



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE
Business Registration Audit

Report 25-23-102

Date: October 29, 2025

INTRODUCTION

The Office of Internal Audit (OIA) issued report No. 23-102, “Business Registration Audit” on June 28, 2023. OIA completed a follow-up to determine the corrective actions that the Planning Department has taken in response to the report. This report finds that the two recommendations of the original audit have been implemented and are now considered closed.

BACKGROUND

OIA completed a performance audit of the Business Registration program operated by the City of Albuquerque’s (City) Planning Department (Planning). This audit was included in OIA’s fiscal year 2022 audit plan. The period audited was from January 1, 2017 through December 31, 2022. The primary objectives of the audit were to determine whether the Business Registration process has controls, policies and procedures in place and whether the Business Registration process complies with applicable procedures, rules, and regulations, including City ordinances and New Mexico statutes.

The City’s Planning Department enforces zoning, building, and land use codes and regulations and oversees the Business Registration Program, a revenue-generating source for the City’s General Fund. The program was codified in 1981 by the Business Registration Ordinance, which requires that all persons proposing to engage in business within city limits apply for and pay a \$35 registration fee for each business location prior to engaging in business. The Ordinance also establishes a \$10 late fee when payment is not made before commencing operations or when renewals are submitted after expiration. These fees are established under New Mexico Statutes Annotated 1978, § 3-38-1 to -24, which caps the registration fee amount. Payment of the business registration fee does not constitute a license to conduct business within the City. In 2024, the Business Registration Ordinance was updated and re-cited as the Business License Ordinance to better reflect its function within the City’s regulatory framework.

At the time of the original audit, Planning used the POSSE permitting and licensing system to manage business registrations. POSSE automated workflows related to building, planning, permitting, inspections, and code enforcement. Business owners could apply for new or renewal registrations online, and submittals were routed to Planning staff for review and approval in accordance with established Standard Operating Procedures (SOPs).

Since then, Planning has implemented a new system, ABQ-PLAN, which replaced the POSSE system. ABQ-PLAN provides “a public portal and dashboard that allows users to manage individual projects, submit plans, schedule inspections, pay fees, and more.”¹ Business license applications continue to be reviewed by Planning staff following established Standard Operating

¹ City of Albuquerque, <<https://www.cabq.gov>>, “ABQ-PLAN,” <<https://www.cabq.gov/planning/abq-plan/abq-plan>>, accessed October 12, 2024.

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Procedures (SOPs), and certificates are issued upon approval. To support this implementation, Planning hired one full-time Code Compliance Inspector to review expired licenses, conduct field inspections, and document observations in ABQ-PLAN. During inspections, the inspector provides business owners with educational materials and step-by-step instructions on how to renew their licenses. Planning anticipates transitioning from an educational approach to an active compliance enforcement beginning in January 2026.

Further information pertaining to the audit scope, limitations, and methodology can be found in Appendix A of the original audit report.

The following issues were identified as part of the original audit.

- Unregistered and inaccurately classified businesses: Some business owners failed to register with the City of Albuquerque, and others had incorrect status information in the POSSE system. From two samples of 50 businesses each, OIA found several operating businesses listed as expired or closed, as well as businesses that had never registered.
- Inconsistent policies and procedures: Existing standard operating procedures (SOPs) lacked sufficient detail to ensure consistency in processing registrations and renewals. Many staff practices were informal and not documented within official procedures.
- Lack of tracking for exempt entities: The City did not have a process—manual or system-based—to track entities exempt from registration or fees, such as registered athletic officials.

These findings highlighted the need to improve data accuracy, strengthen procedural guidance, and enhance monitoring within the Business Registration process.

FOLLOW-UP OBJECTIVE

The objective of this follow-up was to determine whether Planning has taken the corrective actions recommended in OIA's audit report of June 28, 2023. Consistent with Government Auditing Standards, Section 9.08, promulgated by the U.S. Government Accountability Office, the purpose of audit reports includes facilitating a follow-up to determine whether appropriate corrective actions have been taken. This field follow-up is a non-audit service. Government Auditing Standards do not cover non-audit services, which are defined as professional services other than audits or attestation engagements. Therefore, Planning is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact, and appearance, to make an informed judgment on the results of the non-audit service. OIA limited our scope to actions taken to address our audit recommendation from the original audit report dated June 28, 2023 through the submission of actions on October 8, 2025.

METHODOLOGY

To achieve the objective, OIA did the following:

- Obtained documentary evidence from Planning.
- Interviewed Planning staff to understand and verify the status and nature of the corrective actions taken.
- Verified the status of the recommendations that Planning had reported as implemented.
- Assessed eight (8) of thirty-two (32) expired business licenses from July 2024 to assess the accuracy and effectiveness of the City's new ABQ-PLAN case management system.

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RESULTS

Of the two recommendations addressed in the original audit report, all have been implemented and are now considered closed. See ATTACHMENT 1.

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ATTACHMENT 1

Recommendations	Responsible Agency	Department Response	OIA Conclusion	OIA Use Only Status Determination
Recommendation #3: Develop, implement, and formalize a process to identify and rectify businesses that are expired.	Planning Department	“As part of the launch of the Planning Department’s new software system, ABQ-PLAN, on January 27, 2025, the department developed and implemented a formalized process to rectify businesses that are expired. The software systematically monitors and identifies businesses that are operating with expired registrations. The automated system identifies businesses that are renewing expired registrations or registering late, i.e. after the business commenced operations, and then the software automatically applies a \$10 late fee at the time of renewal or registration.” Documentation: - ABQ-PLAN website - ABQ-PLAN — City of Albuquerque; - An excel report titled “Expired Business License Worked,” as of July 2025; - ABQ-PLAN system screenshots; - Notice of Violation -	OIA reviewed the implementation of the ABQ-PLAN case management system, which went into effect in July 2025. The system captures and tracks business license data, including expired licenses, inspection outcomes, and compliance activities. To support implementation, the Planning Department hired one full-time Code Compliance Inspector (1 FTE) in 2025. The inspector reviews expired licenses beginning with the oldest, conducts field inspections, and records all observations within ABQ-PLAN. During inspections, the inspector provides educational materials—including step-by-step instructions for renewing a business license—and mails notices of violation with relevant data specific to each business when applicable. While ABQ-PLAN’s automated features have strengthened compliance	☐ Open ☒ Closed ☐ Contested

ATTACHMENT 1

Recommendations	Responsible Agency	Department Response	OIA Conclusion	OIA Use Only Status Determination
		case notes for all eight (8) samples. Completion: January 27, 2025	tracking and revenue collection processes, management reported that current efforts emphasize education over enforcement. The Planning Department anticipates shifting to active compliance enforcement in January 2026. The addition of any further compliance staff is dependent on Gross Receipts Tax (GRT) funding, which continues to impact general fund resources. Given the recent system implementation, OIA performed minimal sampling and testwork to verify the new process. Planning provided a list of businesses with expired licenses from July 2024 and that were inspected by the Code Compliance Inspector, from which OIA randomly selected eight (8) out of the thirty-two (32) cases, representing 25 percent of the population, for evaluation. As in-person inspections commenced in July 2025, OIA's testing was limited to this initial population of	

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			inspected businesses. Field observations were conducted for the selected cases and compared against system screenshots, and Notice of Violation – case notes. The system screenshots contained key data elements – including license type, expiration and renewal dates, business status, historical license activity, and any late fee assessments – which were used to verify the accuracy and completeness of the information record in ABQ-PLAN. After reviewing this evidence, OIA considers this recommendation closed.	
Recommendation #5: Investigate whether the replacement for the POSSE system can monitor expired accounts and their associated late fees; ensure that the new system can be customized to operational needs	Planning Department	The Planning Department confirmed that the new software system, ABQ-PLAN, monitors expired accounts and the associated late fees. All features incorporated into ABQ-PLAN have been specifically customized to meet operational needs, and	The Planning Department has successfully implemented the ABQ-PLAN case management system, which effectively monitors expired accounts and their associated late fees. As part of this process, OIA observed a live demonstration of the system and confirmed that ABQ-PLAN can be tailored to meet	☐ Open ☒ Closed ☐ Contested

ATTACHMENT I

Recommendations	Responsible Agency	Department Response	OIA Conclusion	<u>OIA Use Only</u> Status Determination
		the software can continue to be customized in the future as operational needs change. Documentation: ABQ-PLAN website - ABQ-PLAN — City of Albuquerque; Completion: January 27, 2025	operational requirements. The system has been customized to automate the identification and monitoring of expired businesses, including the application of late fees. To support this, the department has provided the configuration document, which outlines the customizations made to the system, particularly regarding fee automation and the conditions applied by the implementation software team. This documentation demonstrates that the system is aligned with operational needs and offers flexibility for future adjustments as those needs evolve. The review and accompanying configuration code sheet reinforce that the software has been effectively tailored and is functioning as intended. OIA considers this recommendation closed.	