



OFFICE OF INSPECTOR GENERAL
City of Albuquerque

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DATE: May 25, 2022

SUBJECT: Alleged procurement violations concerning one individual (the subject) including frivolous spending resulting in waste of City resources regarding the direct benefit of rearranging offices and the ensuing redecorating costs, improper disposal of assets, violations of policy for purchasing card usage, kickbacks/bribes, and requiring employees to work outside their class in the Warehouse/Fleet divisions.

FILE NO: 22-0030-C

INVESTIGATOR: M. Santistevan/P. Pacheco

STATUS: Closed

Informative Case Synopsis

On March 17, 2022, the Office of Inspector General (OIG) received information alleging 'procurement violations, including frivolous spending resulting in waste of City of Albuquerque (City) resources regarding the direct benefit of rearranging offices and the ensuing redecorating costs, improper disposal of assets, violations of policy for Purchasing card (P-card) usage, kickbacks/bribes, and requiring employees to work outside their class in the Warehouse/Fleet divisions. As a secondary review, look into the pricing of warehouse items as that allowed the division to have funds/budget to make these purchases for subject's use.'

Upon receiving this complaint, an assessment was conducted and the OIG determined that the allegations did rise to the level of potential fraud, waste, or abuse. The OIG initiated a case and began a fact-finding investigation. This complaint was investigated and was determined to be unsubstantiated regarding fraud, waste, or abuse.

According to City Ordinance 2-17-2, the Inspector General's goals are to (1) Conduct investigations in an efficient, impartial, equitable, and objective manner; (2) Prevent and detect fraud, waste, and abuse in city activities including all city contracts and partnerships; (3) Deter criminal activity through independence in fact and appearance, investigation and interdiction; and (4) Propose ways to increase the city's legal, fiscal and ethical accountability to insure that tax payers' dollars are spent in a manner consistent with the highest standards of local governments.

While conducting our fact-finding investigation, the OIG Investigator reviewed the information provided in the complaint, reviewed invoices, and P-card purchases, and researched ordinances, policies, and regulations. The OIG conducted information-gathering interviews with Warehouse/Fleet division employees. The OIG separated each allegation to assess validity.

The results of the OIG's assessment for each allegation are described below:

Allegation 1: The procurement of goods and spending by the subject amount to more than just a newly decorated office every few months.

The OIG could not substantiate allegation 1 concerning the subject. The fact-finding investigation did reveal that in March 2022, an area in the Warehouse was redesigned into three (3) cubicle offices to accommodate two staff that would be transitioning from the Warehouse division to the Fleet division due to the closure of the warehouse. An OIG review of purchases, made by the subject, did not reveal any personal benefit.

Allegation 2: Frivolous office rearranging and the ensuing redecorating costs directly benefited the subject.

The OIG could not substantiate allegation 2 concerning the subject's alleged frivolous purchases of office furniture and re-decorating directly benefited the subject. The fact-finding investigation did reveal that an area in the Warehouse was redesigned into three (3) cubicle offices to accommodate two staff that would be transitioning from the Warehouse division to the Fleet division due to the closure of the warehouse. Although an argument can be made that the redesign took warehouse space and converted it to additional offices for the Fleet division, the OIG could not determine any benefit to the subject. Allegation 2 is not substantiated.

Allegation 3: Improper disposal/reallocation of existing furniture.

The OIG could not substantiate allegation 3. The evidence identified during the fact-finding investigation indicated that the furniture purchased was used to set up new office spaces. Any existing furniture was used in other areas of the Fleet or Warehouse divisions or was processed as surplus. There was no evidence of improper disposal. Allegation 3 is not substantiated.

Allegation 4: P-card violations related to improper use, reporting, and reconciliation.

A review of the subject's P-card activity for the period January 1, 2020, to March 31, 2022, did not identify violations related to improper use, reporting, or reconciliation. The purchases appeared to comply with City policy and have prior approval. The OIG could not substantiate P-card violations, by the subject, related to the improper use, reporting, and reconciliation.

Allegation 5: Vendors paid kickbacks/bribes to the subject to have items in the warehouse.

There was no evidence identified during our fact-finding investigation that indicated the subject was engaged in or was the beneficiary of vendor paid kickbacks or bribes to have their items in the warehouse. Our fact-finding investigation revealed that the subject was disengaged from the Warehouse operations. The OIG could not substantiate allegation 5 as it related to the subject of the investigation. Allegation 5 is not substantiated.

Allegation 6: Union employees were required by the subject to work outside their class to move furniture.

During the fact-finding investigation, the OIG discovered that union employees did recently move furniture that was delivered to the warehouse. The warehouse employees moved the furniture to the specified office location and set up the furniture. It was noted that all of those interviewed stated that union employees have historically moved new furniture received and existing furniture. Some of those interviewed believed that this duty fell under “other duties as assigned” but did state that they had received feedback from employees that moving furniture was not in their job description. It was noted that a moving company is hired, at times, to perform these duties, instead of utilizing employees.

The job description does not explicitly address the moving of furniture so deciding whether moving furniture was within their duties was subjective and difficult. The OIG considered whether the furniture was a shipment to be received in the warehouse or whether the furniture was existing furniture to be moved, whether moving furniture was a past practice, and whether the move constituted participation in the disposal of surplus and salvage items.

Per the Union agreement, receiving and unloading incoming shipments; recording all inventory items by quantity; logging inventory on receiving documents; entering storage location in computer; returning incorrectly shipped items, and participating in the disposal of surplus or salvage items are listed as essential functions.

Given the facts and circumstances, the OIG determines that the allegation that union employees were required to work outside their class to move furniture is not substantiated. The OIG found that under the facts and circumstances presented, the evidence was inconclusive regarding the utilization of union employees to move existing furniture because there was no statement to indicate whether the furniture was surplus or salvage items. Allegation 6 is not substantiated.

Allegation 7: The pricing of warehouse items allowed the division to have funds/budget to make these purchases for the subject’s use.

The OIG’s review of the warehouse division’s budget to actual revenues and expenditures for fiscal years 2019, 2020, and 2021 revealed that the budgeted expenditures exceeded the budgeted revenues for each of the identified years. The City was subsidizing the internal service warehouse fund. The evidence does not suggest purchases were made for the subject’s use. The allegation that the pricing of the warehouse items allowed the division to have funds to make purchases for the subject’s use is not substantiated. Allegation 7 is not substantiated.

Based on the information and evidence obtained during our fact-finding investigation, the allegations regarding the subject are not substantiated, therefore, this case is being closed.