



City of
ALBUQUERQUE
Office of Internal Audit

STRATEGIC REVIEW
17-305

SCOTT GREENWOOD
INVOICE REVIEW #3
(APRIL 2015-JUNE 2016)

DECEMBER 14, 2016

EXECUTIVE SUMMARY

At the request of Councilor Ken Sanchez, the Office of Internal Audit (OIA) conducted a review of invoices submitted to the City of Albuquerque (City) by Scott T. Greenwood (Mr. Greenwood), Attorney at Law. OIA assessed the mathematical accuracy of invoices, and appropriateness of expense charges for reimbursement by the City.

OIA's review did not include an assessment of the reasonableness of the hours billed for the performance of work by Mr. Greenwood. Rather, the City has hired outside legal counsel to review Mr. Greenwood's invoices and determine whether the billing methods and charges were consistent with common billing practices in the civil litigation defense field. Professional services and travel hours make up the majority of Mr. Greenwood's charges and total \$651,716.

OIA conducted two previous reviews of Mr. Greenwood's invoices, which collectively address invoices for April 2014 through March 2015. The results of the previous reviews identified net overbillings by Mr. Greenwood of \$1,469, and can be found in non-audit service report number 15-304.

This review addresses Mr. Greenwood's invoices dated April 2015 through June 2016 and identified the following issues:

- Mathematical errors and the submission of duplicate travel expenses resulting in overbillings of \$1,506.20 and
- Subcontractor rates and charges that are not established in the contract totaling \$18,384.25. The contract does not address:
 - The party responsible for payment of a subcontractor,
 - The acceptable billing rate of a subcontractor,
 - The calculated travel rate of a subcontractor, and
 - Whether travel expenses for a subcontractor would be reimbursed by the City.

Each of the reviews identified various overcharges by Mr. Greenwood, which have not yet been addressed or repaid. The combined overcharges for all three reviews total \$2,975.20.

INTRODUCTION

At the request of Councilor Ken Sanchez, OIA conducted a review of invoices submitted to the City by Mr. Greenwood. Mr. Greenwood was contracted with the City to:

Serve as the City's Special Counsel to provide analysis, advice, recommendations and draft documents related to the negotiation, implementation, staffing and monitoring of any agreement produced as a result of the US Department of Justice investigation of the City's police department.

The original contract with Mr. Greenwood was signed on April 11, 2014, and total compensation under the contract was \$70,000. Two supplements to the contract were subsequently approved, and increased the total contract value to \$750,000, as shown in the table below.

Contract and Supplements to the Contract with Mr. Greenwood

Contract/Supplement	Date	Contract Period	Amount Added	Adjusted Total
Original Contract	4/11/2014	4/3/2014 – 6/30/2015	\$70,000	\$70,000
Supplement 1	7/11/2014	4/3/2014 – 6/30/2015	\$150,000	\$220,000
Supplement 2	7/16/2015	4/11/2014 – 6/30/2016	\$530,000	\$750,000

Source: City of Albuquerque Legistar

In addition to payment for professional services and travel time, the contract and supplements also include the “reimbursement of expenses ... and any applicable gross receipts taxes on such amounts”. New Mexico Gross Receipts Taxes (NMGR) and travel expenses are not included in the overall contract total. Neither the contract nor the supplements stipulate a maximum dollar amount for expenses and applicable taxes.

To date, Mr. Greenwood has billed the City a total of \$719,781 for the term of the contract (April 2014 through June 2016) as shown in the table below.

Compensation, NMGR, & Expenses Billed April 2014 through June 2016

Period Covered	Total Professional Service Hours (\$350/hour)	Total Travel Hours (\$175/hour)	Total Billed for Services and Travel Time	Total Billed for NMGR	Total Billed for Expenses	Total Billed for Services, Travel, Expenses and Taxes
April 2014 – June 2016	1,504.50	469.75	\$609,081*	\$42,636*	\$68,064	\$719,781

* Includes a \$300 overcharge and a \$21 overcharge in NMGR

Source: Mr. Greenwood's invoices

RESULTS

This review addresses Mr. Greenwood’s invoices dated April 2015 through June 2016, and includes an assessment of mathematical accuracy of invoices, and appropriateness of expense charges for reimbursement by the City.

The following issues were identified during the review and are further explained in each subheading.

- ***Current Overcharges***
- ***Subcontractor Cost Issues***
- ***Unresolved Issues from Prior Reviews***

Current Overcharges

The review of invoices identified that Mr. Greenwood overcharged the City a total of \$1,506.20 as follows:

- The subtotal of the professional services listed on the September 2015 invoice did not properly sum, and included a \$300 overcharge. Additionally, the subsequent NMGR calculation was inflated \$21. The total September 2015 overcharge is \$321.

- The Federal per diem meal calculation on the first and last days of travel for the months of June, October and November 2015 were incorrect. The total per diem meal calculation overcharge is \$24.
- The same airline ticket was submitted for reimbursement on both the October and November 2015 invoices resulting in an overcharge of \$1,161.20.

Subcontractor Cost Issues

Mr. Greenwood’s contract is between the City and Scott T. Greenwood (an individual). Section 13, Subcontracting Prohibited, of the contract states:

The Contractor shall not subcontract any portion of the legal services to be performed under this Agreement without the City’s prior written approval. The Parties specifically agree that Contractor may engage Greenwood & Streicher, LLC to provide non-legal analysis, advice, and support for the performance of this Agreement.

OIA’s review did not include a verification of whether the subcontractor’s charges were for non-legal analysis, advice and support of the agreement. Presumably, such a review would be addressed by the City’s outside legal counsel.

While the contract allows for the subcontract, it does not specifically address which party is responsible for payment of a subcontractor, nor does it identify the following:

- An approved billing rate for the subcontractor;
- An approved travel rate for the subcontractor. Greenwood (per Section C of the contract, “travel time shall be billed at no greater than one-half of the traveling party’s hourly rate.”); and
- Whether travel expenses for the subcontractor would be reimbursed by the City.

The invoices submitted by Mr. Greenwood for the 15-month period April 2015 through June 2016, contained charges totaling \$18,384 for a subcontractor. These charges are itemized in the table below.

**Subcontractor Charges
April 2015 through June 2016**

Category of Charges	Total Charges
Professional Fees @ \$350/hour	\$11,725.00
Travel Fees @ \$175/hour	\$3,150.00
NMGRT	\$1,041.25
Travel Expenses:	
First Class Airfare: \$1,300	
Hotel: \$841	
Meals: \$230	
Parking: \$75	
Transportation: \$22	\$2,468.00
Total Charges:	\$18,384.25

Source: Mr. Greenwood’s Invoices

The City's Legal Department does not have specific documentation regarding the acceptance of the subcontractor's charges, but indicated that implicit approval may exist based on the City's prior payments of Mr. Greenwood's invoices containing the subcontractor's charges.

Unresolved Issues from Prior Reviews

Overcharges

OIA conducted reviews of Mr. Greenwood's invoices dated April 2014 through March 2015 and identified overcharges totaling \$1,469. As of the date of this report, Mr. Greenwood has not reimbursed the City nor has the City deducted the amount from payments to Mr. Greenwood.

Incomplete Documentation

In addition to the various overcharges, OIA's prior review of the four-month period, April 2014 through July 2014, identified that Mr. Greenwood billed the City for expenses totaling \$3,486 for which complete or detailed receipts were not provided. Due to the incomplete documentation, OIA has not determined the appropriateness of these expenses.

Subcontractor Documentation

In the prior reviews of Mr. Greenwood's invoices, OIA had not requested documentation from the City's Legal Department regarding subcontractors. As a result, the appropriateness of the charges for the subcontractor's professional fees, calculated travel time, and travel expenses were not addressed in the previous reports.

RECOMMENDATIONS

The City's Legal Department should:

- Request that Mr. Greenwood correct and resubmit the current invoices that contain overcharges totaling \$1,506.20.
 - Correct the \$300 mathematical error and related charge for NMGRT on the September 2015 invoice.
 - Remove the duplicate airline ticket totaling \$1,161.20 from the November 2015 invoice.
 - Correct the Federal Per Diem meal calculations on the June, October, November 2015 invoices totaling overcharges of \$24.00.
- Determine whether the City authorizes and accepts the services, billing rate, travel rate, and travel expenses of Mr. Greenwood's subcontractor.
 - Amend the contract with Mr. Greenwood, if necessary.
- Address the unresolved issues from prior reviews by:
 - Requesting that Mr. Greenwood provide complete and detailed receipts for his expenses totaling \$3,486;
 - Consider withholding \$3,486 from future payments to Mr. Greenwood until the detailed receipts are received; and
 - Deducting the previously agreed to amount of \$1,469 for prior overbillings from the next payment to Mr. Greenwood.

CONCLUSION

To date, OIA has reviewed all invoices submitted by Mr. Greenwood for the contract period April 2014 through June 2016. Each of the reviews identified various overcharges by Mr. Greenwood, which have not yet been addressed or repaid. The combined overcharges for all three reviews total \$2,975.20.

The current review of Mr. Greenwood's invoices dated April 2015 through June 2016 identified various overcharges, including mathematical errors and the submission of duplicate travel expenses. The invoices submitted by Mr. Greenwood also included charges for professional services, travel fees, and travel expenses for a subcontractor that are not established in the contract.

As of the date of this report, the contract between the City and Mr. Greenwood has expired and no supplement extending the time of service has been issued. Barring a future contract supplement and the submission of additional invoices, no additional invoice review will be conducted by OIA.

Contract Auditor

REVIEWED & APPROVED:

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APPROVED FOR PUBLICATION:

Chairperson, Accountability in
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