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**FINAL REPORT**

**SUBJECT:** Addendum to Report 24-0162-C/25-0034-C

*On April 9, 2025 the Accountability in Government Oversight Committee (AGOC) approved 3 reports and deferred 6 reports. Shortly after the AGOC requested and hired an outside firm, REDW, to conduct a Standards Assessment on all 9 reports.*

*The Office of Inspector General (OIG) has reviewed the Quality Standards Assessment, which should follow the Green Book standards for Inspectors General, and the issues identified by REDW in its assessment. The OIG concurs with certain issues noted and has subsequently made adjustments to internal processes to address them.*

*Due to the external review by REDW and the length of time that has passed, the OIG has determined to re-review each report to verify accuracy and incorporate any necessary updates. To ensure transparency and preserve the credibility of the OIG, the original reports will remain intact from the former Inspector General's reports. Any follow-up information will be provided through an addendum appended to each applicable report.*

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*Peter Pacheco*

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**PETER PACHECO**  
**INTERIM INSPECTOR GENERAL**  
**OFFICE OF INSPECTOR GENERAL**

January 15, 2026  
**Date of Completion**

Signed by:

*Esteban A. Aguilar, Jr.*

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**ESTEBAN A. AGUILAR, JR., ESQ.**  
**ACCOUNTABILITY IN GOVERNMENT**  
**OVERSIGHT COMMITTEE VICE-CHAIRPERSON**

2/19/2026 | 6:38 PM MST

**Date of Approval**

## TABLE OF CONTENTS

AUTHORITY AND DEFINITION.....	3
ALLEGATIONS.....	4
ALLEGATION 1.....	5
ALLEGATION 2.....	10
ALLEGATION 3.....	14
MANAGEMENT RESPONSE.....	15
EXHIBIT 1.....	16

## **AUTHORITY AND DEFINITION**

The Office of Inspector General's mission is to promote a culture of integrity, accountability, and transparency throughout the City of Albuquerque to safeguard and preserve public trust. Investigations, inspections, evaluations, and reviews are conducted following Association of Inspectors General Standards.

City Ordinance 2-17-2 states the “Inspector General's goals are to (1) Conduct investigations, inspections, evaluations, and reviews 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) Carry out the activities of the Office of Inspector General through independence in both fact and appearance, investigation and interdiction; and (4) Propose ways to increase the city's legal, fiscal and ethical accountability to ensure that tax payers' dollars are spent in a manner consistent with the highest standards of local governments.”

As defined in the Inspector General Ordinance § 2-17-3, “fraud is the knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. Waste is the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment of the City. Abuse is the use of resources or exercise of authority contrary to rule or policy, or knowingly inconsistent with any established mission or objectives for the resource, or the position held by the person exercising the authority. Abuse does not necessarily involve fraud or illegal acts.”

Investigative Informative Case Synopsis was completed on February 21, 2025 and presented to the AGOC on April 29, 2025 where it was heard and deferred.

**Allegations:**

- 1) Environmental Health Department (EHD) Associate Director (AD) violated the procurement process by directing employees to send requests for human feces disposal work to the contractor (C1) without adequate funds on the approved purchase order (PO).
- 2) The City took actions in contrast to the City Council resolution R-24-3 by subverting the contract by taking over the service and hiring temporary employees to clean up and dispose of infectious waste, human feces, and potentially infectious waste through the Solid Waste Department (SWD).
- 3) Abuse of position by some City Councilors due to their passion for the contractor's interest raises concern of personal stakes in this matter.

*NOTE: To expedite the release of this report, the Office of the Inspector General (OIG) separately requested applicable policies, procedures, and standard operating procedures and will be conducting an inspection of Personal Protective Equipment (PPE) compliance for City and temporary employees involved in the feces removal program. Although PPE compliance and overall program safety were not part of the original complaint, these issues were identified during the investigative process, and the original report included a recommendation related to training and safety. Accordingly, the OIG will conduct a separate review of the feces removal program to assess employee safety. The results of that review will be posted on the OIG website upon completion.*

**Allegation 1:**

EHD Associate Director violated the procurement process by directing employees to send requests for human feces disposal work to the C1 without adequate funds on the approved PO.

**Procedures Performed:**

- **Review of Report:** Conducted to determine what facts had already been gathered.
- **Review of R-24-3:** Conducted to understand the initial resolution passed by City Council.
- **Review of Invoices:** Conducted to verify and understand the accounting summary in the original report.
- **Review of Vouchers for Payment:** Verified payment and accounting dates for each invoice provided by C1.
- **Verification of Payments Made to C1:** Verified the spending on the initial dollar amount established by R-23-4 compared to Payment Reference IDs with corresponding Voucher and Invoice Numbers.
- **Consultation with Subject Matter Experts:** Spoke with the Chief Procurement Officer and Procurement Administrator, as well as the Accounting Manager separately to verify findings identified by OIG to discuss the identified data.

## Evidence:

- **Contracts:** Two contracts between the City and C1 were identified:
  - **SHR000023074:** Executed March 20, 2024, covering March 20, 2024 through March 18, 2025, with a contract maximum of \$100,000.
  - **SHR000023114:** Executed May 13, 2024, covering May 13, 2024 through May 12, 2028, with no stated contract maximum.
- **Invoices:** A total of **65 invoices** were submitted by C1 to the City between April 4, 2024, and June 19, 2025. Total amount paid to C1 for the 65 invoices totaled \$353,324 (pre-tax).
- **Payments:** Payment voucher reference numbers and payment dates were identified for all invoices paid to C1.
- **Purchase Orders:** The purchase orders used to pay C1 were identified and reviewed.

## FISCAL YEAR 2024 PURCHASE ORDERS

- **ENH0011857:** The numbers below are stated pre-tax amounts<sup>1</sup>.
  - **March 20, 2024 - Original Purchase Order:** \$100,000
  - **April 16, 2024 - Change Order 1<sup>2</sup>:** Decreased to \$45,000
  - **May 10, 2024 - Change Order 2:** Increased to \$65,000

Between April 4, 2024 and May 16, 2024, seven invoices were billed totaling \$59,755 pre-tax (\$64,308.33 tax included).

- **ENH0011890:** The numbers below are stated pre-tax amounts.
  - **May 23, 2024 - Original Purchase Order:** \$35,000

Between May 29, 2024 and June 18, 2024, four invoices were billed totaling \$32,517.50 pre-tax (\$34,995.33 tax included).

## Post Purchase Order (PPO)<sup>3</sup>

On July 25, 2024, the Office of the Inspector General (OIG) identified an after-the-fact change order submitted through Post Purchase Order (PPO) Form 10995 proposing an increase to the purchase order in the amount of \$13,097.65. PPO Form 10995 reflected an entry date of July 24, 2024.

PPO Form 10995 included the following information:

- **Department Response:** The Deputy Director (AD) was notified on June 12, 2024, that \$7,574 remained available on the purchase order. Despite this notification, services continued from June 17, 2024, through June 27, 2024. The response acknowledged that the

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<sup>1</sup> Purchase Orders are reduced by expense line item and do not initially include tax.

<sup>2</sup> **Change Order:** A valid increase for the contract amount. Done prior to any charges being made to the purchase order.

<sup>3</sup> **Post Purchase Order (PPO):** An increase to the contract amount, done after a charge was made to the purchase order which resulted in the purchase order being over charged. The PPO documents the over charge and ratifies the original purchase.

Deputy Director did not adequately monitor contractor activity and allowed services to continue beyond the available purchase order balance.

- **Director Response:** The Director stated that steps would be taken to ensure the Deputy Director complies with Purchasing Rules and Regulations.
- **Purchasing Division Comments:** The Purchasing Division recommended that the Department implement a formal contract management process to prevent similar issues from occurring in the future.

In subsequent discussions with the Chief Procurement Officer (CPO), the OIG was informed that PPO Form 10995 was denied due to the absence of a supporting invoice at the time of submission. The CPO stated that a new PPO should have been submitted; however, no additional PPO was filed. As a result, the purchase order funding remained at \$35,000.

The OIG identified four invoices billed to the purchase order between May 29, 2024, and June 18, 2024, totaling \$34,995.33, including tax. Total expenditures recorded under the purchase order were \$32,517.50, which was within the approved purchase order amount.

This information is noted to document that the Purchasing Division was aware of the issue and issued a recommendation to the department.

#### FISCAL YEAR 2025 PURCHASE ORDER

- **ENH0011915:** The numbers below are stated pre-tax amounts.
  - **July 9, 2024 - Original Purchase Order:** \$200,000
  - **October 22, 2024 - Change Order 1:** Increased to \$220,000.
  - **November 20, 2024 - Change Order 2:** Increased to \$280,000.

Between July 8, 2024 and June 19, 2025, 54 invoices were billed totaling \$261,051.50 pre-tax (\$280,943.62 tax included).

#### Post Report Interview – City Chief Procurement Officer and Procurement Administrator

The OIG met with the CPO and Procurement Administrator (PA) to discuss payments to C1 for services that were identified in the original report. The OIG presented the original list of charges, which were identified by date of service, and asked whether the charges should instead be based on the invoice date. The CPO and PA confirmed that charges should be recorded based on the invoice date, noting that the invoice date reflects when the City is billed.

The OIG inquired whether the full \$100,000 authorized under Resolution R-24-3 was available on PO ENH00011857. The CPO stated that the funds were available under the contract and approved for that fiscal year, and that the issuance and structuring of the PO is determined by the department.

The OIG asked about Post Purchase Order (PPO) 10995 dated July 24, 2024. The CPO and PA explained that a PPO is initiated by the department and approved through the PeopleSoft workflow to allow payment for services already provided. The CPO stated that a PPO documents the circumstances of the transaction and allows the department to properly make payment.

Regarding Contract SHR000023114, which listed a contract maximum of \$0.00, the CPO stated that contracts without a stated maximum are established through a set-price agreement from the vendor. The OIG also requested clarification on Purchase Order Releases (PORs). The CPO stated that a POR is a release issued against an existing contract with an approved procurement methodology.

The PA stated that PeopleSoft has commitment controls that prevent purchase orders from being issued without sufficient funds to cover the obligation. The PA further stated that departments may reallocate funds within their budgets to cover purchase orders and that this is a common departmental practice.

### **Post-Report Interview and Communication – Accounting Manager**

On November 3, 2025, the OIG interviewed Accounting Manager 1 (AM 1) regarding payments made to C1 for services provided that were identified in the original report. AM 1 confirmed that charges should be recorded based on the **invoice date**, not the date services were rendered.

AM 1 explained that POs may be increased or decreased through change orders and that each PO is managed independently, even when issued under the same contract. AM 1 further stated that PeopleSoft will process invoice payments only up to the maximum authorized PO amount unless corrective action is taken. According to AM 1, corrective actions include issuing a change order to increase the PO amount or, if the invoice is the final invoice for the PO, requesting an override exception to allow the PO to be overdrawn and reconciled in the General Ledger and departmental budget. AM 1 stated that no override exceptions were used for the POs reviewed.

Regarding Invoice 112, AM 1 stated the invoice was charged under FY25 PO ENH00011915 because the PO was already created based on the date of Invoice 112 for a total of \$200,000 and when processed there were no prior expenditures and the amount spent on the new PO was \$0.00. AM 1 stated that other POs did not factor into the payment of Invoice 112.

During its review, the OIG identified an August 8, 2024 email from the Environmental Health Department Fiscal Manager to a DFAS Finance Technician stating that Invoice 112 had been charged to the incorrect PO. The email indicated that the invoice was related to FY24 services but was charged to an FY25 PO. The OIG verified that the charge was not corrected as requested.

The OIG contacted AM 1 to determine why the requested correction was not completed. After review, AM 1 stated that the failure to change the PO was an oversight, despite the documented request.

AM 1 provided Accrual Journal Entry ACCFY24027. The OIG reviewed the journal entry and identified that Invoice 112, in the full amount of \$20,671.65, was accrued to FY24 on lines 15 and 16 of the entry.

### **Analysis:**

In the original report, expenditure data were calculated using individual line items for dates of service rather than the total invoice amounts submitted and date received by the City for payment. As a result, the amounts reported as expended against each PO were misstated. Review of the

original report spreadsheet revealed that invoice amounts applied to the POs improperly included tax, which caused the remaining balances to appear lower than the actual available amounts. When reconciling invoices to purchase orders, tax should be deducted if it was not included in the original purchase order amount.

Contract SHR000023074 was executed between the City and C1 on March 20, 2024, with a contract term of March 20, 2024 through March 18, 2025. The contract's maximum value, as authorized under Resolution R-24-3 approved by City Council on February 21, 2024, was \$100,000.00.

Partial funding for Contract SHR000023074 was provided through Purchase Order (PO) ENH001857, which included two approved change orders resulting in a net reduction of the original fiscal year 2024 budget of \$100,000.00 to \$65,000.00. A total of seven invoices, dated between April 4, 2024 and May 16, 2024, were billed to this PO, with total payments amounting to \$59,755 pre-tax.

The fiscal year 2024 was also partially funded through PO ENH0011890. Four invoices, dated between May 29, 2024 and June 18, 2024, were billed to this PO, totaling \$34,995.33 in payments.

Contract SHR000023114 was executed between the City and C1 on May 13, 2024, with a contract term from May 13, 2024 through May 12, 2028. The contract listed a maximum value of \$0.00. The OIG sought clarification from the CPO regarding this amount.

*A \$0.00 "maximum" means there is no cap on the contract. There is no "maximum" spend. Usually for an RFB, they provide a price agreement with a fixed price per item. It's up to the department's needs and budget on how much they spend.*

The OIG verified that C1 had provided fixed unit pricing in its quote to the City, which was included as Attachment A in the initial Contract SHR000023074.

### **Conclusion:**

Based on the procedures performed, evidence reviewed, and analysis conducted, the OIG concludes that **Allegation 1 is partially substantiated**<sup>4</sup>.

Allegation 1 asserted that the EHD former Associate Director (AD) violated the procurement process by directing employees to send requests for human feces disposal services to contractor C1 without adequate funds encumbered on an approved purchase order. The OIG's review of contracts, purchase orders, invoices, vouchers, management documentation, and interviews identified instances where contractor services continued while available purchase order balances were insufficient to cover additional work.

Specifically, documentation associated with PPO Form 10995 reflects that the Deputy Director (AD) was notified on June 12, 2024, that only \$7,574 remained available on Purchase Order

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<sup>4</sup> A finding of **partially substantiated** means that some aspects of the allegation were supported by the evidence reviewed, while other aspects were not. In this case, the review identified certain procedural or control issues related to the allegation; however, the evidence did not support all elements of the allegation as originally stated, nor did it indicate intentional wrongdoing.

ENH0011890. Despite this notification, services continued from June 17, 2024, through June 27, 2024. The department's response acknowledged that contractor activity was not adequately monitored and that services were allowed to continue beyond the remaining purchase order balance. Purchasing Division comments further recommended the implementation of a formal contract management process to prevent similar occurrences in the future.

However, the OIG also determined that total expenditures under the applicable purchase orders did not ultimately exceed the approved purchase order amounts. The PPO associated with Form 10995 was denied due to the absence of a supporting invoice, and no subsequent PPO was submitted. As a result, funding for Purchase Order ENH0011890 remained at \$35,000, with total pre-tax expenditures of \$32,517.50, which was within the approved budget. The OIG confirmed that all invoices reviewed were paid only when sufficient purchase order authority existed or after appropriate accounting adjustments were made.

Interviews with the Chief Procurement Officer, Procurement Administrator, and Accounting Manager confirmed that PeopleSoft commitment controls prevent invoices from being paid in excess of authorized purchase order amounts, but do not prevent departments from directing work when remaining balances are low. This creates a risk of after-the-fact procurement actions, such as PPOs or change orders, when contractor services continue without sufficient encumbered funds.

In conclusion, while the OIG did not find evidence that the former EHD Associate Director intentionally circumvented procurement rules or caused payments to be made without proper authorization, the continuation of contractor services without verified available purchase order funding represents a breakdown in procurement oversight and contract monitoring. Accordingly, the allegation is **partially substantiated**.

### **Original Finding:**

After review of the payment information to C1, the following original finding has been retracted:

*“AD directed employees to send work to the contractor despite having inadequate funding on the approved purchase orders resulting in EHD overspending the purchase orders by twenty-nine thousand six hundred seventy-two dollars and seventeen cents (\$29,672.17) between June 18, 2024, and July 8, 2024, thus violating Article 5 Public Purchases by not having an approved purchase order before services are performed.”*

### **Addendum Report Finding:**

The OIG found that contractor services were, at times, directed when remaining purchase order funding was limited, resulting in after-the-fact procurement actions, although no payments were made in excess of approved purchase order amounts.

### **Recommendation:**

The OIG recommends that the Environmental Health Department strengthen internal controls and implement improved contract management practices to ensure compliance with Purchasing Rules and Regulations.

**Allegation 2:**

The City took actions in contrast to the City Council resolution R-24-3 by subverting the contract by taking over the service and hiring temporary employees to clean up and dispose of infectious waste, human feces, and potentially infectious waste through the Solid Waste Department (SWD).

**Procedures Performed:**

- **Review of R-24-3:** Conducted to understand the initial resolution passed by City Council.
- **Consultation with Subject Matter Experts:** Spoke with the Chief Procurement Officer (CPO) and Accounting Manager (AM 1)
- **Review of Department Response Legal Opinion of R-24-3:** Legal opinion from the City Attorney referenced in the Departments original Management Response.
- **Communication with OIG Independent outside Counsel:** Legal opinion related to this allegation.
- **Review of Invoices:** Conducted to verify and understand the accounting summary in the original report.
- **Review of Vouchers for Payment:** Verified payment and accounting dates for each invoice provided by C1.
- **Verification of Payments Made to C1:** Verified the spending on the initial dollar amount established by R-23-4 compared to Payment Reference IDs with corresponding Voucher and Invoice Numbers.

**Evidence:**

The Purchase Orders (POs), invoices and payments have been broken down by PO. See Exhibit 1.

- **Contracts:** Identified the following contracts:
  - **SHR000023074:** Initial contract between the City and C1 for a Maximum of \$100,000.00.
  - **SHR000023114:** Subsequent Contract between the City and C1 with no Contract Maximum.
- **Purchase Orders (PO) for C1:** Identified the following POs:
  - **ENH0011857:** Initial Purchase Order for \$100,000
    - **Change Order 1:** Reduced the PO to \$45,000
    - **Change Order 2:** Increased the PO to \$65,000
  - **ENH0011890:** Subsequent Purchase Order for \$35,000
- **Emails:** To review communications pertinent to investigation.

**Post Report Communication – City Attorney**

The following EHD management response found in the original report states: “Due to the high cost of maintaining the program, EHD decided to pursue a more cost-effective means to respond to calls regarding feces. Before considering other alternatives, the City Attorney was asked for an opinion regarding the requirement of a contractor in the original resolution. She advised that the requirement to use a contractor applied only to the original \$100,000 allocated in R-24-

3. Moreover, EHD had the authority to determine whether work should be performed by employees or contractors.”

The OIG asked the City Attorney to provide a copy of the opinion. The City Attorney replied: “I have looked through my email and it appears I did not give a written opinion. I had a meeting with the EHD 1 and provided my analysis of the Resolution. The Resolution allocated \$100,000 to EHD and required the administration to do the following: 1) to create a program for the removal of human feces; 2) to work with a contractor; and 3) create a mechanism for the public to report human feces. EHD performed each of these tasks. It worked with a contractor to create and implement a program. It set up a reporting system through 311. It then spent all of the allocated funds on the contract services, and then spent additional money allocated for human waste removal on contract services. After those funds expired, the administration began using City staff, including staff from Solid Waste, to remove human waste. Nothing in the Resolution prevented the administration from doing so. The Resolution did not require the administration to use the program for the removal of all human waste or prevent the administration from using other resources to remove human waste. The Resolution also did not require the administration to continue using the contractor indefinitely, even after the allocated funds had been exhausted. Nor could it. The City Charter grants the Mayor the right to determine staffing and to organize the government. The Mayor, therefore, has the authority to decide which Departments perform specific tasks and to decide whether those tasks are performed by employees or contractors.”

### **Emails:**

The OIG reviewed EHD management email correspondence from April through July 2024. These communications show EHD’s awareness that the feces removal program was incurring high costs and that available funding would be depleted rapidly.

In late April 2024, EHD staff reported that contract expenditures were approximately \$25,000 per week and that the initial \$100,000 contract would likely be exhausted within two weeks. In early May 2024, EHD staff discussed placing 311 calls “on hold” until a new contract was in place; however, management stated that services could not be paused and emphasized the need to continue the program without interruption.

On May 7, 2024, EHD staff estimated that at a rate of \$15,000–\$20,000 per week, available funding would be depleted in less than 30 days and stated that EHD would need a plan to either continue funding the work or shut the project down in mid-June. On May 9, 2024, management indicated that Solid Waste would contribute funds so EHD could continue “business as usual.”

On May 10, 2024, EHD management requested guidance from the Director of DFAS regarding potential cost-saving measures, noting that program costs could exceed budgeted funds and estimating that annual costs could reach up to \$250,000.

In June 2024, EHD fiscal staff warned management that the Council appropriation was nearly exhausted and stated: “Council only appropriated \$100k and we are not to go over that budget amount. There are no additional funding sources in EHD to cover any over spending.”

The OIG determined these communications demonstrate that EHD management was aware of the program’s expenditure rate, the risk of funding depletion, and the potential for expenditures to

exceed available appropriations, while simultaneously directing that services continue without interruption.

**Analysis:**

Allegation 2 alleges that the City acted in contrast to City Council Resolution R-24-3 by subverting the approved contract and assuming responsibility for human waste removal services through the SWD including the use of temporary employees to clean up and dispose of infectious waste, human feces, and potentially infectious waste.

The OIG reviewed contract documents, purchase orders, payment records, management responses, internal memoranda, and legal interpretations related to the City's human waste removal program and the involvement of SWD.

Contract SHR000023074 was executed between the City and contractor C1 on March 20, 2024, for the period of March 20, 2024, through March 18, 2025, with a contract maximum of \$100,000.00. This contract was authorized by City Council through Resolution R-24-3, passed on February 21, 2024. The contract was funded through Purchase Orders ENH001857 and ENH0011890. Seven invoices totaling \$59,755 pre-tax were paid under PO ENH001857 between April 4, 2024, and May 16, 2024, and four invoices totaling \$32,517.50 pre-tax were paid under PO ENH0011890 between May 29, 2024, and June 18, 2024. The OIG confirmed that total payments for FY 24 amounted to \$92,272.50 pre-tax, which did not exceed the \$100,000.00 authorized by City Council.

Beginning with Invoice 112 dated July 8, 2024, C1's services started being billed to PO ENH0011915 under Contract SHR000023114, which established a price agreement and was not authorized through Resolution R-24-3 or Contract SHR000023074. The OIG further identified that C1 was paid a total of \$353,324 pre-tax across 65 invoices dated from April 4, 2024, through June 19, 2025, for human waste removal services funded through multiple purchase orders and contractual mechanisms. Although C1 remained under contract with the City during this period, the OIG noted that the volume of work performed by C1 declined over time.

The OIG identified the following excerpt from the Management Response found in the original report:

*“Due to the high cost of maintaining the program, EHD decided to pursue a more cost-effective means to respond to calls regarding feces. Before considering other alternatives, the City Attorney was asked for an opinion regarding the requirement of a contractor in the original resolution. She advised that the requirement to use a contractor applied only to the original \$100,000 allocated in R-24-3. Moreover, EHD had the authority to determine whether work should be performed by employees or contractors.”*

The OIG requested the opinion referenced in the Management Response from the City Attorney. The City Attorney stated that no written opinion was located and summarized prior verbal guidance.

The City Attorney stated that Resolution R-24-3 allocated \$100,000 to EHD to establish a human waste removal program, work with a contractor, and create a public reporting mechanism. The City Attorney stated that EHD fulfilled these requirements, expended the allocated funds on contract services, and subsequently used City staff to perform the work. The City Attorney stated that the Resolution did not require continued use of a contractor and did not restrict the Mayor's authority under the City Charter to determine staffing and departmental responsibilities.

The OIG also requested an independent legal review of Resolution R-24-3 by OIG outside counsel. The independent outside review reached similar conclusions of the resolution; R-24-3 does not require C1 to be the sole provider of this service; nor does the resolution prohibit the City from performing these services through other means.

### **Conclusion:**

Based on the procedures performed, evidence reviewed, and analysis conducted, the OIG concludes that the allegation that the City acted in contrast to City Council Resolution R-24-3 by subverting the contract and improperly taking over the service through City staff is **not substantiated**.

City Council Resolution R-24-3 appropriated \$100,000 to the EHD and required the department to (1) create a program for the removal of human feces, (2) work with a contractor, and (3) establish a public reporting mechanism. The OIG determined that EHD satisfied each of these requirements. The City entered into Contract SHR000023074 with contractor C1, established a 311 reporting mechanism, and expended \$92,272.50 of the \$100,000 appropriated by City Council through R-24-3 on contractor services between April 4, 2024, and June 18, 2024.

The OIG's review of purchase orders, invoices, vouchers, and payment records confirmed that expenditures under R-24-3 remained within the authorized appropriation and were supported by valid contractual instruments. The City's use of additional purchase orders and subsequent contract SHR000023114 occurred after the initial R-24-3 funds were substantially exhausted and was not prohibited by the resolution.

Email correspondence reviewed by the OIG demonstrates that EHD management was aware of the rapid depletion of the appropriated funds and actively sought to prevent service interruptions while remaining within budgetary constraints. Communications also show coordination with the EHD, and SWD regarding continuity of service once the original funding was nearing exhaustion.

Both the City Attorney and the OIG Attorney reviewed Resolution R-24-3 and reached similar conclusions. Specifically, R-24-3 did not require the City to use a contractor indefinitely, did not designate C1 as the exclusive provider of feces removal services, and did not prohibit the City from using City employees or other departments to perform the work once the appropriated funds were exhausted.

Accordingly, the OIG finds that the City's decision to utilize SWD staff and temporary employees to perform feces and waste removal after the exhaustion of R-24-3 funds was within its legal authority and did not constitute a violation of the resolution. While the OIG notes operational and fiscal challenges associated with the high cost of the program and the rapid depletion of available

funding, these issues do not, based on the evidence reviewed, rise to the level of noncompliance with R-24-3.

**Original Finding:**

After review of the above identified evidence the following Finding from the original report has been **retracted**:

*AD engaged with C1 to learn the process, methodology, and business model of C1 and then began to provide the service through the Solid Waste Department and the Environmental Health Department by utilizing employees from a temporary agency prompting concern about the safety of the employees, the proper use of personal protective equipment (PPE), and significantly reducing the work performed under the previously negotiated contract resulting in non-compliance with City Resolution R 24-3.*

**Recommendation:**

In an effort to promote transparency and mutual understanding with business partners, the City and its employees would benefit from maintaining clear and open communication with contractors, particularly when implementing changes that may significantly affect a contract.

**Allegation 3:**

Abuse of position by some City Councilors due to their passion for the contractor’s interest raises concern of personal stakes in this matter.

**Procedures Performed:**

**Review of Interview Notes with City Councilors:** Conducted to identify what facts had been gathered.

**Evidence:**

**Interview with CC1:** Interview completed with CC1 regarding R-23-4 and their personal relationship with C1.

**Interview with CC2:** Interview completed with CC2 regarding R-23-4 and their personal relationship with C1.

**Interview with CC3:** Interview completed with CC3 regarding R-23-4 and their personal relationship with C1.

**Interview with CC4:** Interview completed with CC4 regarding R-23-4 and their personal relationship with C1.

**Analysis:**

Allegation 3 asserted that certain City Councilors abused their positions due to a passion for the contractor’s interests, raising concerns that they may have had personal stakes in the contractor’s business. To evaluate this allegation, the OIG reviewed interview notes from interviews conducted with four City Councilors (CC1, CC2, CC3, and CC4) regarding their involvement with Resolution

R-23-4 and any personal or financial relationships with contractor C1. The OIG did not identify any instances that gave the appearance that these City Councilors had any personal stakes in C1's business.

The OIG's review of these interviews did not identify evidence that any of the interviewed City Councilors had personal, financial, or other undisclosed interests in C1's business. Additionally, the OIG did not identify statements or actions indicating that any City Councilor used their position to advance the contractor's interests for personal gain.

**Conclusion:**

The OIG finds no evidence to support the allegation that City Councilors abused their positions or had a personal stake in relation to this contractor and this matter.

Based on the evidence reviewed, the OIG maintains that Allegation 3 is not substantiated, as was the finding in the original report.

**Management Response:**

The Environmental Health Department has received the addendum report for investigation 24-0162-C/25-0034-C.

In response to the finding that allegation one is partially substantiated, the OIG originally inquired about feces removal program expenditures on 08/14/2024. I replied via email on 08/20/2024, explaining actions taken and documentation generated. Of note is the original memo, attached to this correspondence, explaining why EHD decided to continue service, as additional funds were added.

*As noted in your review, in conclusion, while the OIG did not find evidence that the former EHD Associate Director intentionally circumvented procurement rules or caused payments to be made without proper authorization, the continuation of contractor services without verified available purchase order funding represents a breakdown in procurement oversight and contract monitoring. Accordingly, the allegation is partially substantiated.'*

EHD's position is that no breakdown existed. The exigency of the need should have prompted our fiscal manager at the time to request an emergency purchase order. That was not completed. Due to the acute public safety threat that would ensue from a pause to the program, feces removal continued unabated as the purchase order was updated.

As EHD stated in response to 24-122-C, this allegation does not constitute fraud, waste, or abuse. The misstep in this instance reflects an opportunity for process improvement.

Because allegations two and three were found to be not substantiated, no additional responses are necessary.

**Exhibit 1****PO ENH0011857**

Invoice Date	Invoice Number	Invoice Amount (Pre-Tax)	Payment Date	Running Total
3/20/2024	PO 11857 - Max	\$100,000.00	3/20/2024	\$100,000.00
4/4/2024	100	\$6,035.00		\$93,965.00
4/11/2024	101	\$1,617.50	5/24/2024	\$92,347.50
4/16/2024	Change Order 1 - 11857	\$55,000.00	4/16/2024	\$37,347.50
4/18/2024	102	\$2,692.50	5/24/2024	\$34,655.00
4/25/2024	104	\$14,730.00	5/24/2024	\$19,925.00
5/3/2024	105	\$13,815.00	5/31/2024	\$6,110.00
5/7/2024	106	\$2,895.00	5/20/2024	\$3,215.00
5/10/2024	Change Order 2 - 11857	\$20,000.00	5/10/2024	\$23,215.00
5/16/2024	107	\$17,970.00	6/14/2024	\$5,245.00

**PO ENH0011890**

Invoice Date	Invoice Number	Invoice Amount (Pre-Tax)	Payment Date	Running Total
5/23/2024	PO 11890 - Including PPO	\$35,000.00	5/23/2024	\$35,000.00
5/29/2024	108	\$12,667.50	6/28/2024	\$22,332.50
6/5/2024	109	\$13,458.50	7/5/2024	\$8,874.00
6/13/2024	110	\$5,221.50	7/12/2024	\$3,652.50
6/18/2024	111	\$1,170.00	7/18/2024	\$2,482.50

**PO ENH0011915**

Invoice Date	Invoice Number	Invoice Amount (Pre-Tax)	Payment Date	Running Total
7/8/2024	112	\$19,208.00	8/12/2024	\$19,208.00
7/9/2024	POR for PO 11915	\$200,000.00	-	\$180,792.00
7/11/2024	113	\$10,864.00	8/9/2024	\$169,928.00
7/11/2024	114	\$2,052.50	8/9/2024	\$167,875.50
7/23/2024	115	\$7,069.50	8/22/2024	\$160,805.99
7/23/2024	116	\$3,661.00	8/22/2024	\$157,144.99
7/26/2024	117	\$1,468.00	8/23/2024	\$155,676.99
8/6/2024	118	\$22,469.00	9/5/2024	\$133,207.99
8/7/2024	119	\$1,168.50	9/6/2024	\$132,039.49
8/15/2024	120	\$6,439.50	9/13/2024	\$125,599.99
8/22/2024	121	\$18,008.00	9/20/2024	\$107,591.99
8/22/2024	122	\$683.00	9/20/2024	\$106,908.99
8/29/2024	123	\$10,288.50	9/27/2024	\$96,620.50
8/29/2024	124	\$1,708.50	9/27/2024	\$94,912.00
8/29/2024	125	\$735.00	9/27/2024	\$94,176.99
9/13/2024	126	\$16,882.00	10/11/2024	\$77,294.99
9/13/2024	127	\$4,107.00	10/11/2024	\$73,187.99
9/20/2024	128	\$8,201.00	10/18/2024	\$64,986.99

9/20/2024	129	\$390.50	10/18/2024	\$64,596.49
9/26/2024	130	\$8,159.50	10/25/2024	\$56,436.99
9/26/2024	131	\$1,714.00	10/25/2024	\$54,722.99
10/3/2024	132	\$7,275.00	11/1/2024	\$47,447.98
10/3/2024	133	\$1,374.50	11/1/2024	\$46,073.48
10/10/2024	134	\$8,112.50	11/12/2024	\$37,960.98
10/10/2024	135	\$1,277.00	11/12/2024	\$36,683.98
10/17/2024	136	\$9,923.00	11/15/2024	\$26,760.98
10/17/2024	137	\$1,371.50	11/15/2024	\$25,389.48
10/22/2024	Change Order 1 - 11915	\$20,000.00		\$45,389.48
10/24/2024	138	\$12,253.00	12/2/2024	\$33,136.48
10/24/2024	139	\$788.50	12/2/2024	\$32,347.98
10/31/2024	140	\$9,877.00	12/2/2024	\$22,470.98
10/31/2024	141	\$493.00	12/2/2024	\$21,977.98
11/8/2024	142	\$10,031.50	12/6/2024	\$11,946.48
11/14/2024	143	\$7,207.50	12/17/2024	\$4,738.98
11/14/2024	144	\$886.50	12/18/2024	\$3,852.48
11/20/2024	Change Order 2 - 11915	\$60,000.00		\$63,852.48
11/22/2024	145	\$4,818.50	12/20/2024	\$59,033.98
11/22/2024	146	\$591.00	12/20/2024	\$58,442.98
11/29/2024	147	\$8,387.00	1/12/2025	\$50,055.98
11/29/2024	148	\$395.00	1/12/2025	\$49,660.98
12/6/2024	149	\$6,704.50	1/12/2025	\$42,956.49
12/6/2024	150	\$635.00	1/12/2025	\$42,321.48
12/16/2024	151	\$4,800.00	1/16/2025	\$37,521.48
12/26/2024	153	\$5,497.50	1/26/2025	\$32,023.98
1/21/2025	154	\$1,128.00	2/20/2025	\$30,895.99
2/6/2025	155	\$1,569.00	3/7/2025	\$29,326.98
2/20/2025	156	\$1,374.50	3/21/2025	\$27,952.48
3/6/2025	157	\$981.00	4/4/2025	\$26,971.48
3/13/2025	158	\$591.00	4/11/2025	\$26,380.49
3/20/2025	159	\$591.00	4/18/2025	\$25,789.49
3/27/2025	160	\$886.50	5/2/2025	\$24,902.99
4/3/2025	161	\$931.00	5/2/2025	\$23,971.99
4/24/2025	162	\$2,068.50	5/28/2025	\$21,903.49
5/2/2025	163	\$591.00	5/30/2025	\$21,312.50
5/9/2025	164	\$591.00	6/6/2025	\$20,721.50
6/5/2025	165	\$591.00	7/3/2025	\$20,130.51
6/19/ 2025	166	\$1,182.00	7/29/2025	\$18,948.50