

FINAL



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

Interoffice Memorandum

October 23, 2019

Ref. No.: 20-16-103F

To: Michael Geier, Chief, Albuquerque Police Department

From: Jim Thompson, City Auditor, Office of Internal Audit

**Subject: FOLLOW-UP REPORT ON AUDIT NO. 16-103, SPECIAL INVESTIGATIONS
DIVISION EXPENSE REVIEW – ALBUQUERQUE POLICE DEPARTMENT**

We are pleased to attach our follow-up of Audit No. 16-103 – Special Investigations Division Expense Review – Albuquerque Police Department – March 17, 2017.

JT/LD/CMB/ARG/JS

Attachment

xc: Timothy M. Keller, Mayor
Sarita Nair, CAO
Sanjay Bhakta, CFO



City of Albuquerque

Office of Internal Audit

FOLLOW-UP
ALBUQUERQUE POLICE DEPARTMENT -
SPECIAL INVESTIGATIONS DIVISION EXPENSE REVIEW
Report No. 20-16-103F
October 23, 2019

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up of Performance Audit No. 16-103, Albuquerque Police Department (APD) – Special Investigations Division (SID) Expense Review. The purpose of this follow-up is to report on the progress made by APD in addressing the audit findings and recommendations. Our follow-up procedures rely on the department providing the status of the recommendations.

A follow-up is substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the audit’s findings and recommendations. The scope was limited to actions taken to address the audit recommendations from the final audit report dated March 17, 2017 through the submission of actions on October 15, 2019.

BACKGROUND

SID was the former 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.

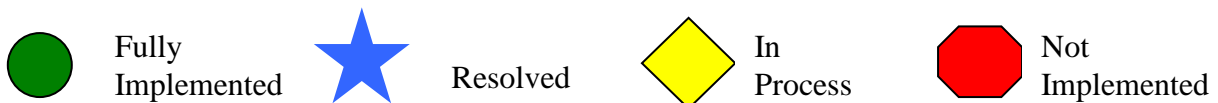
At the time of the audit in fiscal year 2016, SID consisted of three program sections that oversaw smaller units. The three program sections were the Career Criminal Section, the Narcotics Section, and the High Intensity Drug Trafficking Area (HIDTA) Section. All of the units within SID were tasked with 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.

In fiscal year 2020, SID was reorganized into two new divisions. The new divisions are the Violent Crimes Reduction Division (VCR) and the Violent Intervention Division (VID).

SUMMARY

Of the four recommendations addressed in the original audit report, two have been resolved, one has been fully implemented, and one is in process.

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



Recommendation #1

SID should:

- Reconcile the amounts reported in the FACR to the City's financial system for accuracy, and ensure all permissible expenses are reported.
 - 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.

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 FARC 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.”

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 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.”

Status Reported by SID:

- “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 process.
- “As required, the Finance Manager has updated the SID Financial Handbook to include any changes or revisions. The Finance Manager ensures that all policies and procedures are adhered to by division personnel.
- “Since FY15, no additional requests from the DOJ have occurred requesting that changes be made to a FACR report.
- “APD has not been in compliance with the Federal Forfeiture Program and [sic] for over four years. The Department has not received any additional funds during that period of time and has expended almost all of the forfeiture funds.
- “The Finance Manager and the APD Fiscal Manager will be working together over the next couple of months to determine why previous annual FACR reports have shown figures for the Ending Equitable Sharing Funds Balance that don't balance with the financial reports maintained by the Finance Manager. Needed changes will be made and the final FACR report will be submitted along with a cashier's check for the remaining funds.”

Status Reported by APD: “APD no longer pays Bode fuel invoices through the account payable module. Per instructions from DFAS purchasing, fuel for the air support unit is being obtained with a p card. The officer checks the data for accuracy at the time the purchase is made.”



Resolved

Policies and procedures have been revised for both of the new divisions that have replaced SID. The policies and procedures address the reconciliation, approval, and supporting documentation elements within recommendation 1.

However, with the exception of the final close-out report, FACR reporting and compliance will no longer be required after fiscal year 2019. The New Mexico Legislature amended the New Mexico Forfeiture Act (the Act) during the 2015 Regular Session. As of July 1, 2015, the Act was amended by House Bill 560, which discontinued the practice of forfeiture asset sharing between local law enforcement agencies and the Federal government. As of September 2019, \$1,208.36 of Federal forfeiture funding remained in SID's account.

As a result, all funding used by the new divisions' of APD will be received from the City's General Fund. The use of General Fund funding requires compliance with City regulations, which will ensure the accuracy and verification of future SID purchase and expense activity.

Recommendation #2

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.

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.”

APD should:

Ensure payment authorization is documented prior to submitting invoices for payment.

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.”

Status Reported by SID:

- “New tracking forms have been created that keep the Division Commander even more informed of financial matters.
- “Organizational changes recently occurred to SID. Because of this, all employees will be required to attend additional financial training. This will be completed in the next couple of months. All new employees continue to attend financial training within their first couple of

weeks.”

Status Reported by APD: APD did not provide a status for the associated recommendation.



Fully Implemented

Staff training on the revised policies and procedures occurred on March 7, 2019 and March 15, 2019. The Finance Manager will also perform refresher training in October 2019. In addition, the policies and procedures clearly identify that the Financial Manager is responsible for ensuring compliance and delegates the authority to enforce such compliance.

As a result of the discontinued use of Federal funding, all funding used by the new divisions’ of APD will be received from the City’s General Fund. The use of General Fund funding requires departmental/divisional compliance with City regulations, which will ensure the proper authorization of invoices prior to payment.

Recommendation #3

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.”

Status Reported by SID:

- *“Since this audit was completed, occasionally division issued credit cards have again been accidentally used to make personal purchases. Every purchase has been reimbursed and additional training was completed.*
- *“Shortly after the audit was completed, was when the Department was listed as not in compliance*

with the federal forfeiture program. This was due to a State law that was passed. While the division was spending the remaining funds, DOJ and Treasury forfeiture guidelines were reviewed by the SID Finance Manager. No changes or updates were found. The federal guidelines are still part of the most current SID Financial Handbook.”



Resolved

With the exception of the final close-out report, FACR reporting and compliance will no longer be required after fiscal year 2019. The New Mexico Legislature amended the New Mexico Forfeiture Act (the Act) during the 2015 Regular Session. As of July 1, 2015, the Act was amended by House Bill 560, which discontinued the practice of forfeiture asset sharing between local law enforcement agencies and the Federal government. As of September 2019, \$1,208.36 of Federal forfeiture funding remained in SID’s account.

As a result, recommendation 3 will is no longer applicable.

Recommendation #4

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

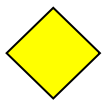
- *“Meeting with DFAS to provide a copy of the SID Financial Handbook and go over the unique aspects of SID where purchasing procedures are affected. Current policies and procedures strictly follow federal forfeiture standards.*
- *“SID will continue meeting with DFAS to address any concerns that may 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.”*

Status Reported by SID:

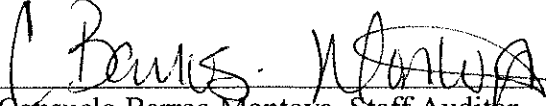
- “Each year the SID Finance Manager researches and develops a proposed budget for the division. This is for the upcoming fiscal year. After the budget is reviewed and approved by the division command staff, it is submitted to APD Fiscal and the City Budget Office. This is done in December. The final budget that is submitted by the Department for SID then goes before the City Council for review and subsequent approval. Once the fiscal year begins, SID requests a drawdown of the allocated funds.
- “The SID Finance Manager is in the process of setting up a meeting with DFAS to address financial issues that have come up over the past couple of years. This includes discussing the issue of not using City contractors, some unique food purchase situations, and the problem of getting multiple quotes while still maintaining the division's anonymity.
- “No one from DFAS has opted to come out to SID and review non-redacted financial documents. Redacted financial records and monthly bank account reconciliation statements are now sent to City Accounting throughout the fiscal year so that their reviews and reports can be completed before end of fiscal year deadlines arise.
- “The federal forfeiture guidelines section in the SID Financial Handbook remains even though that program is no longer operational.
- “The DFAS policies that applied to SID purchases were placed appropriately throughout the SID Financial Handbook. The SID Finance Manager is in the process of reviewing the DFAS and placing all policies that pertain in a back section.”




In Process

The Finance Manager has worked with APD and DFAS, and incorporated policy and procedure revisions for both of the new divisions that have replaced SID. The policies and procedures address the use of City General Funds including the authorization of transactions and oversight activities. However, the policies and procedures are currently under review but have not been approved by the Chief of Police.

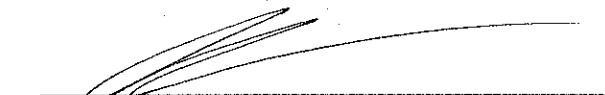
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