAC Internal Auditor