Performance Audit

Special Investigations Division Expense Review
Albuquerque Police Department

Report No. 16-103
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Executive Summary

The Special Investigations Division (SID) is a specialized division within the Albuquerque Police Department (APD) with the responsibility of investigating targeted areas of crime and behavior of great concern to the community. At the request of the Accountability in Government Oversight Committee and APD this audit was added to the fiscal year 2016 audit plan.

Weaknesses related to the accuracy and approval of financial reports and expense information were noted. To ensure financial transactions are appropriate and authorized, APD must improve SID’s fiscal compliance by:

- Ensuring amounts reported on federal reports reconcile to the City’s financial system,
- Properly reporting, classifying, and approving SID’s operational expenses,
- Ensuring federal forfeiture expenses comply with program requirements,
- Training SID employees regarding the approval and documentation of expense requirements, and
- Establishing policies and procedures for the anticipated use of City General Funds to support SID’s field operations.

APD and SID agree with all but one of the report recommendations. SID has already implemented a majority of the recommendations and will work with DFAS to address the future use of City General Funds for field operations. APD will begin using the updated City process for processing invoices.

Recommendations

SID should:

- Reconcile the amounts reported in the federal reports to the City’s financial system for accuracy, and ensure all permissible expenses are reported.
- Provide training to SID employees on the division’s expense policies and procedures.
- Review federal forfeiture use requirements annually to ensure full compliance with the guides as the remaining funds are used.
- Work with the Department of Finance and Administrative Services to determine the policy and procedure requirements for SID’s future use of City General Funds.

APD should:

- Accurately record SID’s fuel and lease expenses in the City’s financial system.
- Verify that billing rates on invoices are in compliance with contract rates prior to authorization for payment.
- Ensure payment authorization is documented prior to submitting invoices for payment.
March 17, 2017

Accountability in Government Oversight Committee  
P.O. Box 1293  
Albuquerque, New Mexico 87103

Audit: Special Investigations Division Expense Review  
Albuquerque Police Department  
Audit No. 16-103

FINAL

INTRODUCTION

The Office of Internal Audit (OIA) conducted a performance audit of the Albuquerque Police Department’s (APD) Special Investigations Division (SID). The audit was included in the Fiscal Year (FY) 2016 Audit Plan at the request of the Accountability in Government Oversight Committee and APD. The audit objectives, scope and methodology information are included in Appendix A.

SID is a specialized division within APD with the responsibility of investigating targeted areas of crime and behavior of great concern to the community. These include crimes committed by career criminals, and crimes involving illegal drugs and drug trafficking. SID detectives and administrative staff are personally committed to providing high-level quality of service, ensuring officer safety and accountability, and promoting constitutional effective policing. SID operates in a manner that increases the likelihood of safely resolving critical incidents and high-risk situations, prioritizes saving lives in accordance with the totality of circumstances, and provides effective command-level accountability.

SID consists of three program sections that oversee smaller units. The three program sections are the Career Criminal Section, the Narcotics Section, and the High Intensity Drug Trafficking Area (HIDTA) Section. All of the units within SID are tasked with providing specialized investigative support to APD and other outside agencies, as well as identifying, targeting, and apprehending criminals involved in crimes affecting Albuquerque’s quality of life. The program sections are comprised of the units in the following graphic.
The Career Criminal Section uses proactive investigative techniques to target and arrest individuals involved in criminal activity. The Narcotics and HIDTA Sections complete investigations of individuals and organizations involved in narcotics trafficking and vice related crimes, which include prostitution and human trafficking.

SID has historically used City General Fund money to fund operating expenses, such as wages, fuel and leases, while federal forfeiture funds received through the Equitable Sharing Programs (Programs) supported SID’s field operation expenses. The United States Department of Justice (DOJ) and the United States Department of Treasury (Treasury) each operate a Program and use asset forfeiture as a highly effective tool to target criminals and reduce crime. According to the DOJ, “one of the most important provisions of asset forfeiture is the authorization to share federal forfeiture proceeds with cooperating state and local law enforcement agencies. The Department of Justice Asset Forfeiture Program serves not only to deter crime but also to provide valuable additional resources to state and local law enforcement agencies.”

Both the DOJ and the Treasury have guides for equitable sharing, which include the permissible and impermissible uses of equitable sharing funds and property. The guides also include accounting and reporting requirements. In recent years, federal forfeiture funding received through both Programs sustained SID field operations. Effective July 1, 2015, and due to changes in New Mexico State Statutes, SID has stopped receiving federal forfeiture funding. SID must continue to use any remaining funding, carried over from prior years, in accordance with the requirements of both federal guides.
SID’s policies and procedures consist of Standard Operating Procedures (SOP) and a Finance Manager Job Description. Due to the nature of the operations at SID and the need to maintain undercover officer safety, the information is confidential and must remain at SID. Because of this, SID employs an independent Finance Manager.

The Finance Manager is a contract employee that provides the division with day-to-day financial recordkeeping and reporting. This includes ensuring the division is able to maintain undercover officer safety, promptly pay expenses, and enforce compliance with the policies and procedures. The Finance Manager also prepares and provides budget information and financial reports to the program sections, division commander, and the City of Albuquerque (City).

FINDINGS

The following findings address areas that OIA believes could be improved by the implementation of the related recommendations.

1. **APD AND SID SHOULD ENSURE THE ACCURACY OF FINANCIAL REPORTS AND EXPENSE INFORMATION.**

SID does not have sufficient controls in place to ensure certain financial reports and information are accurate. In addition, APD did not follow the City’s internal controls to ensure the accuracy of expense activity. Internal control weaknesses and inconsistencies were noted in the following areas:

   A. Preparation of the Federal Annual Certification Report,
   B. Classification of Expenses in the General Fund, and
   C. Payment of Fuel Expenses.

Without strong internal controls or enforcement of internal controls, APD and SID cannot provide assurance that the City’s financial records accurately reflect the expenditures.

A. **Preparation of the Federal Annual Certification Report**

SID did not accurately reflect the DOJ federal forfeiture fund expenditures on the Federal Annual Certification Report (FACR), submitted for the fiscal year ending June 30, 2015. The FACR is SID’s official reporting of the use of federal forfeiture funds for each fiscal year. The DOJ expense amounts reported by SID did not reconcile to the amounts recorded in the City’s financial system. The following table shows reconciliation discrepancies noted and the reason for the variance.
Reconciliation Discrepancies Between the FY15 FACR and the City’s Financial System

<table>
<thead>
<tr>
<th>Expense Recorded in the City’s Financial System</th>
<th>Expense Reported on the FACR</th>
<th>Cause for Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$57,649</td>
<td>$0</td>
<td>Payments for professional services, recorded as an expense in the City’s financial system but not on the FACR. Professional services are not a permissible use of federal forfeiture funds.</td>
</tr>
<tr>
<td>$0</td>
<td>$20,000</td>
<td>Prepaid expense reported as an expense on the FACR. SID prepaid $20,000 to the credit card account. Prepaid expenses are not allowed by the City.</td>
</tr>
<tr>
<td>$0</td>
<td>$21,875</td>
<td>Value of an asset recorded as an expense on the FACR. According to SID, the DOJ requested the asset be reflected as an expense on the FACR.</td>
</tr>
<tr>
<td>$0</td>
<td>$100</td>
<td>Revenue reported as an expense on the FACR. SID incorrectly identified as an expense on the FACR supporting documentation.</td>
</tr>
</tbody>
</table>

Source: SID financial records and FY15 FACR

According to the Finance Manager, the DOJ made undocumented requests for specific changes to the FACR, resulting in multiple revisions before it was accepted. The changes made to the FACR, ultimately did not agree to the information SID provided to the Department of Finance and Administrative Services (DFAS) for entry into the City’s financial system for FY15.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed the Internal Control-Integrated Framework (COSO Framework), to assist organizations in “designing, implementing, and conducting internal control and assessing the effectiveness of internal control.” The COSO Framework has gained global acceptance and is considered best practices for internal controls. OIA uses the COSO Framework as a standard by which to measure the design and effectiveness of internal controls.

Principle 10 of the COSO Framework states, “reconciliations compare two or more data elements and, if differences are identified, action is taken to bring the data into agreement.” The DOJ requires agencies to submit a certified and accurate accounting of funds spent in compliance with the requirements. The submission of inaccurate reports can place the City at risk of being required to repay federal forfeiture funds, or could jeopardize future participation in such programs.
B. **Classification of Expenses in the General Fund**

SID’s General Fund fuel and lease expenses are incorrectly recorded in the City’s financial system as contractual service expenses. APD is recording SID’s fuel and lease expenses in the financial accounts where the expenses were initially budgeted rather than the financial accounts that have been established to record the purchases.

APD’s Fiscal Manager stated that changing the classification of the expenses does not seem to enhance the accuracy or usefulness of the data for most users.

The City follows Generally Accepted Accounting Principles (GAAP) promulgated by Governmental Accounting Standards Board (GASB). GASB states that financial information should be free from bias and should faithfully represent events and transactions that it claims to represent. Principle 10 of the COSO Framework also defines an accurate transaction as a transaction that is “recorded at the correct amount in the right account (and on a timely basis) at each stage of processing.”

The City’s financial system is setup to allow detailed classification of expenses. Misclassifying expenses causes the financial statements to be misleading and does not faithfully represent the underlying transactions. In total, approximately $300,000 was misclassified, including $36,000 in fuel expenses and $263,000 in lease payments.

C. **Payment of Fuel Expenses**

From statistical random sample of 22 invoices, SID overpaid $10.79 on 12 invoices for aviation fuel. The contract rate for aviation fuel is the retail price less $0.25. The vendor's system was not correctly calculating the fuel prices, and APD was not verifying the amounts charged against the contract before the invoices were authorized for payment.

According to the vendor, the system was not discounting fuel correctly after prices were updated in September 2015. The vendor has indicated the issue was resolved as of January 20, 2016. The vendor identified additional overpayments of $77.47, bringing the total overpaid to $88.26.

**RECOMMENDATIONS**

SID should:

- Reconcile the amounts reported in the FACR to the City’s financial system for accuracy, and ensure all permissible expenses are reported.
  
  o Reconciliations should also be reviewed and approved by the SID Commander prior to the submission of the FACR.
- Request support, in writing, from any individual instructing SID to make changes for any reason to the FACR.
APD should:
- Accurately record SID’s fuel and lease expenses in the City’s financial system.
- Verify that billing rates on invoices are in compliance with contract rates prior to authorization for payment.

RESPONSE FROM SID

- “New procedures have already been adopted and included in the SID Financial Handbook. These include that at the end of each fiscal year, the SID Finance Manager will complete all audit and financial paperwork and then forward it to the APD Fiscal Manager for his review and approval. Once approved, the paperwork will be sent back to the Finance Manager who will use the approved data to complete the Federal Annual Certification Report (FARC).

- New procedures also include that the completed FACR will first be sent to the APD Fiscal Manager for his review and approval. Then the FACR will be sent to the SID Commander for his review and approval. Once the approval process is completed, the final FACR will be emailed.

- The process for submitting the FY15 FACR involved several changes that DOJ directed SID to make. New procedures are now in place that required the finance/business manager to get written documentation from DOJ personnel for any directed changes to the FACR. Those will be attached to the final report.”

ESTIMATED COMPLETION DATE

“All of the new procedures have been updated in the SID Financial Handbook and implemented. The Finance Manager has been trained and is utilizing the new processes.”

RESPONSE FROM APD

- “APD currently codes SID’s fuel and lease expenses in compliance with the City of Albuquerque Approved Budget.

- APD agrees that invoices should be checked for compliance with contracts before payment. That has always been APD Fiscal’s policy. The City of Albuquerque is implementing an upgrade to the purchasing process in PeopleSoft which is expected to reduce errors relating to contract purchases and payments.”
ESTIMATED COMPLETION DATE

“All changes in procedures should be in place by June 1, 2017.”

2. **APD AND SID SHOULD TRAIN EMPLOYEES AND ENFORCE REQUIREMENTS FROM THE POLICIES AND PROCEDURES THAT RELATE TO THE APPROPRIATENESS OF EXPENSES.**

APD and SID did not consistently follow or enforce internal controls to ensure financial transactions are appropriate. Internal control weaknesses and inconsistencies were noted in the following areas:

- A. Payment Authorizations for General Fund Transactions,
- B. Required Signatures or Documentation, and
- C. Internal Reporting Procedures.

Inconsistent application of internal controls in the above areas reduces the City’s assurance that the transactions were appropriate and authorized. Inappropriate expenditures may exist and remain unidentified.

**A. Payment Authorizations for General Fund Transactions**

A statistical random sample of 22 General Fund invoices were selected for review, 20 invoices (91%) were submitted for payment without proper payment authorization. The 20 invoices represent $16,752.88 in unauthorized payments.

City Administrative Instruction 3-1.1A allows Department Directors to delegate payment authority. APD’s Chief of Police granted APD’s Fiscal Manager payment authority through a Signature Authority Form. APD’s Fiscal Manager did not review or approve invoices to ensure the expenses were appropriate prior to payment submission. The understanding of APD’s Fiscal Manager was that the process had changed after the City converted to the current financial system.

The City has been moving toward a new review and approval process for purchasing goods and services. However, to date, that process has not been implemented. The training for the upcoming purchasing implementation may be causing confusion with current purchasing requirements.

Principle 10 of the COSO Framework also states that “an authorization affirms that a transaction is valid (i.e., it represents an actual economic event or is within an entity's policy). An authorization typically takes the form of an approval by a higher level of management or of verification and a determination if the transaction is valid.”
B. Required Signatures or Documentation

SID disbursements were grouped into different populations by transaction type. A statistical random sample or judgmental sample was then selected from each population. SID disbursements involve the following types of transactions:

- Checks – payments made for invoiced expenses,
- Credit cards – payments made for invoiced expenses or during field operations for necessary items,
- Cash – paid to informants or for contraband, to support an investigation,
- Automated Clearing House (ACH) payments – transfers of funds between SID accounts and payments to vendors, and
- Flash Money – large sum of cash used by SID during an investigation that is returned immediately following the operation.

SID expenses are missing one or more of the required approval signatures or other documentation supporting the appropriateness of expenses. Approval signatures indicate review and agreement from supervisors that the expense was valid, while the documentation supports the appropriateness of the expense. Examples of required documentation include receipts to support the expense, or internal SID forms to assist with tracking, approving, classifying, and recording expenses. The following transactions were missing approvals or other supporting documentation.

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Number of Transactions in Audit Sample</th>
<th>Transactions Missing:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Approvals</td>
<td>Required Documentation</td>
</tr>
<tr>
<td>Checks</td>
<td>23</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>24</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Cash</td>
<td>22</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>ACH</td>
<td>6</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Flash Money</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: SID documents

SID employees have not received training regarding the division’s policies and procedures. The policies and procedures require a minimum of two approvals and, depending on the amount of the expense, sometimes three. The SOP requires advance approval of the appropriate section commander and unit supervisor for expenses up to $500. For expenses over $500, the aforementioned approvals apply, and the division commander must also provide advance approval.

Not following policies and procedures can increase the risk that SID field operation expenses are not appropriate, accurate or applicable to SID’s mission. For example, the Finance Manager transferred over $240,000 between SID accounts without documented approval from SID’s Commander. As the Finance Manager is one of the account holders,
transferring funds without approval increases the risk that funds could be transferred to accounts outside of SID’s control and be unrecoverable.

C. **Internal Reporting Procedures**

SID did not send the financial data to APD’s Fiscal Manager to ensure proper posting to the City’s financial system. SID’s policies and procedures state, “at the end of each fiscal year, the finance manager will send a copy of the audit report, redacted copies of the monthly bank statements, copies of the monthly checking account reconciliation statements and any other critical support documentation to the APD Fiscal Manager. The APD Fiscal Manager will then ensure that all of the financial data is properly posted on the City ledgers.”

SID was not following or enforcing the policies and procedures. While the financial data was posted to the City’s ledgers, none of the financial data was sent to APD’s Fiscal Manager to ensure proper posting. Rather, SID sent the redacted information directly to the DFAS-Accounting Division. The SID Commander stated the policies and procedures were outdated, that the correct procedure was to provide the information directly to the DFAS-Accounting Division.

**RECOMMENDATIONS**

SID should:

- Provide training to SID employees on the division’s expense policies and procedures, including:
  - The appropriate processes for each type of transaction, and
  - The types of documentation required to support expenditures.
- Ensure SID employees comply with expense policies and procedures.
- Ensure SID’s expense policies and procedures are enforced by the Finance Manager.

APD should ensure payment authorization is documented prior to submitting invoices for payment.

**RESPONSE FROM SID**

- “All but five of the employees assigned to SID completed training on the new policies and procedures. The remaining personnel are scheduled for a makeup session. This included going over the new SID Expense Report. The session also covered the approval processes for all normal purchases and the various categories by amounts; what support documentation is required and the process to follow for requests to purchase large ticket items.

- All new division employees must complete a training course with the
Finance Manager within their first week on all policies and procedures.

- The SID Finance Manager now tracks all expense reports and ensures that all required signatures are present. Other division forms have been created and implemented that better track all financial processes. All of these changes have been incorporated into the SID Financial Handbook.”

ESTIMATED COMPLETION DATE

“All new forms and procedures have been approved and are being used. The majority of SID personnel were trained on updated procedures, and the remaining employees will receive their training within the next few weeks.”

RESPONSE FROM APD

“The City of Albuquerque is implementing an upgrade to the purchasing process in PeopleSoft which is expected to better document payment authorization through the automated work flow process prior to invoice payment.”

ESTIMATED COMPLETION DATE

“All changes in procedures should be in place by June 1, 2017.”

3. SID SHOULD ENSURE COMPLIANCE WITH THE USE REQUIREMENTS OF FEDERAL FORFEITURE FUNDS.

DOJ and Treasury forfeiture expenses were split into separate populations. A statistical random sample was then selected from each population. A total of five expenses, out of twenty-four DOJ expenses and twenty-two Treasury expenses did not qualify as permissible uses, totaling $4,484. The impermissible uses identified are detailed in the table below.

<table>
<thead>
<tr>
<th>Impermissible Uses of Federal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Treasury Funds</strong></td>
</tr>
<tr>
<td>Personal Charge, reimbursed</td>
</tr>
<tr>
<td>Personal Charge, reimbursed</td>
</tr>
<tr>
<td>Missing Support</td>
</tr>
<tr>
<td>Contract Service Payment</td>
</tr>
<tr>
<td><strong>DOJ Funds</strong></td>
</tr>
<tr>
<td>Food Gift Cards</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source: SID financial records
Both the DOJ and the Treasury have use requirements for federal forfeiture funds. The personal charges, gift card purchase, and payment of a contract service are not permissible uses of DOJ and Treasury forfeiture funds. The expense with the missing support does not follow the requirement to maintain a record of all expenditures, and cannot be supported as a permissible use.

SID stated there was misinterpretation and misunderstanding of some of the wording within the DOJ requirements and was unaware of updated Treasury requirements that expressly excluded contractual service payments as a permissible use.

SID may jeopardize future participation in federal forfeiture programs, if the division continues to use forfeiture funds for impermissible uses.

RECOMMENDATION

SID should review the DOJ and Treasury federal forfeiture use requirements annually to ensure full compliance with the guides as the remaining funds are used.

RESPONSE FROM SID

• “The two personal charges were purchases accidentally made with division issued credit cards. Both amounts were reimbursed and the card holders counselled are being more aware of which card they are using. The receipt for the $669 purchase was obtained and all of the appropriate support paperwork completed and filed. The contract service payment has been an on-going issue that is being addressed by APD Fiscal. The food gift cards were an inappropriate purchase and training has been completed to ensure that it does not happen again.

• The SID Finance Manager has reviewed both the DOJ and Treasury forfeiture guideline handbooks. Those regulations are now part of the SID Financial Handbook and will be reviewed annually for any changes or updates that will be incorporated into future training and policies.”

ESTIMATED COMPLETION DATE

“All recommendations have been completed. Any new policies or procedures have already been incorporated into the handbook.”
4. **SID SHOULD UPDATE ITS POLICIES AND PROCEDURES TO ADDRESS THE USE OF CITY GENERAL FUNDS FOR FIELD OPERATIONS.**

Due to changes in New Mexico State Law, beginning July 1, 2015, SID is no longer receiving federal forfeiture funds. SID’s policies and procedures specifically address the use of federal forfeiture funds and only make minimal reference to the use of City General Funds.

To supplant the loss of federal forfeiture funds, SID anticipates receiving General Fund money to support field operations in FY18. However, SID has not used City General Funds to support field operations in the past three years, and has not established policies and procedures to ensure the appropriateness, validity, and accuracy for this funding source.

Discussions have not occurred between SID and DFAS to establish the requirements for SID’s use of City General Funds. In the past, SID followed the federal forfeiture regulations for expenditures, no matter the source of the funds.

**RECOMMENDATIONS**

SID should:

- Work with DFAS to determine the requirements for SID’s use of City General Funds, including:
  - How SID will access the funds,
  - What, if any, exemptions will apply to SID,
  - How SID will document and authorize the use of the funds,
  - How often SID will provide financial information and reports to the City, and
  - How the City will be able to verify the accuracy and appropriateness of expenses.

- Update the division’s policies and procedures to include DFAS requirements pertaining to the use of the funds.

- Have the Chief of Police review and approve the updated policies and procedures before SID implements them.

**RESPONSE FROM SID**

- “Meeting with DFAS to provide a copy of the SID Financial Handbook and go over the unique aspects of SID where purchasing procedures are affected. Current policies and procedures strictly follow federal forfeiture standards.

- **SID will continue meeting with DFAS to address any concerns that may**
arise.

- **SID will request representatives from DFAS come to SID on a quarterly basis to review and audit division financial documents. By coming to SID, non-redacted report copies will be available for review. Any paperwork sent outside of SID will be properly redacted.**

- **All DFAS policies that pertain to SID are included in the back section of the SID Financial Handbook.”**

**ESTIMATED COMPLETION DATE**

- **“The initial meeting with DFAS will be scheduled before the end of February, 2017**

- **The follow-up meetings will be held as issues and concerns need to be addressed. Dates to be determined.**

- **Quarterly financial review meetings will be scheduled by SID Finance Manager to commence in March, 2017. These will supplement the annual end of the fiscal year process. Date(s) TBD.”**

**CONCLUSION**

Ensuring the accuracy and approval of financial reports and expense information will enhance APD’s assurance that financial transactions are appropriate and authorized. To improve SID fiscal compliance, the division should:

- Ensure amounts reported on federal reports reconcile to the City’s financial system,
- Properly report, classify, and approve SID’s operational expenses,
- Ensure federal forfeiture expenses comply with program requirements,
- Train SID employees regarding the approval and documentation of expense requirements, and
- Establish policies and procedures for the anticipated use of City General Funds to support the SID’s field operations.

We greatly appreciate the assistance, involvement and cooperation of APD staff. Their willingness to be straightforward throughout the audit process reflects their dedication and commitment to improve SID and their accountability to the citizens of the City of Albuquerque.
The objectives of the audit were to determine if:

- Internal controls ensure operational expenditures are appropriate and accurate.
- SID expenditures are in accordance with the U.S. Department of Justice and/or US Treasury Department Guides for Equitable Sharing.
- SID is prepared for the operational expense funding transition that will occur in FY 2017.

Our audit did not include an examination of all functions and activities related to the Special Investigations Division of the Albuquerque Police Department. Our scope was limited to the objectives above for operational expenditures occurring between July 1, 2014 and December 31, 2015.

This report and its conclusions are based on information taken from samples of transactions and do not represent an examination of all related transactions and activities. The audit report is based on our examination of activities through the completion of fieldwork on January 26, 2017 and does not reflect events or accounting entries after that date.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Methodologies used to accomplish the audit objectives include but are not limited to the following:

- Reviewed SID’s policies and procedures,
- Conducted interviews with SID management and staff,
- Identified unique populations based on type of transaction, and populations by source of funding,
- Generated statistical random samples using “The Number” sampling software to provide a 90 percent confidence level,
- Judgmentally selected transactions for testing when populations were too small to apply a statistical random sample,
• Observed and documented different expenditure processes,
• Reviewed and documented areas within policies and procedures that SID management should review for changes based on discussions with staff and testing; and
• Other methodologies as needed.