

INVESTIGATION REPORT
OF
PNM
FAMILY AND COMMUNITY SERVICES DEPARTMENT
REPORT NO. 11-208



City of Albuquerque
Office of Inspector General

Family and Community Services Department - Investigation
PNM
Report No. 11-208
Executive Summary

Background: The Office of Inspector General (“IG”) conducted an investigation concerning Family and Community Services Department (“FCSD”) employees’ alleged misconduct by falsifying documentation to receive financial help through the Public Service Company of New Mexico’s (PNM) Good Neighbor Fund (“GNF”). The investigation was predicated upon a request made by the FCSD Director.

On October 27, 2010, the City of Albuquerque, PNM and numerous other organizations held a Community Assistance Fair at Wells Park Neighborhood Center (‘Wells Park’) (5th and Mountain). During the Event City employees from John Marshall, East Central and Los Griegos Health and Social Services Centers assisted in the event.

PNM provided the IG with the GNF applications that were taken at the Wells Park event held on October 27, 2010 where the FCSD employees assisted in the issuance of the GNF grants. PNM also provided GNF applications taken after the event at John Marshall Health and Social Services Center (JMC) where the FCSD employees work. These records show that City employees from JMC aided each other in receiving GNF grants that they were not eligible to receive.

Objective: Is there evidence to support the allegation as presented?

IG findings:

- City employees were not authorized to administer Good Neighbor Fund assistance at any time except during the Community Assistance Fair.
- City employees were not eligible to receive Good Neighbor Fund grants from PNM.
- The Eviction Prevention Program has insufficient oversight and review.

Recommendation:

- FCSD should implement a policy to ensure when events are done with outside agencies that City employees are aware of the process and do not abuse the outside agencies benefit.
- FCSD should determine if a policy is needed to prohibit employees from receiving funds from a program they administer or FCSD should implement a policy when working with outside agencies notifying employees of the steps to follow when an FCSD employee or family member of an FCSD employee want to apply for assistance.
- FCSD should ensure that employees who administer the Eviction Protection Program follow the Client Checklist.

FCSD should determine if a policy is needed to prohibit employees from receiving funds from a program they administer or FCSD should implement a policy and notify staff of the steps to follow when an FCSD employee or family member of an FCSD employee want to apply for services.



City of Albuquerque
Office of Inspector General
P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103

August 18, 2011
Amending from report submitted on July 27, 2011

Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Investigation: PNM
Family and Community Services Department
11-208

FINAL

INTRODUCTION

The Office of Inspector General (“IG”) conducted an investigation concerning Family and Community Services Department (“FCSD”) employees’ alleged misconduct by falsifying documentation to receive financial help through the Public Service Company of New Mexico’s (PNM) Good Neighbor Fund (“GNF”). The investigation was predicated upon a request made by the FCSD Director.

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SOURCES OF INFORMATION

As part of our investigation, The IG analyzed the following:

- City Personnel Rules and Regulations
- PNM Documents
- Interviews
- Empath payroll system reports
- People Soft system payroll reports
- State of New Mexico Administrative Code
- City Eviction Prevention Material

BACKGROUND AND EVENTS

PNM GOOD NEIGHBOR FUND

PNM offers assistance through their program called “Good Neighbor Fund”. This program is for PNM customers who are income-eligible (See Exhibit 1) or experiencing financial hardship. A PNM customer who qualifies can get a once-a-year grant to help pay part or all of a past-due electric bill.

Those who qualify are given a GNF code which they must call and give to PNM. When PNM receives the GNF code, PNM will take the disconnect notice off the customer’s bill and expect payment to be made from the GNF through the Salvation Army. The Salvation Army is the 3rd party custodian that oversees payments of the GNF.

The GNF is supported by funds donated by PNM customers, shareholders, and employees. The donations received are distributed by the Salvation Army and at PNM special events.

On October 26, 2010 the day before the Wells Park event, PNM’s Manager of Low Income Customer Programs, (“PNM Manager”) held a meeting to train City employees and volunteers on how to process GNF applications. During this training the PNM Manager stated that she handed out GNF income guidelines, as well as other documents and verbal training on how to approve or deny GNF applicants. The PNM Manager stated that \$140 was the most that could be given unless there was extreme hardship where a maximum of \$200 could be granted. The PNM Manager stated giving out \$200 was rare.

In order to qualify for the GNF, an applicant must provide the following:

- Proof of income for everyone in the home;
- A current PNM bill;
- A valid picture ID for all adult members in the home;
- Identification for children in the home such as a shot record;
- Documentation of financial hardship if the customer cannot qualify for Low Income Home Energy Assistance Program (“LIHEAP”) or exceeds income guidelines and;
- A signed third party form (or letter) if the account holder is not present and a copy of the account holders ID.

The PNM GNF Income Guidelines are used to determine if an applicant will be approved or denied based on their income and number of people living in the household. *See Exhibit 1.*

If an applicant is denied based on the PNM GNF Income Guidelines, there are special circumstances under which an applicant may be approved, such as financial hardship or having significant medical expenses. Records pertaining to the hardship need to be given to PNM to keep on file.

GNF applications are accepted at the Salvation Army and events where PNM is present to handle the applications submitted.

CITY OF ALBUQUERQUE “EVICTION PREVENTION PROGRAM”

The City also has a program called the “Eviction Prevention Program” (“EVP”) which assists with utility bills and rental expenses. This program is funded by US Department of Housing and Urban Development (“HUD”) and is a one-time only assistance. In order to qualify for this assistance a client must have a utility disconnect notice or eviction notice and meet income guidelines.

If a client is approved for the assistance, the center will call in a code to PNM, along with the dollar amount that the City is going to assist with. Each Center has a unique four digit code to identify the center. The call prevents the disconnection of utilities on the accounts and payments toward balances would be extended. PNM expects to receive payment as committed by the Center.

EMPLOYEE 1

PNM

On October 26, 2010, the day before the Wells Park event, FSCD, Employee 1 from JMC called PNM and had her son's girlfriend added to her PNM account. The girlfriend was already listed on Employee 1's son's account according to PNM. Employee 1 stated that the girlfriend also lived at the son's address. Employee 1's address was verified through County records and City employee records by the IG.

On October 27, 2010 at the Wells Parks event, the girlfriend applied for the GNF grant under Employee 1's account. She listed herself and her 3 children. She did not list Employee 1 on the GNF application. If she had listed Employee 1 on the application as required, the application would have been denied because income guidelines would have been exceeded. The only income reported on the application was unemployment for the girlfriend. If Employee 1 had applied for assistance herself without adding the girlfriend and her children she would have been denied due to exceeding income guidelines.

On October 27, 2010 FSCD, Employee 2 from JMC approved the applications for both Employee 1's account and her son's account and gave the extreme amount of \$200 GNF grant to both accounts. According to the PNM Manager, Employee 1's account should not have been approved for the \$200 GNF grant.

Employee 1's name is on the PNM bill, therefore according to the PNM Manager; Employee 1's income should also have been added to the GNF application. With the income of both Employee 1 and the girlfriend they would not have qualified for the GNF, yet alone the \$200.

The IG asked Employee 1 why she did not list her income on the GNF application. Employee 1 stated she was not told by PNM in the training. Employee 1 said that she was not living at the address at the time. She was in and out, living with someone else. If Employee 1's income would have been listed on the application, the application would have been denied due to exceeding income guidelines.

EVICTION PREVENTION PROGRAM

The EVP is a one time only assistance program. For Employee 1's address and Employee 1's son address, PNM was contacted four times for each address with the code. When the code is called into PNM, it prevents disconnects on the accounts and payments towards the balances were extended for Employee 1's account and Employee 1's son's account. PNM only received one payment for \$100 resulting from the eight calls.

Eviction Prevention Program codes called in for Employee 1's address:

Date	Caller	Amount	Result
November 10, 2009	Employee 2	\$100.00	Not Paid
July 19, 2010	Employee 2	\$122.00	Not Paid
September 14, 2010	Employee 2	\$119.00	Not Paid
November 9, 2010	Employee 5	\$193.26	Paid

Eviction Prevention Program codes called in on Employee 1 son's address:

Date	Caller	Amount	Result
December 9., 2008	Not Given	\$100.00	Not Paid
January 4, 2010	Employee 1	\$86.32	Not Paid
January 10, 2010	Employee 1	\$100.00	Not Paid
August 5, 2010	Not Given	\$89.32	Not Paid

EMPLOYEE 2

On January 7, 2011, Employee 2 applied for the GNF at JMC. On her application Employee 2 listed herself, her husband and her daughter as persons in the household. Employee 2 only listed her income on the application which would not have qualified her under the income guidelines. She did not list the income of her husband, who also works for the City, nor her daughter. Employee 2 and her husband's annual gross salary is around \$75,000, which does not include the daughter's income. \$75,000 exceeds the income guidelines. See Exhibit 1

Employee 1 approved Employee 2's application and gave the extreme amount of \$200 GNF grant to Employee 2's account. Employee 1 should not have approved Employee 2 for \$200 for three reasons.

1. The JMC was not authorized by PNM to take GNF Applications.
2. Employee 2 exceeded income guidelines, without adding her husband's income on the application.
3. Employee 2's past due amount was for \$119.02 and PNM grants are to help pay part or all of a past-due amount. \$200 should have not been granted

During an interview, the IG asked Employee 2 what was her reason for applying for the GNF? Employee 2 stated that she received a pay cut and had to take 2 furlough days and that both she and her husband had medical bills. When applying for the GNF Employee 2 did not mention she had medical bills. City employee records do not indicate that any extensive leave was taken by Employee 2 or her husband during the time period in which assistance was requested.

EMPLOYEE 5

Nearing the end of the investigation the IG received a call from the PNM Manager with details about Employee 5. The PNM Manager stated that Employee 5 had called PNM on February 24, 2011 and given a GNF number for her own home address. The amount of assistance Employee 5 stated was for \$145 and according to the code, Employee 2 was the person who approved the application. The grant was never given because the GNF applications were no longer being accepted by the Salvation Army from the JMC per PNM. The PNM Manager did state that Employee 2 contacted her by email on February 24, 2011 stating she had attempted to turn in applications to the Salvation Army and had been told to contact her on why they were not being accepted.

In an interview on April 18, the IG asked Employee 5 if she had ever applied for the GNF. She stated that she did not apply. The IG asked several times again if she had ever applied for the GNF fund. Again she stated “NO”. Employee 5 reiterating several times, “No, I did not apply for GNF. Why would I do that if I didn’t need the assistance?” Employee 5 stated that she had contacted PNM to buy time when she was late with her utility bill, but she never put in an application for the GNF.

PNM sent the IG the recorded call between Employee 5 and the PNM representative received February 24, 2011. On April 27, the IG held a second interview with Employee 5. In the interview the IG asked Employee 5 if she had called PNM with a GNF number. She stated that she does not remember doing that.

The IG played the conversation between the PNM representative and Employee 5. She stated that was her address and again stated she didn’t apply and she didn’t put in an application. She then stated that “it sounds like me and that is my address”, but again doesn’t remember applying.

Employee 5 was sent a letter from the Salvation Army telling her she could reapply for the assistance. She did not reapply for assistance.

INTERVIEW WITH OTHER PERSONS WHO ASSISTED AT WELLS PARK EVENT

The IG wanted to know what other people at the training who helped at the Wells Park event knew and understood about the GNF process. The IG interviewed FCSD, Employee 3 and Employee 4 who work at two different Health and Social Services Centers.

The IG also interviewed a person, who was trained and helped at the Wells Park event not employed by the City, (“Volunteer”).

The following questions were asked:

A.) Was any type of information handed out while the PNM Manager presented the GNF training?

Responses:

- Employee 2 stated the GNF application form and the slip to provide client with GNF code.
- Employee 1 stated that it was a two hour training to help staff gain familiarity with the forms used for the GNF.
- Employee 3 stated there was a sheet they gave us that we had to go by for households and how much money they were allowed to make. A list of everything we had to expect from the client in order to approve them.
- Employee 4 stated that the PNM Manager provided detailed steps of documents we should ask for. Steps we should take. She provided all the steps. The documents they asked the client for were proof of income, valid ID, current utility bill and any other documentation for proof of income like a check stub or current benefits they receive for everybody. Anybody that is living in the home that is receiving any kind of income should be reported. House hold income.
- The Volunteer stated yes; definitely, income guidelines that showed what would make a family eligible. The PNM Manager then gave an example if there was a family of two. You get every adult in the household’s income and use the PNM guidelines to see if they qualify. According to their guidelines we would help them.

B.) Were you given income guidelines?

Responses:

- Employee 2 stated she does not remember.
- Employee 3 stated yes.
- Employee 4 stated yes.
- The Volunteer stated yes.

C.) Did the PNM Manager mention to you that they could continue to offer the GNF assistance after the Wells Park event?

Responses:

- Employee 2 stated no, but the representative from Salvation Army did.

- Employee 1 stated yes, PNM provided the forms and slips to Employee 1 after the Wells Park event.
- Employee 3 stated no, only doing GNF for this event. Employee 3 stated that the City has a different program that she works with.
- Employee 4 stated no, this was specifically for this event because even prior to this event the only people that actually handle the GNF are the Salvation Army. They are authorized.
- The Volunteer stated no, she would not even take them. I would not put myself in that position.

D.) Did you take any blank GNF applications from the Well Park Event to your Center?

Responses:

- Employee 2 stated she did take copies of the GNF application
- Employee 1 stated she did take copies of the GNF application.
- Employee 3 stated no, she did not take GNF applications. Only did GNF for this event.
- Employee 4 stated no. I don't think I have the authority to do something that is not part of us.

Employee 1 was asked about the \$200 maximum GNF that could be given and if medical information was checked as required by PNM.

Employee 1 stated that no medical information had to be provided. Employee 1 stated that she has been doing this for a long time and she can tell by talking to the person if they have a legitimate need.

Employee 4 gave the following statement during the interview.

Employee 4 stated prior to this training, we all know the knowledge of GNF and LIHEAP and how it works, income guidelines and stuff like that. No surprise to her for someone to come in and say everyone in my family works fulltime job and making all this money. Employee 4 stated she has the knowledge that they would probably not qualified for service. Employee 4 stated the training that the PNM Manager provided was not information that she did not know before. Most of us have worked with people who have received GNF or LIHEAP in the past. So we have been to training before. The training was just to know what the PNM Manager wanted and expected and the amounts they could give. A refresher course.

Employee 4 also stated that to her knowledge she was not aware of any written policies regarding steps to follow when an employee or family member apply for low income assistance.

THE FACTS

1. City employees who participated at the Wells Park event were only granted permission to accept and approve applications for PNM's GNF on October 27, 2011 according to the PNM Manager.
2. On October 26, 2010 Employee 2 called and had her son's girlfriend put on the PNM account.
3. On October 27, the girlfriend applied for the GNF grant for Employee 1's address.
4. Employee 1 and Employee 2 took applications from the Wells Park event and issued GNF grants at JMC which they were not authorized by PNM to do.
5. PNM accounts for Employee 1 and Employee 2 received a GNF grant and Employee 5 applied for a GNF grant which they did not qualify for.
6. Employee 1 and Employee 2 misused the Eviction Prevention Program to have disconnect notices removed from two PNM accounts.

OBJECTIVE

The objectives of the investigation were to determine:

- Is there evidence to support the allegation of falsifying documents?
- Is there evidence to support allegation of taking unauthorized GNF applications?
- Are there areas where FCSD could reduce the risk of fraud?

SCOPE

The scope of the investigation was limited to:

- FCSD Employees
- PNM
- Salvation Army
- Local Business
- January 2010 to June 2011

METHODOLOGY

The methodology used during our investigation consisted of:

- Analysis of available documents from the City and those provided by PNM.
- Interviews of City personnel and individuals involved in the GNF.

FINDINGS

The IG makes recommendations regarding areas noted during the investigation that we believe could improve the City's effectiveness, efficiency and compliance with administrative policies and applicable rules and regulations. These recommendations could prevent future fraud and provide controls that would detect fraud.

1. CITY EMPLOYEES WERE NOT AUTHORIZED TO ADMINISTER GOOD NEIGHBOR FUND ASSISTANCE AT THE CITY'S JOHN MARSHALL CENTER.

According to the PNM Manager, the October 27, 2010 Wells Park event was the only time City employees were allowed to accept and approve GNF applications. Employee 1 and Employee 2 took GNF forms from the Wells Park event and administered twelve GNF grants at JMC.

According to Employee 3, Employee 4 and the Volunteer who participated at the Wells Park event, it was understood that accepting and approving GNF applications was for the day of the event only.

RECOMMENDATION

FCSD should implement a policy to ensure when events are done with outside agencies that City employees are aware of the process and do not abuse the outside agencies benefit.

2. CITY EMPLOYEES WERE NOT ELIGIBLE TO RECEIVE GOOD NEIGHBOR FUND GRANTS FROM PNM.

Employee 2 from FCSD, JMC, applied for the GNF grant at JMC and the extreme amount of \$200 was paid towards her PNM bill which was more than the over-due balance. If Employee 2's GNF application would have been filled out correctly, her application would have been denied according to GNF income guidelines and the PNM Manager.

Employee 1 had her son's girlfriend put on her PNM account the day before the Wells Park event. The girlfriend applied for the GNF grant at the Wells Park event. Employee 1's account received the extreme amount of \$200 toward her PNM bill. When the girlfriend applied for the GNF grant, Employee 1's name should have been added to the application along with her income because her name is on the bill.

Employee 5 applied for the GNF grant at JMC and called PNM with the GNF code. With Employee 5's income she would not have qualified for the GNF grant. Although the GNF code was given to PNM, Employee 5's account never received credit from the GNF grant because her application was never received.

City employees were entrusted by PNM to accept and distribute GNF grants during the Wells Park event for low income families.

RECOMMENDATION

FCSD should determine if a policy is needed to prohibit employees from receiving funds from a program they administer or FCSD should implement a policy when working with outside agencies notifying employees of the steps to follow when an FCSD employee or family member of an FCSD employee want to apply for assistance.

3. THE EVICTION PREVENTION PROGRAM HAS INSUFFICIENT SUPERVISORY OVERSIGHT AND REVIEW.

Between December 2008 and November 2010, eight calls were made to PNM to give the "Eviction Prevention Program" code. Four calls were for FCSD Employee 1 address and four calls were for FCSD Employee 1 son's address. Records show Employee 1 calling at least twice for her son's account. Six of those calls were made in 2010. One Payment was made for \$100 on Employee 1's account. The other seven were never paid to PNM. The City's four Health and Social services Centers have guide lines for the program and use a form called Eviction Prevention Program Client Checklist to determine if a client is eligible for aid. The checklist states that the number of times a client can be helped with utility assistance in once. The calls did prevent disconnects on the accounts and payments towards balances was extended allowing additional time for both.

Personnel Rules and Regulations (Code of Conduct §301.12) states:

Employees are responsible for preventing loss, damage, abuse, misuse or theft of City property or property entrusted to the City including, but not limited to: artifacts, vehicles, equipment, tools, supplies and City records. All City property should be used only for City Business. City property may not be used for personal gain or profit.

The Eviction Prevention program is a federally funded program used to fund emergency eviction or utility disconnection. This program has insufficient supervisory oversight and review.

RECOMMENDATION

FCSD should ensure that employees who administer the Eviction Protection Program follow the Client Checklist.

FCSD should determine if a policy is needed to prohibit employees from receiving funds from a program they administer or FCSD should implement a policy and notify staff of the steps to follow when an FCSD employee or family member of an FCSD employee want to apply for services.

CONCLUSION

Based on our investigation, Employee 1, Employee 2 and Employee 5 abused PNM's GNF by granting each other GNF grants when they were not eligible to receive them. Employee 1 and 2 PNM accounts received improper funds due to their actions.

\$200.00 GNF grant was reversed on Employee 1's account due to applicant already listed for another premise and proof of income for Employee 1 was not included on application.

On March 17, 2011 the Salvation Army sent out letters to persons who had applied at the JMC, including Employee 2. They were given until March 24, 2011 to go to the Salvation Army and reapply or the GNF grant would be reversed from their PNM account. Three reapplied and two were granted GNF grants. Employee 2 never responded to the letter.

On March 25, 2011 Employee 5 was sent a letter to go to the Salvation Army with the necessary paperwork in order to receive the GNF grant. Employee 5 did not go to re-apply for the grant.

The City's Eviction Prevention Program was abused by City employees who are entrusted to help low income families and those in need.

PLEASE RESPOND IN WRITING TO THE OFFICE OF INSPECTOR GENERAL WITHIN 14 DAYS REGARDING WHAT ACTIONS, IF ANY, WILL BE TAKEN.

Exhibit 1

**PNM Good Neighbor Fund
Income Guidelines**

Size of Family Unit	Income limit per month	Income limit per year
1	1,354	16,245
2	1,821	21,855
3	2,289	27,465
4	2,756	33,075
5	3,224	38,685
6	3,691	44,295
7	4,088	49,905
8	4,626	55,515

150% of Poverty

For family units with more than 8 members add \$5,610 to the yearly amount for each additional person, or \$468 per person per month.

PNM Good Neighbor Fund

- The PNM Good Neighbor Fund provides financial assistance to qualified customers to help pay past due portions of the PNM electric bill, including bills that have been disconnected for non-payment.
- The fund does not assist with security deposits; reconnect fees, or debts from previous PNM accounts.
- It is administered throughout PNM service territory by the Salvation Army.
- The fund is made possible by contributions from PNM customers, employees and shareholders.
- The PNM Good Neighbor Fund is a year round program

Customers should bring with them:

- Proof of income for everyone in the home
 - A current PNM bill
 - A valid picture ID for all adult members in the home
 - Identification for children in the home such as a shot record
 - Documentation of financial hardship if the customer cannot qualify for LIHEAP or exceeds income guidelines
 - A signed third party form (or letter) if the account holder is not present and a copy of the account holders ID
- The Good Neighbor Fund cannot award a grant to a landlord on behalf of a tenant/applicant
 - No grants are paid to closed accounts
 - A customer may only receive a GNF grant once a calendar year

Principal Auditor/Investigator

REVIEWED AND APPROVED

APPROVED FOR PUBLICATION:

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Oversight Committee