

City of Albuquerque
Office of Internal Audit
P.O. Box 1293 Albuquerque, New Mexico 87103

Interoffice Memorandum

April 28, 2011

Ref. No.: 11-07-104F

To: The Accountability in Government Oversight Committee

From: Carmen L. Kavelman, Director, Office of Internal Audit

Subject: STATUS REPORT ON AUDIT NO. 07-104, QUARTER CENT PUBLIC SAFETY TAX – ALBUQUERQUE FIRE DEPARTMENT.

Attached is a status report of the recommendations made in Audit No. 07-104, Quarter Cent Public Safety Tax – Albuquerque Fire Department (AFD), issued February 28, 2007.

The follow up process has changed. A memo is sent to the department requesting the status of corrective action in regards to our findings and recommendations. The follow-up procedures rely on the information provided by the department. The Office of Internal Audit then determines the status as fully implemented, resolved, partially implemented or not implemented. A draft of the report is sent to the department to ensure it is factually accurate prior to being sent to the AGO Committee for approval.

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Attachment



City of Albuquerque
Office of Internal Audit
FOLLOW-UP OF THE PUBLIC SAFETY
QUARTER CENT TAX AUDIT
ALBUQUERQUE FIRE DEPARTMENT
AUDIT #07-104
April 27, 2011

INTRODUCTION

The Office of Internal Audit performed a follow-up of Audit No. 07-104, Quarter Cent Public Safety Tax – Albuquerque Fire Department (AFD). The purpose of our follow-up is to report on the progress made by AFD management in addressing our findings and recommendations. Our follow-up procedures rely on the department providing the status of the recommendation.

Our follow-up is substantially less in scope than an audit. Our objective is to report on the status of corrective action in regards to our findings and recommendations.

We limited our scope to actions taken to address our audit recommendations from the date of our final report, February 28, 2007, through March 21, 2011.

BACKGROUND INFORMATION

The Public Safety Quarter Cent Tax (Quarter Cent) tax is imposed on any person engaging in business in this municipality. The Quarter Cent tax equals ¼ of 1% of the gross receipts reported pursuant to the New Mexico Gross Receipts and Compensating Tax Act. The Quarter Cent tax was approved by voters in October 2003 and went into effect July 1, 2004.

Revenues from the Quarter Cent tax are allocated as follows:

Police	34%
Fire/Emergency Preparedness	34%
Crime Prevention/Intervention	26%
Corrections*	6%

* With the transition of the management of the Metropolitan Detention Center to the County, the 6% is now being used for transporting and processing of prisoners to the facility.

The audit reviewed those revenues allocated to AFD for fire/emergency preparedness. Attachment A to Resolution Council Bill No. R-03-239 outlined the intended uses of this funding, including the following:

- Fire cadet class
- Ongoing personnel costs for firefighters
- Heavy technical rescue staffing
- Vehicle replacement
- Fire station No. 5 completion
- Fire station improvements
- Fire academy renovation
- Emergency preparedness training
- Miscellaneous emergency preparedness equipment

For Fiscal Year (FY) 2011, AFD received an appropriation of approximately \$13.4 million from the Quarter Cent tax. This includes funding for 93 positions and operating costs of \$959,000, plus the negotiated pay raise of \$5.1 million funded in FYs 09 and 10.

SUMMARY

AFD has partially implemented one of the recommendations noted in the initial audit. Two recommendations have been resolved.

The status of the recommendations is identified by the symbols in the following legend:



Recommendation #1 AFD should:

- Revise its internal purchasing forms to distinguish between Quarter Cent purchases and purchases from other funding sources.
- Establish sub-activities for all activities that expend Quarter Cent monies

Response: AFD agreed with the recommendation to modify its internal purchasing forms to better distinguish the funding source for a specific purchase. AFD was in the process of updating its purchasing forms.

AFD did not agree that detailed tracking of all expenditures was a desirable outcome. While the ERP project was in the planning and design phase, it would have been an ideal time to consider alternatives to better track all City expenditures.

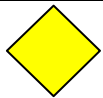
 Resolved

Status Reported by AFD: AFD has gone through management changes since this audit occurred and cannot confirm whether purchasing forms were updated and implemented. AFD does agree with the need to review internal purchasing forms and is currently in the process of updating purchasing forms and procedures. Currently AFD Quarter Cent funding is budgeted entirely for AFD recurring operation costs. There is no additional Quarter Cent funding available for additional purchases which would require distinguishing on internal forms.

Recommendation #2 AFD should:

- Update its purchasing procedures to ensure that goods are shipped to AFD, internal requisition forms are completed when required, and transactions are posted to the most representative account numbers. These updates should be communicated to all personnel.
- Periodically review its purchasing procedures to ensure they reflect how it is currently doing business, and that its procedures align with City procedures.

Response: AFD agreed and stated its purchasing procedures would be reviewed and updated by the end of FY07. Training would be provided to all appropriate AFD personnel by the end of FY07 for implementation beginning FY08.



Partially Implemented

Status Reported by AFD: AFD is currently in the process of updating purchasing forms and procedures. Purchasing procedures will include: limiting authorization of purchases to authorized personnel, ensuring goods are shipped to the Fire Department, approvals will be obtained prior to purchases and to ensure purchases are posted to the most appropriate account/department numbers. As part of the procedures, training will be provided and communicated to the appropriate AFD personnel.

Recommendation #3: AFD-Fiscal section should evaluate its performance measures and consider adding measures that assess quality of operations.

Response: AFD agreed and stated it would continue to work with OMB during the FY08 budget preparation cycle to evaluate its performance measures and to consider adding measures that better reflect quality of operations.



Resolved

Status Reported by AFD: AFD has continued to collaborate with OMB in identifying and evaluating performance measures. Currently the Fiscal section of the Fire Department was not required to include any performance measures this fiscal year.

OIA Note: There have been recent changes to the City's performance plan. Department directors have been instructed to review their performance plans and identify key measures that represent their organization's mission and purpose.