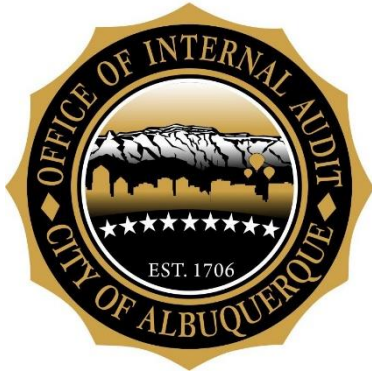




City of  
**ALBUQUERQUE**  
Office of Internal Audit

Follow-Up  
26-25-402F

Human Resources Department

Strategic Review  
Vacation and Sick Time  
Accruals

Date  
June 24, 2026

## Follow-Up

Human Resources Department

Strategic Review

Vacation and Sick Time Accruals

June 24, 2026

26-25-402F

### **INTRODUCTION**

The Office of Internal Audit (OIA) issued Report No. 25-402 – Vacation and Sick Time Accruals Strategic Review on July 30, 2025, which included eleven recommendations. OIA completed a follow-up to assess the corrective actions taken by the Human Resources Department (HRD). The report contains one (1) recommendation that has been implemented and is now considered closed, and ten that remain open.

### **BACKGROUND**

OIA completed a strategic review of HRD to determine whether vacation and sick time accruals, managed by HRD, are calculated accurately and consistently in alignment with City of Albuquerque (City) policies and regulations. The scope period for this review was from September 30, 2022 through September 30, 2024. The objectives were to determine whether vacation and sick leave accruals for City of Albuquerque employees are being calculated accurately and consistently, in accordance with City policies and relevant regulations.

The City of Albuquerque offers employees a comprehensive Total Rewards package. This includes base salaries, a range of benefit options, pre-tax savings plans, participation in the New Mexico Public Employees Retirement Association, and resources that support physical, mental, and financial well-being. Paid time off includes vacation, sick, and parental leave, as well as official holidays.

Employees earn and accrue vacation and sick leave in accordance with City ordinances, administrative instructions, and HRD rules. Leave eligibility requirements, accrual rates based on years of service, maximum balance limits, and variations resulting from incentive programs, collective bargaining agreements, and special approvals are maintained in PeopleSoft.

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

The strategic review found that, while HRD has systems in place to manage vacation and sick time accruals, OIA identified control weaknesses and documentation gaps that may result in errors and policy noncompliance. Specifically, the strategic review found the following.

- Inconsistent documentation for employees receiving enhanced accrual rates
- Errors in vacation accrual rates, some of which remain unresolved
- Delays in applying approved vacation balance increases
- Gaps in City regulations for discretionary benefits and approvals

Furthermore, OIA identified that opportunities exist to ensure accuracy and compliance, such as standardizing documentation practices, implementing automated processes to update employees' accrual rates, and updating City regulations. OIA did not find errors in vacation payouts upon employee separation from employment.

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Human Resources Department  
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### **FOLLOW-UP OBJECTIVE**

The objective of this follow-up was to determine whether HRD has taken the corrective actions recommended in OIA's July 30, 2025 original report. 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 follow-up was not conducted as an audit or attestation engagement under Government Auditing Standards. Rather, it was performed as an audit recommendation follow-up, which Government Auditing Standards recognize as an oversight-related service that does not involve a GAGAS engagement. Accordingly, HRD is responsible for the substantive outcomes of the corrective actions taken, including evaluating the adequacy and results of those actions and accepting responsibility for them. OIA limited the scope of this follow-up to actions taken to address the recommendations from the original report dated July 30, 2025 through the submission of actions on April 10, 2026.

### **METHODOLOGY**

To achieve the objective, OIA did the following:

- Obtained documentary evidence from HRD.
- Interviewed HRD staff to understand and verify the status and nature of the corrective actions taken.
- Verified the status of the recommendations that HRD had reported as implemented.

### **RESULTS**

Of the eleven recommendations addressed in the original report, one (1) has been implemented and is considered closed, and ten remain open. See ATTACHMENT 1.

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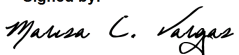
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Connie Barros-Montoya, Principal Auditor  
Office of Internal Audit

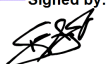
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Office of Internal Audit

APPROVED FOR PUBLICATION:

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Esteban A. Aguilar, Jr., Esq.  
Vice Chair, Acting Chair  
Accountability in Government Oversight Committee

## ATTACHMENT 1

| Recommendations                                                                                                                                                                       | Responsible Agency                | Department Response                                                                                                          | OIA Conclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | OIA Use Only<br>Status Determination                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <p>Recommendation #1:</p> <p>Research the six employees receiving enhanced accruals to confirm that they are entitled to those benefits. If they are not, address as appropriate.</p> | <p>Human Resources Department</p> | <p>Per management, “HR was unable to locate memos.”</p> <p><b>Documentation:</b><br/>NA</p> <p><b>Completion:</b><br/>NA</p> | <p>HRD stated they researched the six employees receiving enhanced accruals to determine eligibility for the additional benefits. However, supporting documentation, including approval memorandums, to confirm that the employees were authorized to receive enhanced accruals. As a result, OIA was unable to independently verify whether the enhanced accruals were properly approved or whether any corrective action is needed. As the recommendation required HRD to confirm employee entitlement to the enhanced accruals an address exception as appropriate, OIA considers this recommendation open pending documentation supporting the employee’s eligibility or other corrective action by HRD.</p> | <p><input checked="" type="checkbox"/> Open</p> <p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p> |

## ATTACHMENT 1

| Recommendations                                                                                                                                                                                                                                       | Responsible Agency         | Department Response                                                                                                                                                                                                         | OIA Conclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | OIA Use Only<br>Status Determination                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <p>Recommendation #2:</p> <p>Correct the leave balances for the two employees whose accruals were corrected but their balances were not.</p>                                                                                                          | Human Resources Department | <p>Per management, “Employees no longer with the City.”</p> <p><b>Documentation:</b><br/>HR provided an email screenshot of the two employees that are no longer with the city.</p> <p><b>Completion:</b> July 11, 2025</p> | <p>HRD acknowledged the issue and stated they would coordinate with Payroll to correct the leave balances. Supporting documentation consisted of an email screenshot identifying the two employees and indicating that both are no longer employed by the City. The remaining balance differences were limited to a few leave hours for each employee, and OIA did not identify evidence of additional payout liability to the City. Based on the documentation provided and the limited residual impact, OIA considers this recommendation closed.</p> | <p><input type="checkbox"/> Open</p> <p><input checked="" type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p> |
| <p>Recommendation #3:</p> <p>Review and reinforce documentation requirements for the employees receiving additional benefits in both the VCGEN plan and VCIP plans, as well as employees admitted into the VCIP plan, including having consistent</p> | Human Resources Department | <p>Per management, “Included with AI 7-44, pending approval.”</p> <p><b>Documentation:</b><br/>NA</p> <p><b>Completion:</b><br/>NA</p>                                                                                      | <p>The proposed revisions to Administrative Instruction 7-44 <i>Incentive Program for Positions</i> are pending. As the revisions have not been finalized and implemented, this recommendation remains open.</p>                                                                                                                                                                                                                                                                                                                                        | <p><input checked="" type="checkbox"/> Open</p> <p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p> |

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| Recommendations                                                                                                                                                                 | Responsible Agency         | Department Response                                                                                                                                                                                                                                                                                                                            | OIA Conclusion                                                                                                                                                                                                                                                                                                                                                                                                                                            | OIA Use Only<br>Status Determination                                                                                         |
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| templates and fields for approval forms.                                                                                                                                        |                            |                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                              |
| <p>Recommendation #4:</p> <p>Implement a standardized process to ensure all approvals are properly documented and retained in a centralized system.</p>                         | Human Resources Department | <p>Per management, “Included with AI 7-44, pending approval”.</p> <p><b>Documentation:</b><br/>None</p> <p><b>Completion:</b><br/>NA</p>                                                                                                                                                                                                       | <p>The proposed revisions to Administrative Instruction 7-44 <i>Incentive Program for Positions</i> are pending. As the revisions have not been finalized and implemented, this recommendation remains open.</p>                                                                                                                                                                                                                                          | <p><input checked="" type="checkbox"/> Open<br/> <input type="checkbox"/> Closed<br/> <input type="checkbox"/> Contested</p> |
| <p>Recommendation #5:</p> <p>Review employees’ personnel files periodically to ensure that proper authorization is on file for all employees receiving additional benefits.</p> | Human Resources Department | <p>“Prior proposals were not adopted by the Administration. HR is actively working to re-evaluate the entire hiring incentive program, and proposed changes which will include clearer direction regarding approval of enhanced leave accrual to facilitate better tracking.”</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p> | <p>Management’s response indicates that HR is reevaluating the hiring incentive program and considering proposed changes to improve guidance and tracking of enhanced leave accruals. While these efforts may strengthen oversight, the recommendation remains open until a formal review process is implemented to ensure vacation accrual rates are consistently updated and supported by documented CAO approval, where applicable. Therefore, OIA</p> | <p><input checked="" type="checkbox"/> Open<br/> <input type="checkbox"/> Closed<br/> <input type="checkbox"/> Contested</p> |

## ATTACHMENT 1

| Recommendations                                                                                                                                                                                                          | Responsible Agency         | Department Response                                                                                                                                                                                                  | OIA Conclusion                                                                                                                                                                                            | OIA Use Only<br>Status Determination                                                                              |
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|                                                                                                                                                                                                                          |                            |                                                                                                                                                                                                                      | considers this recommendation open.                                                                                                                                                                       |                                                                                                                   |
| <p>Recommendation #6:</p> <p>Consider developing additional tables for employees who are receiving enhanced accrual rates, outside of the parameters of the VCGEN and VCIP plans.</p>                                    | Human Resources Department | <p>“Included with AI 7-4, pending approval.”</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p>                                                                                                        | The proposed revisions to Administrative Instruction 7-44 <i>Incentive Program for Positions</i> are pending. As the revisions have not been finalized and implemented, this recommendation remains open. | <input checked="" type="checkbox"/> Open<br><input type="checkbox"/> Closed<br><input type="checkbox"/> Contested |
| <p>Recommendation #7:</p> <p>Create a standardized workflow among the CAO, HR, and Payroll, in regards to the approvals of enhanced accrual rates and VCIP plan enrollments to ensure employee files are up to date.</p> | Human Resources Department | <p>“Included with AI 7-44, pending approval.</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p>                                                                                                        | The proposed revisions to Administrative Instruction 7-44 <i>Incentive Program for Positions</i> are pending. As the revisions have not been finalized and implemented, this recommendation remains open. | <input checked="" type="checkbox"/> Open<br><input type="checkbox"/> Closed<br><input type="checkbox"/> Contested |
| <p>Recommendation #8:</p> <p>Implement a review process to ensure vacation accrual rates are being properly updated in accordance with employees’ years of service or with an enhanced rate in a</p>                     | Human Resources Department | <p>“Per management, Prior proposals were not adopted by the Administration. HR is actively working to re-evaluate the entire hiring incentive program, and proposed changes which will include clearer direction</p> | Management’s response indicates that HR is reevaluating the hiring incentive program and considering proposed changes to improve guidance and tracking of enhanced leave accruals.                        | <input checked="" type="checkbox"/> Open<br><input type="checkbox"/> Closed<br><input type="checkbox"/> Contested |

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| Recommendations                                                                                                                                                                                       | Responsible Agency         | Department Response                                                                                                                                                                                           | OIA Conclusion                                                                                                                                                                                                                                                                                      | OIA Use Only<br>Status Determination                                                                              |
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| written approval memo from the CAO.                                                                                                                                                                   |                            | <p>regarding approval of enhanced leave accrual to facilitate better tracking.”</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p>                                                              | While these efforts may strengthen oversight, the recommendation remains open until a formal review process is implemented to ensure vacation accrual rates are consistently updated and supported by documented CAO approval, where applicable. Therefore, OIA considers this recommendation open. |                                                                                                                   |
| <p>Recommendation #9:</p> <p>Establish a documented workflow among HR, Payroll and the CAO for adjusting accrual rates and historical balances, including defined timeframes and resolutions.</p>     | Human Resources Department | <p>“Included with AI 7-44, pending approval.”</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p>                                                                                                | The proposed revisions to Administrative Instruction 7-44 <i>Incentive Program for Positions</i> are pending. As the revisions have not been finalized and implemented, this recommendation remains open.                                                                                           | <input checked="" type="checkbox"/> Open<br><input type="checkbox"/> Closed<br><input type="checkbox"/> Contested |
| <p>Recommendation #10:</p> <p>Establish a formal tracking and follow-up mechanism for all discretionary vacation balances increases approved by the CAO to ensure full and timely implementation.</p> | Human Resources Department | “Per management, Prior proposals were not adopted by the Administration. HR is actively working to re-evaluate the entire hiring incentive program, and proposed changes which will include clearer direction | Management’s response indicates that HR is reevaluating the hiring incentive program and considering proposed changes to improve guidance and tracking of enhanced leave accruals.                                                                                                                  | <input checked="" type="checkbox"/> Open<br><input type="checkbox"/> Closed<br><input type="checkbox"/> Contested |

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| Recommendations                                                                                                                                                                                                                                                                                                                                                                                                  | Responsible Agency                | Department Response                                                                                                                              | OIA Conclusion                                                                                                                                                                                                                                                                                             | OIA Use Only<br>Status Determination                                                                                             |
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| <p>This could be in the form of a log of approved balance increases, including responsible personnel and completion dates, to support accountability and timely reconciliation.</p>                                                                                                                                                                                                                              |                                   | <p>regarding approval of enhanced leave accrual to facilitate better tracking.”</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p> | <p>While these efforts may strengthen oversight, the recommendation remains open until a formal review process is implemented to ensure vacation accrual rates are consistently updated and supported by documented CAO approval, where applicable. Therefore, OIA considers this recommendation open.</p> |                                                                                                                                  |
| <p>Recommendation #11:</p> <p>The Personnel Rules and Regulations should be updated and include a provision for discretionary carryover exemptions approved by the CAO, outlining the following:</p> <ul style="list-style-type: none"> <li>• Circumstanced under which exemptions may be granted</li> <li>• Required documentation and business justification</li> <li>• Maximum allowable exemption</li> </ul> | <p>Human Resources Department</p> | <p>“Included with AI 7-44, pending approval.”</p> <p><b>Documentation:</b> NA</p> <p><b>Completion:</b> NA</p>                                   | <p>The proposed revisions to Administrative Instruction 7-44 <i>Incentive Program for Positions</i> are pending. As the revisions have not been finalized and implemented, this recommendation remains open.</p>                                                                                           | <p><input checked="" type="checkbox"/> Open</p> <p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p> |

ATTACHMENT 1

| Recommendations                                                                                                                                                                                                     | Responsible Agency | Department Response | OIA Conclusion | OIA Use Only<br>Status Determination |
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| <div>thresholds and time limits for usage</div> <ul style="list-style-type: none"><li>Develop a formal exemption request and approval process, including a standardized form and documentation checklist.</li></ul> |                    |                     |                |                                      |