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OFFICE OF INSPECTOR GENERAL
City of Albuquerque

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FINAL REPORT

SUBJECT: Addendum to Report 24-0144-C

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

August 29, 2026
Date of Completion

Signed by:
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ESTEBAN AGUILAR, JR
ACCOUNTABILITY IN GOVERNMENT
OVERSIGHT COMMITTEE CHAIR

September 23, 2026
Date of Approval

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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.”

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Investigative Informative Case Synopsis was completed on October 16, 2024 and presented to the AGOC on April 29, 2025 where it was heard and deferred.

Allegations:

On May 29, 2024, the OIG received a complaint alleging overbilling of the independent monitoring contract to the City based on the Department of Justice (DOJ) agreement. The allegation further stated that the City paid the overbillings.

Background:

On January 20, 2015, the court appointed an Independent Monitor pursuant to the Settlement agreement between the United States of America and the City of Albuquerque.

On April 13, 2015, the United States District Court entered a Stipulated Order between the United States of America and the City of Albuquerque, joined by the court-appointed Independent Monitor. The Stipulated Order established the Independent Monitor's Office and addressed the payment of monitoring expenses to ensure the Independent Monitor had the support, resources, and independence necessary to carry out his duties under the Court-Approved Settlement Agreement (CASA).

According to the Stipulated Order, the annual operating budget period for the Independent Monitor's Office would run from January 20 to January 19 of each year for the life of the settlement agreement. The initial period of the stipulated order would be four years, 2015 through 2018, unless terminated before the end of the term or extended as outlined in the agreement.

Year 1: $1,463,589 Year 2: $1,457,832
Year 3: $ 799,487
Year 4: $ 799,607
Total $ 4,520,515

The Stipulated Order with the Independent Monitor would go beyond the initial four years stated in the settlement agreement and the contract would go through June 2025.

Procedures Performed:

- **Review of Original Report:** A review of the original report was conducted to identify the facts previously gathered.
- **Review of Previously Collected Data:** Prior data collected for the original report was examined to develop an understanding of the information already obtained.
- **Review of Stipulated Order:** Reviewed to gain an understanding of the fund.
- **Review of Contract, Amendments, and Budgets:** To identify and assess the contractual terms, amendments, approved budgets, and changes in compensation during the Independent Monitor's period of performance.
- **Review of Purchase Orders, Invoices:** Reviewed to match invoices to purchase orders
- **Review of DSS Tables, Payments:** The City has multiple locations to verify payments

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- **Communications with Pertinent Parties:** To obtain relevant information for addendum investigation.

Evidence:

- **Stipulated Order**
- **Invoices**
- **Communication with pertinent parties (to include discussion of Year 5 monthly variances with City Administration and the Independent Monitor)**
- **Annual Budgets and Annual Budget Narratives**

Year 1 (2015)

For the period January 20, 2015 through January 19, 2016, the approved budget was **$1,463,589.** Actual payments totaled **$1,463,589**, resulting in the full expenditure of authorized funds with no remaining balance.

Year 2 (2016)

For the period January 20, 2016 through January 19, 2017, the approved budget was $1,457,832. Actual payments totaled $1,457,832 resulting in the full expenditure of authorized funds with no remaining balance.

Year 3 (2017)

For the period January 20, 2017 through January 19, 2018, the approved budget was $799,487. Actual payments totaled $799,487.04, resulting in an overage of $0.04 above the approved budget amount.

Year 4 (2018)

For the period January 20, 2018 through January 19, 2019, the approved budget was **$799,607**. Actual payments totaled **$799,607**, fully expending the approved funding allocation.

Year 5 (2019)

For the budget period of January 20, 2019, through January 19, 2020, the Year Five Budget Narrative was **$1,529,923**. However, the budget documentation contained a handwritten notation wanting the total changed from the $1,529,923, stating, "Please add **$1,602,063.00**." Per discussion with City Administration, the $72,133 difference in these two amounts represents a correction to the original budget amount of $133,504.25 per month, as compared to the $127,493.58 monthly amount reflected in the original Budget Narrative. See the discussion below regarding the Year 5 variance.

The OIG's review of payment records found that actual payments made during the budget period totaled **$1,602,056.00**, which is approximately $7.00 less than the amended compensation amount.

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Year 6 (2020)

For the period January 20, 2020 through January 19, 2021, actual payments totaled approximately **$1,602,051** based on the invoices reflected in the Accounts Payable (A/P) journal records. This amount approximates the $1,602,063 amended compensation amount for Year 5 (2019).

Year 7 (2021)

For the period January 20, 2021 through January 19, 2022, actual payments totaled approximately **$1,334,841.50** based on the invoices reflected in the A/P journal records. The formal approved budget document was not located in the records reviewed. This amount appears to approximate 10 months of payments. See subsequent discussion below regarding Year 7.

Year 8 (2022)

For the period January 20, 2022 through January 19, 2023, the approved budget was **$1,602,051**. Actual payments totaled **$1,602,051**, fully expending the approved budget with no remaining balance.

Bridge Year (2023)

For the transition period January 20, 2023 through June 30, 2023, actual payments totaled approximately **$716,472.81**. The formal approved budget document was not located in the records reviewed.

Year 9 (2023–2024)

For the period July 1, 2023 through June 30, 2024, the approved budget was **$1,096,225**. Actual payments totaled **$1,096,225.04**, resulting in an overage of $0.04 above the approved budget amount.

Year 10 (2024–2025)

For the period June 1, 2024 through May 31, 2025, the approved budget was **$850,497**. The records reviewed reflect partial payment activity totaling approximately **$708,747** at the time the data compilation concluded. The spreadsheet notes indicate the dataset ended prior to completion of the contract year.

Analysis of Years Questioned in the Original Report

Year 4 (2018)

In the original report, it was stated that the budget exceeded authorized expenditures by $266,525.72. This conclusion was based on what appeared to be duplicate invoices identified for the following four billing periods:

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- **PMR-15-003-36** (January 20, 2018 – February 19, 2018): $66,633.88
- **Invoice 36** (January 20, 2018 – February 19, 2018): $66,633.92

- **PMR-15-003-38** (March 20, 2018 – April 19, 2018): $66,633.92
- **Invoice 38** (March 20, 2018 – April 19, 2018): $66,633.92

- **PMR-15-003-39** (April 20, 2018 – May 19, 2018): $66,633.92
- **Invoice 39** (April 20, 2018 – May 19, 2018): $66,633.92

- **PMR-15-003-40** (May 20, 2018 – June 19, 2018): $66,633.92
- **Invoice 40** (May 20, 2018 – June 19, 2018): $66,633.92

A review of these invoices as compared to the cash payments made during the period suggests that the $266,535.68 originally reported as an overpayment to the vendor may have been either errors in entering invoices, or duplicate invoices that were subsequently voided. Reconciliation of the cash journal entries and PeopleSoft payment records confirms that duplicate payments were not made.

Based on the data reviewed for Year 4, the budget was not exceeded by $266,525.68 as originally reported. Instead, the total amount expended was **$799,607.00**, which was consistent with the authorized budget amount.

The invoices referenced above were identified during the initial data collection conducted as part of the original investigation. However, when an additional search was conducted near the conclusion of the investigation, the duplicate invoices could no longer be located. The OIG did not receive an explanation regarding when or why the invoices were removed.

Year 5 (2019)

The original report concluded that expenditures exceeded the authorized budget by $72,133.00.

During a subsequent review of cash journal entries and PeopleSoft payment records, the OIG determined that expenditures exceeded the original Year 5 budget by $72,133.00, consistent with the amount identified in the original report.

The OIG reviewed PeopleSoft records and identified a document titled “Year Five Budget Narrative.” However, the budget documentation contained a handwritten notation wanting the total changed from the $1,529,923, stating, "Please add **$1,602,063.00**." Per discussion with City Administration, the $72,133 difference in these two amounts represents a correction to the original budget amount of $133,504.25 per month, as compared to the $127,493.58 monthly amount reflected in the original Budget Narrative.

The OIG also identified a Procurement Contract with an end date of July 19, 2020, which stated: *"Extend term through January 19, 2020, and increase compensation by $1,602,063.00."*

The OIG also reviewed Contract Version 3 in PeopleSoft and found the following entry regarding Year 5:

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TO EXTEND TERM THROUGH 01/19/2020 AND INCREASE COMPENSATION BY $1,602,063.00. ALL CONDITIONS, PROVISIONS, AND SPECIFICATIONS SHALL BE CONTINUED AND SHALL REMAIN IN FORCE DURING THE DURATION OF THE CONTRACT. (6/3/19 [redacted])

The OIG's review of Year 5 payment records confirmed that **$1,602,056.00** was paid during the contract year. The OIG was unable to locate documentation supporting or authorizing the increase from $1,529,923.00 to $1,602,063.00, other than information entered into the PeopleSoft system by City staff.

In an email response to the previous Inspector General, the Independent Monitor stated:

"For the period of 1/20/19 to 1/19/20, we submitted a budget that had errors and was corrected. The City then issued a purchase order for the corrected amount of $1,602,063. The OIG noted an overpayment based on the original budget, not the corrected budget."

During the OIG's review for this Addendum Report, the OIG requested that the Independent Monitor provide several documents, including copies of the original proposed budget and the corrected budget for the January 20, 2019, through January 19, 2020 budget period. The Independent Monitor responded to the request; however, he did not provide documentation supporting the Year 5 budget correction or copies of the original and corrected budgets.

Although the Contract Request Amendment references an increase in compensation to $1,602,063.00, the OIG was unable to locate additional documentation explaining the basis for the increase or supporting the revised budget amount. Additionally, according to City Administration, no correspondence between the Independent Monitor and the former Chief Administrative Officer (who resigned in August 2022) regarding the reported budget computation error could be located. City Administration further indicated that if there was a corrected budget narrative, the City does not have it.

Year 6 (2020)

For the period January 20, 2020 through January 19, 2021, actual payments totaled approximately **$1,602,051** based on the invoices reflected in the A/P journal records. The formal approved budget document was not located in the records reviewed.

In Contract ID 7-7119, Version three the OIG notes the following:

EXTEND TERM THROUGH 01/19/2021 AND INCREASE COMPENSATION BY $1,602,051. ALL CONDITIONS, PROVISIONS, AND SPECIFICATIONS SHALL BE CONTINUED AND SHALL REMAIN IN FORCE DURING THE DURATION OF THE CONTRACT. (6/18/2020 [redacted])

The OIG also identified a Procurement Contract with an end date of April 30, 2022, which stated: *"Extend term through January 19, 2021, and increase compensation by $1,602,051.00."*

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During the review for the Addendum report, the OIG sent the Independent Monitor an email requesting several documents, to include a copy of budget narrative for the period January 20, 2020 through January 19, 2021. The Independent Monitor responded with the following:

"I do not have the budget narratives on my computer for 2021 and 2022. I had a hard drive failure a few years ago and had to get a new computer. To the best of my recollection, during those years, we continued with the same budget from the previous year, as the City did not request that the Court move any paragraphs out of the monitoring process, and the monitoring team provided the same levels of service."

The OIG also reviewed an email sent to the previous Inspector General from the past Chief Procurement Officer which stated:

"Good afternoon. APD provided the attached information in support of the Pos. They are the Budget Narratives. Five-year-one was used from 2018 to 2021. Then, we have FY22, 23, and 24."

Because neither the City nor the Independent Monitor was able to produce the proposed annual budget narrative or documentation evidencing its review and approval, the OIG could not confirm that the Year 5 budget narrative was to be used for subsequent years to include Year 6.

Year 7 (2021)

For the period January 20, 2021 through January 19, 2022, actual payments totaled approximately **$1,334,841.50** based on the invoices reflected in the A/P journal records. The formal approved budget document was not located in the records reviewed.

During the review the OIG was able to identify that only 10 payments were made during this period with 9 payments being $133,504.25 and 1 payment $1,333,303.25. The OIG could not find any information or invoices for the months pertaining to February 20 through March 19, 2021 and July 20 through August 19, 2021.

The OIG contacted the Department of Finance and Administration Services (DFAS) to inquire if only ten payments were made. DFAS responded, "*Since we cannot locate 2 invoices I assume that only 10 were submitted.*" The payments reflected in the cash journal support this conclusion, as only 10 payments are reflected for the above period.

The OIG also identified a Procurement Contract with an end date of April 30, 2022, which stated: "*EXTEND TERM THROUGH 04/30/2022 AND INCREASE COMPENSATION BY $1,600,000.*"

During the OIG's review for this Addendum Report, the OIG requested that the Independent Monitor provide several documents, including the proposed annual budget narrative for the January 20, 2021, through January 19, 2022 budget period.

The Independent Monitor responded:

"I do not have the budget narratives on my computer for 2021 and 2022. I had a hard drive failure a few years ago and had to get a new computer. To the best of my recollection, during those years, we continued with the same budget from the previous year, as the City did not request that the

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Court move any paragraphs out of the monitoring process, and the monitoring team provided the same levels of service."

The OIG also reviewed an email sent to the previous Inspector General from the past Chief Procurement Officer which stated:

"Good afternoon. APD provided the attached information in support of the Pos. They are the Budget Narratives. Five-year-one was used from 2018 to 2021. Then, we have FY22, 23, and 24."

Because neither the City nor the Independent Monitor was able to produce the proposed annual budget narrative or documentation evidencing its review and approval, the OIG could not confirm that the Year 5 budget narrative was to be used for subsequent years to include Year 7.

Bridge Year (2023)

During its review, the OIG determined that, effective July 1, 2023, the City transitioned funding for the Independent Monitor to align with the City's fiscal year of July 1 through June 30. Documentation reviewed by the OIG indicates that the Independent Monitor agreed to this transition, and subsequent budget narratives were prepared using the City's fiscal year rather than the January 20 through January 19 operating budget period.

The OIG was unable to locate the original proposed annual budget narrative supporting the continuation of the $133,504.25 monthly payment during the January 20, 2023, through June 30, 2023 transition period. However, correspondence reviewed by the OIG and the subsequent budget narrative indicate that the parties agreed to continue the existing monthly payment through June 30, 2023, before transitioning to the revised fiscal-year budget effective July 1, 2023. Payments made of $716,472.81 reflect five monthly payments of $133,504.25, and a partial payment for 11 days of $48,951.56.

The Court-Approved Settlement Agreement (CASA) states:

"The annual operating budget period for the Independent Monitor's Office will run from January 20 to January 19 of each year for the life of the Settlement Agreement."

The OIG's review did not identify evidence indicating that the City's transition to a July 1 through June 30 fiscal-year budgeting process affected the payment of the Independent Monitor or the continuation of monitoring services. The OIG includes this discussion to provide context for the budget periods evaluated during this review and to explain the transition from the Independent Monitor's operating budget period to the City's fiscal-year budgeting process.

In the City's Management Response to the original report the following was stated:

"OIG next asserts that the City overpaid by $259,712.37 in calendar year 2023. The OIG calculates this alleged overpayment based on an "approved budget" of $1,096,225 per year. But the agreement to pay $1,602,056.00 per year remained in place until June 30, 2023. The lower payment went into effect on July 1. The City paid the agreed-upon for this time period."

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The Independent Monitor also replied in an email to the previous Inspector General:

"During the period between 1/20/23 and 1/19/24, the City and PMR negotiated a reduced budget that was to begin July 1, 2023. PMR submitted appropriate invoices for the first five billing periods. Because the fifth billing period ended on June 19, 2023, PMR invoiced the city for the period of June 20 through June 30, 2023 at 11/30ths the initial rate. From July 1, 2023, through December 31, 2024, PMR invoiced the city at the newly negotiated reduced rate per month. Therefore, it is clear that PMR neither invoiced nor received any excess payments during the time period of January 20, 2023, through December 31, 2023."

The OIG's analysis of the payments made during the bridge year confirms that the total payments made of $716,472.81 are consistent with the monthly payment amount of $133,504.25 that the City Administration asserts was maintained throughout this period.

Note that the scope of work reflected in this Addendum strictly relates to the comparison of amounts paid to the Independent Monitor to authorized, budgeted expenses over the contractual period. The findings in this Addendum report solely reflect a lack of documentation to support communicated budget revisions and annual compensation amounts, and are not an indicator of impropriety by the Independent Monitor. Further, findings and conclusions in this Addendum that differ from those included in the original report are the result of OIG's consideration of broader and more comprehensive financial documentation.

Conclusion:

During the Addendum review, the Office of Inspector General conducted additional investigative work, including the review of procurement records, PeopleSoft records, payment records, contract documents, correspondence, and information provided by City personnel and the Independent Monitor. Where additional documentation was obtained, the OIG reassessed the findings and conclusions contained in the original report. In certain instances, the additional evidence did not substantiate the conclusions reached in the original report, and those findings have been revised accordingly. In other instances, although the original conclusions were supported, the Addendum provides additional analysis, clarification, and context based on the evidence obtained during this review. The purpose of this Addendum is to ensure that the report accurately reflects the facts supported by the available evidence, promotes transparency, and provides City officials and the public with a complete and accurate record of the OIG's investigative findings.

FINDINGS:

Finding 1: Insufficient Documentation Supporting Changes to the Independent Monitor's Annual Budget

The OIG identified instances in which annual compensation increased from the original budget narrative; however, documentation supporting the basis for those increases could not be located.

For Year 5, the OIG identified a budget narrative reflecting an annual budget of $1,529,923.00 with handwritten revisions increasing the annual budget to $1,602,063.00. The OIG also identified procurement contract amendments and PeopleSoft entries reflecting the revised compensation amount. However, the OIG was unable to locate the corrected budget narrative, supporting

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calculations, correspondence, or other documentation explaining the basis for the increase. The Independent Monitor advised that a corrected budget had been submitted, but he did not provide copies of either the original or corrected budget. City Administration also advised that it could not locate documentation supporting the budget revision.

As a result, the OIG could not determine the basis upon which the revised annual compensation amount was established.

Finding 2: Annual Budget Narratives Were Not Available to Support Monitoring Expenditures

The OIG was unable to obtain proposed annual budget narratives for multiple Independent Monitor operating budget periods.

For the January 20, 2020, through January 19, 2021 and January 20, 2021, through January 19, 2022 operating budget periods, and the bridge period of January 20, 2023, through June 30, 2023, neither the City nor the Independent Monitor was able to produce the requested proposed annual budget narratives. The Independent Monitor stated that they no longer possessed the budget narratives because of a computer hard drive failure. City Administration advised that it was unable to locate the requested records. The OIG also identified an email stating that the Year Five budget narrative had reportedly been used from 2018 through 2021; however, documentation supporting that practice or evidencing review and approval could not be located.

Administrative Instruction 1-5, Records Management, requires City departments designated as the official repository of records to maintain records documenting contractual obligations, financial decisions, and operational activities. Because the requested budget narratives and related supporting documentation could not be produced, the OIG could not determine the basis upon which the annual compensation and corresponding monthly monitoring expenditures were established for the budget periods reviewed.

RECOMMENDATION:

The Office of Inspector General recommends that the City Administration ensure that official contract files contain documentation supporting significant contract modifications and that when required records cannot be located, the results of the records search are documented and retained with the contract file in accordance with Administrative Instruction 1-5, Records Management.

MANAGEMENT RESPONSE

The Administration appreciates the willingness of the Office of Inspector General to conduct a thorough review and ensure its findings are accurate before submitting this report to the Accountability in Government Oversight Committee. The Administration particularly appreciates that the OIG gave the Independent Monitor the opportunity to address the allegations that were made in the complaint and incorporated his responses in the draft report. It should be standard practice to allow the subject of an investigation the opportunity to respond before publishing any findings regarding their actions.

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The Administration recognizes that this review identifies some gaps in the City's records. The Administration notes that the gaps in documentation occurred between 2019 and 2022. Under the current leadership, the City maintained records reflecting the negotiations with the Independent Monitor and the amount to be paid in each time period. The Administration believes that it now has systems in place to ensure that it maintains the appropriate records for significant decisions impacting City operations. Nonetheless, the Administration will review those systems to ensure that they are working as intended.

As we close this chapter, the Administration wants to emphasize a few key points:

- The OIG found no basis to conclude that the Independent Monitor "overbilled" the City – i.e., that his office submitted bills seeking payment above the amount agreed upon by the City.

- Likewise, there was no finding that the City paid more than it agreed to pay. To the contrary, despite the gaps in documentation, there are sufficient records to show that the City negotiated an agreed-upon amount with the Independent Monitor and paid the Independent Monitor that amount.

- In 2023, when the City reduced the amount to be paid to the Independent Monitor and changed the payment cycle, the City's Legal Department informed both the Department of Justice and the judge overseeing the Court Approved Settlement Agreement. Neither expressed any concerns about the changes, and neither requested that the City file a motion seeking approval for the changes.

Finally, the Administration recognizes that there have been concerns about the delay in the publication of this report. The delay was necessary not only to ensure that the report contained accurate findings, but to allow the AGO to perform its oversight function and allow the OIG to ensure that it was employing best practices in the conduct of its investigation. The need for transparency should not mean that any City agency rushes to release inaccurate information. That is the very reason the City put an oversight process in place. In this case, the process worked as intended.