



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
MAYOR'S OFFICE
MAYOR AND FIRST LADY'S CHARITY GALA
FOLLOW-UP #15-11-102F
October 29, 2014

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up during fiscal year (FY) 2015 of Audit No. 11-102, Mayor and First Lady's Charity Gala (Mayor's Gala), Mayor's Office. The purpose of this follow-up is to report on the progress made by the Mayor's Office in addressing our findings and recommendations. Our follow-up procedures rely on the departments providing the status of the recommendations.

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

We limited our scope to actions taken to address our audit recommendations from the final audit report dated April 27, 2011, through the submission of actions taken memo completed by the Mayor's Office on October 1, 2014.

BACKGROUND INFORMATION

The Mayor's Gala has been held annually since 2010, and generates funding through sponsorship, ticket sales, in-kind donations, and live/silent auctions. Proceeds from the Mayor's Gala benefit local non-profit organizations dedicated to improving the overall health and welfare of the Albuquerque community. Money raised from the 2014 Mayor's Gala was donated to the United Way of Central New Mexico (UWCNM), Albuquerque Community Foundation, and the Bright Futures Fund Albuquerque Community Fund.

SUMMARY

The Mayor's Office has resolved the recommendations provided by OIA during the Mayor's Gala audit. Starting with the 2011 Mayor's Gala, the City of Albuquerque Mayor's Office transferred the responsibility for the operations and finances of this event to the UWCNM. The UWCNM is a local, non-profit charity that serves the people of Bernalillo, Sandoval, Torrance, and Valencia counties. Therefore, because responsibility for this charitable event was transferred to a third party organization, OIA did not perform any follow-up procedures beyond confirming that the UWCNM is still responsible for the event as of 2014.

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



Recommendation #1: The Mayor's Office should:

- Consider establishing the Mayor's Gala as a 501(c)(3). The establishment of a 501(c)(3) will eliminate unnecessary issues with State and Federal taxation but may impose additional registration and reporting requirements outlined in NMSA §57-22, the State's Charitable Solicitations Act.
- Obtain a *Government Affirmation Letter* from the IRS to confirm the current tax-exempt and contribution deduction status of the Mayor's Gala.

Recommendation #2: The Mayor's Office should reconcile GL accounts on a timely basis to support program operations. Reconciliations should be in a standard format, include sufficient supporting detail for all transactions and incorporate separation of duties. They should be reviewed/approved by an individual independent of the data entry or reconciliation process.

Recommendation #3: The Mayor's Office should:

- Implement policies and procedures for program processes that are vulnerable to fraud or abuse such as, reservation collections, silent/live auction oversight, POS terminals and worker/volunteer conflict of interests. Procedures should maintain separation of duties and delegate responsibility for assigned activities.
- Work with the DFAS-Treasury Division to create and implement a revenue register for checks that includes information such as check number, payer name, amount of check, date of check, date check was received and deposit date of check.
- Authorize an individual independent of the Mayor's Gala to receive and log checks.
- Separate the functions of the p-cardholder and the p-card coordinator for the Mayor's Office. P-card transactions should be reviewed and approved within the Works system by the p-card coordinator.

Recommendation #4: The Mayor's Office should ensure operating policies and procedures and the Public Purchases Ordinance are being followed for all procurement activities. Mayor's Gala staff should work closely with the DFAS-Purchasing Division to ensure full compliance with applicable regulations.

Recommendation #5: The Mayor's Office should ensure that evaluation criteria is established and followed during applicable assessments. All documentation for application evaluation should be

retained and a master ranking list should be compiled for beneficiary allocations. Methodologies for disqualifying or filtering applicants should be documented and retained with original files.

Response from the Mayor's Office: The Administration has concluded that the most effective means of resolving the structural and procedural issues identified in this audit is to transfer the responsibility for operation and the finances of this charity event to a non-profit. Consequently, the United Way of Central New Mexico has agreed to sponsor the 2011 Charity Gala through its subsidiary 501(c)(3) New Mexico Charities.

Status Reported by the Mayor's Office as of October 2, 2014: The UWCNM sponsored the 2011 Charity Gala through its subsidiary 501(c)(3) New Mexico Charities.



Resolved – OIA confirmed that as of 2014 UWCNM was still the party responsible for the operations and finances of the Mayor's Gala.

Follow-Up
Mayor and First Lady's Charity Gala – Mayor's Office
Date: October 29, 2014

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Auditor

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