

MANAGEMENT AUDIT REPORT

OF THE

ALBUQUERQUE POLICE DEPARTMENT

SPECIAL INVESTIGATION DIVISION

CONFIDENTIAL AND FORFEITURE FUNDS

REPORT NO. 05-102



CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT AND INVESTIGATIONS



Internal Audit

City of Albuquerque
P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103

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Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico 87102

Audit: Albuquerque Police Department
Special Investigations Division
Confidential and Forfeiture Funds
05-102

FINAL

INTRODUCTION

The Office of Internal Audit and Investigations conducted an audit of the Albuquerque Police Department (APD) Special Investigations Division (SID) Confidential and Forfeiture Funds Program. APD receives federal forfeiture funds from drug-related cases worked jointly with federal law enforcement agencies. Cash funds are used to pay informants, buy drugs and other property, and pay expenses for certain APD enforcement and investigation activities. The audit is performed annually at the request of APD.

The Controlled Substances Act (30-31-1 to 30-31-41 NMSA 1978) allows a law enforcement agency that seizes forfeited money to take custody of the money for use in the enforcement of the Controlled Substances Act. APD records receipts and expenditures of forfeiture money in a special revenue fund designated solely for use by APD.

The Federal Comprehensive Crime Control Act of 1984 instituted the National Asset Forfeiture Program. This program authorizes the sharing of federal forfeiture proceeds with cooperating state and local law enforcement agencies. In accordance with federal policies, proceeds from federal forfeitures can only be used for law enforcement expenditures. Priority must be given to programs such as law enforcement operations that will result in further seizures and forfeitures. To ensure continued federal forfeiture revenues, APD uses these proceeds to fund the operations of SID. Effective March, 1994, The U.S. Department of Justice requires that any state or local law enforcement agency receiving more than \$100,000 in forfeiture funds annually, submit an audited Federal Annual Certification Report (FACR) to the U.S. Department of Justice and the

U.S. Department of the Treasury. This report will be presented to the federal agencies to fulfill this requirement.

AUDIT OBJECTIVES

The objectives of our audit were to determine:

- Is SID in compliance with the U.S. Department of Justice booklet A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies (Federal Forfeiture Requirements) dated March 1994?
- Are internal control procedures in place to receive, safeguard, and dispose of cash and other property for confidential funds and forfeited monies?
- Is SID in compliance with applicable laws, policies and regulations?

SCOPE

Our audit did not include an examination of all the functions, activities, and transactions of SID. Our audit test work was limited to revenues and expenditures from July 2003 thru June 2004.

We have based this report on our examination of activities through the completion date of our fieldwork, and it does not reflect events after that date. The audit was conducted in accordance with Government Auditing Standards, except Standard 3.49, requiring an external quality control review.

METHODOLOGY

We judgmentally selected 28 out of 553 expenditure transactions to test for supporting documentation and to verify whether they were appropriate expenditures under the Federal Forfeiture Program. The test work indicated that the majority of expenditure transactions sampled were not recorded to the correct category; therefore, we expanded the test work to review the correctness of the categorization of 100 percent of the expenditure and revenue transactions. We judgmentally selected 24 out of 2,352 evidence room seizure items to verify their existence. Seventeen out of 84 vehicles were judgmentally selected for verification of being placed in service for a minimum of two years.

Additionally, we interviewed key personnel and performed analytical procedures. This audit and its conclusions, is based on information provided through interviews, tests and reviews of current procedures.

FINDINGS

The following findings concern areas that we believe would be improved by the implementation of the related recommendations.

1. FEDERAL FORFEITURE FUNDS WERE PROPERLY EXPENDED WITH THE EXCEPTION OF THE ITEM DISCUSSED IN FINDING NUMBER 2

The City receives funds and other assets from the Federal Forfeiture Program and is subject to the requirements stipulated by the U.S. Department of Justice. As part of our examination of the SID, expenditures were reviewed for compliance with Federal Forfeiture Requirements. Based on our testwork, it appears that all material expenditures in SID were for law enforcement purposes, with the exception of the item discussed in finding number 2, and did not replace or supplant general fund programs or expenditures. The Federal Forfeiture funds for the year ended June 30, 2004 (FY04) were not used to replace funds previously provided from general fund appropriations. The FACR was filed on October 22, 2004, as follows:

Table 1-1

FEDERAL ANNUAL CERTIFICATION REPORT

	Department of Justice <u>Funds</u>
Summary of Equitable Sharing Activity:	
Beginning equitable sharing fund balance	\$ 877,863
Federal sharing funds received	237,319
Transfer from other law enf. agencies	-
Other income	482,704
Interest income accrued	<u>9,427</u>
Total equitable sharing funds	1,607,313
Federal equitable sharing funds spent	<u>(862,828)</u>
Equitable sharing fund balance	<u>\$ 744,485</u>
Summary of Shared Monies Spent:	
Salaries	\$ -
Overtime	-
Informant "buy money"	53,825
Travel and training	90,403
Communications and computers	6,000
Firearms and weapons	80

Body armor and protective gear	123
Electronic surveillance equipment	2,127
Buildings and improvements	168,767
Other law enforcement expenses	<u>541,503</u>
Total shared monies spent	<u>\$ 862,828</u>

RECOMMENDATION

APD/SID should ensure that all Federal Forfeiture Program expenditures continue to be in compliance with Federal Forfeiture Requirements

EXECUTIVE RESPONSE FROM APD

“The Special Investigations Division will ensure compliance with Federal Forfeiture requirements. On March 30, 2005, the SID Commander will provide training to all current SID supervisors and command staff regarding these requirements. In conjunction with the training, all SID supervisors and commanders will be provided a copy of the guidelines for equitable sharing of federally forfeited property.”

2. APD/SID SHOULD COMPLY WITH FEDERAL FORFEITURE REQUIREMENTS

SID is leasing two buildings, but is occupying only one. SID decided that more space was needed for its daily operations and entered into a new lease on March 9, 2004 even though the current lease for the initial building did not expire until October 31, 2005. SID is paying an additional \$32,745 in rent for a building that is not used for divisional operations.

We inquired with SID management (management) to determine if they are using the unoccupied building. Management stated that SID is not using the building. Instead, it is occupied, rent free, by a local armored car company (company). Management explained that in September 2004 the company had its building destroyed during a S.W.A.T. standoff. Since the company does not have another location, and was in danger of losing its customers, APD agreed to let the company use the unoccupied building until another location was found. According to SID management, Risk Management gave APD approval for the company to use the unoccupied building. Risk Management confirmed that APD inquired about the company occupying the building, but asked for an opinion, not approval. Risk Management told APD that it would be alright for the company to occupy the building, but to document the situation (i.e. written contract). SID did not document the situation with a contract. APD does not have proof of insurance from the company occupying the building. If a situation arises in which an individual of the company is injured while in the building, APD could be monetarily liable for the injuries.

APD allowed the company to immediately occupy the SID building after the destruction of their building. General and Forfeiture funds are being used to pay the leases for both buildings.

Section 10 part 2c of Federal Forfeiture Requirements states "Impermissible state and local law enforcement uses include **Payment of Non-Law Enforcement Expenses.**" In addition, Section 10 part 2e of Federal Forfeiture Requirements states:

Shared funds may not be used for any purpose that would constitute an improper use of state and local law enforcement funds under the laws, rules, regulations, and orders of the state or local jurisdiction of which the agency is a part.

According to Article IX section 14 of the Constitution of New Mexico,

Neither the state, nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation, or in aid of any private enterprise...

Section 14 also states:

Municipal corporations are creatures of statute; they have only the powers with which they are invested by the statutes creating them. Powers of cities and towns are set out in 3-18-1 NMSA 1978. No power to make a gift of any kind is mentioned...

Consequently, APD appears to be in violation of the anti-donation clause of the Constitution of the State of New Mexico.

RECOMMENDATION

APD/SID should comply with the Federal Forfeiture Requirements. APD should request assistance from the City Legal Department in resolving the issue of violating the anti-donation clause in the New Mexico State Constitution. APD should have a written agreement when they enter into a contractual arrangement with all entities.

EXECUTIVE RESPONSE FROM APD

“The lease for the currently vacant SID facility expires in October 2005. SID does not anticipate occupying, subleasing or allowing occupancy of this facility for the remainder of the lease term. With respect to allowing temporary use of the facility, the APD contacted Risk Management who provided an opinion on the use of the facility.”

3. APD/SID SHOULD ENSURE ALL FINANCIAL REPORTS, INCLUDING THE FACR, ARE ACCURATELY COMPLETED

SID maintains bank accounts and records separate from those maintained by the City. As a result, routine operating expenditures and funds for undercover operations are not paid through the City's accounts payable system, but by SID directly. Each year SID receives funds from federal and state resources to pay for its operations.

SID is required to file a FACR with the US Departments of Justice and Treasury. This report is filed 90 days subsequent to the fiscal year-end and is subject to an annual audit. SID employs a bookkeeper who is contracted to reconcile SID's bank accounts, process accounts payable invoices, maintain a general ledger and produce financial reports. SID had two bookkeepers during FY04. The first bookkeeper worked until December 2003. The second bookkeeper was hired during February 2004. We examined the financial reports prepared by the contract bookkeepers and noted the following:

- The contract between the bookkeeper and SID states that the bookkeeper “will be responsible for completing the FACR report in which the Special Investigation Division will provide the necessary training he will need in order to accomplish this.” However, the bookkeeper has not tried to complete the FACR, and does not have the required experience or training. SID has never provided the necessary training as discussed in the contract.
- The bookkeepers provided a financial report that could not be summarized into categories required by the FACR. We examined the data and noted that numerous transactions while appropriate were not recorded in the correct expense categories. In order to correct the errors and ensure an accurate report, the auditor had the bookkeeper identify the correct category. Over 491 expense re-classifications were identified by the bookkeeper. These corrections totaled approximately \$721,000.

Errors or discrepancies in the report submitted to the federal agencies may cause the agencies to question the accuracy and validity of the City's financial reporting data. The errors could lead to restricted funds or additional requirements for the City in order to continue to participate in the Federal Forfeiture Program.

This is a repeat finding from Audit Report Number 04-102, Albuquerque Police Department – Special Investigation Division – Confidential and Forfeiture Funds. In FY02 the Office of Internal Audit recommended that SID ensure that the contract bookkeeper accurately complete all financial reports and that the SID bookkeeper be adequately trained in order to complete the FACR. APD modified the bookkeeper’s contract in FY03 to make the bookkeeper responsible for the FACR. In addition, APD hired a new bookkeeper in mid-FY04. However, the FY03 and FY04 FACRs were not compiled by the bookkeeper and not all the data transactions provided by the bookkeeper were recorded to the correct categories.

Section XI of the Federal Forfeiture Requirements states,

All participating state and local law enforcement agencies must implement standard accounting procedures and internal controls (e.g. tracking share requests and receipts, depositing shares into a separate revenue account or accounting code, restrictively endorsing checks upon receipt, etc.) to track equitably shared monies and tangible property.

RECOMMENDATION

APD/SID should ensure that all financial reports, including the FACR, are accurately completed.

EXECUTIVE RESPONSE FROM APD

“SID developed and implemented a bookkeeping system, which will facilitate the completion of the FACR. SID funds are currently tracked at the unit and division level in accordance with the FACR reporting requirements. SID established adequate control mechanisms including pre-approval by command level personnel for supply and equipment expenditures, monthly audits by command level personnel and external audits by the Inspections Unit. In addition, Internal Audit reviewed the current bookkeeping practices and agreed improvements were implemented.”

4. APD/SID SHOULD ENSURE THAT ALL EXPENDITURES ARE IN COMPLIANCE WITH APPLICABLE REGULATIONS AND ARE ADEQUATELY DOCUMENTED

As quoted above, Section XI of the Federal Forfeiture Requirements calls for the implementation of standard accounting procedures and internal controls. Proper accounting procedures and internal controls are designed to ensure that expenditures can

be properly classified and supported with documentation. In order to ensure a basic level of internal controls, the SID bookkeeper is required to maintain supporting documentation for all expenditures. As part of our audit, we examined a sample of 28 expenditures made by SID. We noted the following:

- Seventeen expenditures were not recorded to the correct expenditure category.
- Three expenditures were not supported by vendor invoices.
- One payment did not agree to the amount on the invoice.

In addition, Office of Management and Budget (OMB), Circular A-87, states that for a cost to be allowable under Federal awards, it must “be determined in accordance with generally accepted accounting principles” which means that the expenditures should be recorded to the correct expense category and agree with the supporting documentation.

This is a repeat finding from Audit Report Number 04-102, Albuquerque Police Department – Special Investigation Division – Confidential and Forfeiture Funds. That audit noted expenditures that were not accompanied by vendor invoices. We recommended that APD/SID ensure that all expenditures were in compliance with applicable regulations and were adequately documented.

Failure to adhere to Federal Forfeiture Requirements may jeopardize SID’s ability to participate in the Federal Forfeiture Program in future years.

RECOMMENDATION

APD/SID should ensure that all expenditures are in compliance with applicable regulations and are adequately documented and correctly classified.

EXECUTIVE RESPONSE FROM APD

“The forthcoming training for SID supervisors regarding forfeiture sharing and established control mechanisms will ensure compliance with applicable regulations and reporting requirements.”

5. APD/SID MANAGEMENT SHOULD ENSURE THAT THE APD FISCAL DIVISION REVIEWS SID ACCOUNTING AND FEDERAL FINANCIAL REPORTING

Per a discussion with the SID contract bookkeeper, it was determined that the APD Fiscal Division (Fiscal) is not involved in the accounting of transactions and the financial reporting that is sent to the federal government. SID has never requested Fiscal to be

included in the accounting process. If Fiscal is not included in this process, transactions might not be recorded (categorized) correctly as identified in finding number 4. This may lead to errors in the financial reporting to the federal government. Errors and discrepancies in the FACR may cause the U.S. Departments of Justice and Treasury to question the accuracy and validity of the City's financial data. The errors could lead to restricted funds or additional requirements for the City in order to continue to participate in the Federal Forfeiture Program. Fiscal should review SID's financial activity and help ensure correct categorization of transactions and reporting of financial information. According to the U.S. Department of Justice regulations, "All participating state and local enforcement agencies must implement standard accounting procedures and internal controls to track shared monies and property."

RECOMMENDATION

APD/SID Management should ensure that the APD Fiscal Division reviews SID accounting and federal financial reporting.

EXECUTIVE RESPONSE FROM APD

"Discussions with the APD Fiscal Manager are forthcoming regarding this recommendation. SID proposes sending quarterly reports to the APD Fiscal Manager for review."

6. APD/SID SHOULD ENSURE THAT ALL VEHICLES ARE INCLUDED IN TRACKING VEHICLE RECORDS

SID vehicle inventory records do not include all vehicles purchased or seized. We determined that nine vehicles that were seized were not included in SID's vehicle inventory tracking records. This was due to inaccuracies in record keeping and the use of a manual tracking system.

Section XI of the Federal Forfeiture Requirements states,

All participating state and local law enforcement agencies must implement standard accounting procedures and internal controls (e.g. tracking share requests and receipts, depositing shares into a separate revenue account or accounting code, restrictively endorsing checks upon receipt, etc.) to track equitably shared monies and tangible property.

RECOMMENDATION

APD/SID should ensure that all vehicles are included in vehicle inventory tracking records.

EXECUTIVE RESPONSE FROM APD

“SID established an automated tracking system for SID’s vehicle inventory. The nine vehicles were forfeited vehicles that were tracked separately from the SID fleet vehicle inventory. This practice was followed because the vehicles were sold and not placed into service. Forfeited vehicles awarded to SID will be included in the fleet vehicle inventory.”

7. APD/SID SHOULD FOLLOW THE LIFE CYCLE COST ANALYSIS ORDINANCE AND ADMINISTRATIVE INSTRUCTION NO. 5-10

APD/SID Did Not Follow City Ordinance

SID leases the facilities from which it operates. The original lease was entered into on September 1, 1994 for 10,530 square feet of office space. In addition, as discussed in Finding 2, SID entered into a lease on March 9, 2004 for 19,275 square feet of office space. On September 1, 1992 the City’s Chief Administrative Officer (CAO) implemented Administrative Instruction No. 5-10 which states:

Facilities which are going to be 10,000 square feet or greater, including remodels, will require computer energy modeling utilizing the acceptable software programs described in the Energy Systems Standards Manual.

The City’s Life Cycle Cost Analysis Ordinance, Section 5-3-3 ROA states,

...The life-cycle analysis shall be made utilizing a City approved method. Computer energy modeling shall be required for facilities 10,000 square feet or greater. Conservational mechanical and electrical energy systems shall be considered.

The 2004 lease agreement between SID and the lessor does not contain any stipulation to ensure compliance with the City Ordinance or the Administrative Instruction. This is a repeat finding from Audit Report Numbers 04-102 and 03-115, Special Investigation Division, Confidential & Forfeiture Funds dated December 18, 2003 and January 15, 2003, respectively, in which the recommendation was made for the CAO to either

allocate resources to ensure compliance with the Life Cycle Cost Analysis and Administrative Instruction No. 5-10 or propose modification or removal to the City Council.

City Administration Has Not Made Revisions to the Ordinance

The Office of Internal Audit has addressed the Life Cycle Cost Analysis issue to the Administration in previous years. However, it does not appear that the Administration has required APD/SID or other departments to comply with the Ordinance and Administrative Instruction. The Chief Financial Officer states that the Life Cycle Cost Analysis Ordinance was regarded as an unfunded mandate and there have never been resources available for compliance or implementation. The City's Building Maintenance Manager reports that although he is aware of the Life Cycle Cost Analysis Ordinance and the Administrative Instruction, there are no resources allocated to enforcing them.

Audit Report No. 94-129, Life Cycle Costing Compliance, dated July 26, 1994, identified that the requirements of the Life Cycle Cost Analysis Ordinance had not been implemented. At that time the Mayor/CAO Department responded that "Consideration will be given to reevaluate the ordinance...." However, the Life Cycle Cost Analysis Ordinance has not been amended since 1991.

RECOMMENDATION

APD/SID should follow the Life Cycle Cost Analysis Ordinance and Administrative Instruction No. 5-10. The CAO should ensure compliance with the Life Cycle Cost Analysis Ordinance and Administrative Instruction No. 5-10 or propose modification or removal to the City Council.

EXECUTIVE RESPONSE FROM THE CAO

"The CAO notes again that the Life Cycle Cost Analysis Ordinance has been an unfunded mandate at least since its last amendment in 1991. No resources have been available or allocated to enforcement, other than the generation of Administrative Instruction 5-10. It is doubtful that an analysis could be completed for the amount specified in the Ordinance. The City's Energy Conservation Council is in the process of reviewing all energy related ordinances and administrative instructions to incorporate them into a single energy ordinance and policy. We are unable to provide an estimated date when their recommendations will be made available."

8. APD/SID SHOULD ENSURE THAT ALL CONTRACTS ARE CURRENT AND ACCURATE

SID currently has a written contract for janitorial services for the cleaning of offices that are no longer occupied by SID. This agreement is expired. However, this vendor continues to provide janitorial services to SID, at the new location. SID also has a written agreement with a towing service company. This agreement has been expired since January 1, 2003; however, the vendor continues to provide services to SID. In addition, SID has a contract with an individual that provides accounting services. This contract is missing the date of commencement of services, and has conflicting information regarding the hourly rate paid to this individual. The numeric rate is \$25 and the alpha rate is fifty dollars. APD is currently paying this individual \$25 per hour, but may be liable for \$50 per hour due to conflicting contract language.

SID is exempt from the City's Purchasing Ordinance, which states "the procurement through the Purchasing Division would compromise a criminal investigation." As a result, the agreements for the janitorial, towing, and accounting services were not negotiated within the City's purchasing guidelines.

Article 18 of the CAO's procedures manual states, "it is the policy of the City of Albuquerque that written agreements be entered into for all contracts of the City." Contracts that are not valid cannot be legally enforced, and are essentially the same as conducting business transactions without a written agreement.

RECOMMENDATION

APD/SID should regularly review all contracts and ensure that they are current and accurate.

EXECUTIVE RESPONSE FROM APD

"SID contracts have been reviewed, appropriately amended and are valid through the following dates: Janitorial Services-October 2006, Bookkeeping-December 2005, Pest control-July 2005, Towing Services-January 2007, and Elevator Maintenance-July 2006."

9. APD MANAGEMENT SHOULD ENSURE THAT SID PERFORMS REQUIRED BACKGROUND INVESTIGATIONS

The agreement between APD/SID and a local janitorial services contractor states, "Only those employees of (janitorial services contractor) who have passed an Albuquerque Police Department background investigation shall be allowed to enter the premises of the

SID offices.” We asked APD management if we could see the most current background investigations for the janitorial services contractor. APD was unable to provide us with this information, and stated that background investigations were not current. APD/SID does not have a formal process in place for performing required background investigations. If APD/SID does not perform background investigations, inappropriate individuals might have access to the SID facilities and obtain confidential information, putting SID employees in danger.

RECOMMENDATION

APD Management should ensure that SID performs required background investigations of contractor personnel.

EXECUTIVE RESPONSE FROM APD

“Current background investigations have been conducted for the janitorial services contractor and the bookkeeping contractor.”

10. APD/SID MANAGEMENT SHOULD DEVELOP A PROCESS TO ENSURE THAT ONLY ALLOWABLE SALARY EXPENDITURES ARE PAID WITH FEDERAL FUNDS

We reviewed APD/SID Federal Forfeiture transaction activity and determined that salary expense, in the amount of \$16,180, in FY04 was included for a permanent APD/SID employee that was brought back as a temporary employee. We were told that the APD Fiscal Division is responsible for payroll transactions. We contacted the APD fiscal manager and explained that the salary expense could not be included as a Federal Forfeiture transaction. The fiscal manager had the Department of Finance and Administration Services make an adjustment to reclassify these payroll expenses to the general fund. APD/SID does not have a process in place to identify this type of issue.

Federal regulations allow for the use of forfeiture funds for payment of temporary employees, not to exceed one year. During the prior audit, we noted the salary expense, in the amount of \$13,341, was included for this employee in FY03. We informed APD/SID management and the contract bookkeeper during the prior audit that the salary expense for this employee should not again be included in FY04. Federal Forfeiture Requirements state, “...the payment of first year salaries for new, temporary, or not-to-exceed-one-year positions is permitted as these expenditures supplement and do not supplant existing resources.”

RECOMMENDATION

APD Management should develop a process to ensure that only allowable salary expenditures are paid with federal funds.

EXECUTIVE RESPONSE FROM APD

“The practice occurred as the result of the creation of a new position within SID. Currently, the Fiscal Manager has taken the requisite measures to correct the situation. SID will ensure any newly allocated positions are not paid with forfeiture funds.”

11. APD/SID SHOULD EVALUATE THE DIFFERENCE BETWEEN PERFORMANCE GOALS AND ACTUAL PERFORMANCE DATA

The City utilizes performance-based budgeting where inputs such as appropriations require certain outputs or activities. The intent of performance based budgeting is to have the budget tie to the performance plan, which is approved annually in conjunction with the City operating budget. A complete performance management system includes performance standards against which actual performance is reported, monitored, and compared. SID reports data regarding its accomplishment of measures listed in the City's annual performance plan.

SID reports its accomplishment of items from the City's annual performance plan to the Administration and City Council. The information is also reported to the Indicators Progress Commission, a citizen group that reviews the City's progress towards defined goals.

Reporting Time Period

SID reports its performance measures on a calendar year basis. All other division of APD, as well as the rest of the City departments, report performance measures on a fiscal year basis.

Methamphetamine (meth) Labs Investigated

SID projected that 100 meth labs would be investigated during calendar year 2004. For the nine months ended September 30, 2004, SID had only investigated 48 meth labs. It appears SID will not meet this goal for 2004. SID also projected the investigation of 100 meth labs for calendar year 2005.

Dollar Value of Property Recovered

SID projected that \$900,000 in property would be recovered during calendar year 2004. For the nine months ended September 30, 2004 SID had only recovered \$261,000 in property. It appears SID will not meet this goal either for 2004. According to SID personnel, this reduction is due to APD electing to no longer seize property under the State program due to a change in how the proceeds are handled. However, SID has again projected that \$900,000 in property would be recovered in 2005 even though they knew that they would no longer participate in the State program.

When significant differences are identified between the goals and the actual outcome, management should evaluate the differences and either develop solutions to bring performance into line with the goal, or adjust the goal to make it more realistic and achievable. Management should consider performance measurement to be an ongoing process. An effective performance measurement system can serve to improve management and increase public confidence in government programs. SID does not have a formal process to review, monitor, and update performance data.

RECOMMENDATION

APD/SID should refine the measurement process to evaluate the differences between performance goals and actual performance, and either develop solutions to bring performance into line with the goal, or adjust the goal to make it more realistic and achievable. SID should develop procedures that ensure the data reported for output and quality measures accurately reflects actual performance.

APD should consider requiring SID to report its performance measures on a fiscal year instead of a calendar year basis. This would be consistent with all other City departments.

EXECUTIVE RESPONSE FROM APD

“SID will evaluate and refine performance measures and goals and initiate reporting on a fiscal year basis beginning with FY/06.”

CONCLUSION

APD/SID should ensure that they comply with Federal Forfeiture Requirements, the Constitution of the State of New Mexico, and Albuquerque City Ordinances and Administrative Instructions. In addition, APD/SID should strengthen accounting controls for financial reporting and record keeping. Performance goals and actual performance data should be monitored on a regular basis.

We appreciate the cooperation of the APD staff during the audit.

Senior Information Systems Auditor

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APPROVED FOR PUBLICATION:

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