



OFFICE OF INSPECTOR GENERAL
City of Albuquerque

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Investigative Informative Case Synopsis

FILE NO: 24-0165-C

SUBJECT MATTER: Alleged fraud against an operator through misbilling of services and the department not responding to requests for information.

STATUS: Final

INVESTIGATOR: M. Santistevan

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September 10, 2024

Date of Completion

November 14, 2024

Date of Approval

DISTRIBUTION:

Honorable Mayor
President City Council
Chief Administrative Officer
City Councilors
Director Council Services
City Attorney
Department Director
Members, Accountability and Government Oversight Committee
File

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EXECUTIVE SUMMARY

The Office of Inspector General (OIG) follows the Association of Inspectors (AIG) standards, as outlined in City Ordinance 2-17-2. The overarching goals include conducting investigations impartially, preventing fraud and abuse, ensuring independence, and enhancing the city's accountability.

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.

On June 17, 2024, the Office of Inspector General (OIG) received a complaint alleging fraud against an operator (O1) through misbilling services under the ground transportation operating agreement and that requests to Albuquerque International Sunport (AIS) for information had not been responded to.

The OIG determined that it was appropriate for the OIG to conduct a fact-finding investigation to substantiate or not substantiate, through the collection of sufficient evidence, the allegations of fraud through misbilling services.

The OIG could not substantiate the allegation of fraud against O1 through misbilling of services. The OIG identified one (1) instance that could be an error and does not constitute intent required for fraud. The OIG could not substantiate that the requests for information were not responded to as the City Clerk verified that responses to all requests were sent between June 2024 and August 2024.

The OIG observed the following general matter for which we made recommendations for enhancing accountability and transparency in government.

Observations:

- The computer system utilized for transponder reporting and billing does not retain canceled or deleted transponder data.
- The AIS does not retain hard copies of detailed reports as support.

Recommendations:

- The AIS should print and retain each Operator's monthly detailed debit statement to ensure proper recordkeeping and data retention.
- The AIS should provide a copy of the detailed debit statement with the monthly invoice sent to the Operators.

ABBREVIATIONS

AIG: Association of Inspectors General

AIS: Albuquerque International Sunport

CITY: City of Albuquerque

E1: City Employee

E2: City Employee

O1: Operator

OIG: Office of Inspector General

INTRODUCTION

The Office of Inspector General's (OIG) 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 follow the standards promulgated by the Association of Inspectors General (AIG).

Complaint:

Alleged fraud against O1 through misbilling services under the ground transportation operating agreement.

Background:

The City's Aviation Department operates the Albuquerque International Sunport (AIS). The City's Aviation Department enters into an operating agreement with vendors/operators of the AIS. The operating requirements govern all operators, their vehicles, drivers, and activities on the AIS. Business activities not specifically allowed under the terms and conditions of the Commercial Lane Agreement and for which fees are not charged according to the agreement may not be conducted at the AIS unless a separate contract is entered into between the City and the Operator specifically allowing such activities. Commercial Ground Transportation Vehicle Operators operating services or other business activities at the AIS not specifically allowed under the agreement shall be permitted to conduct such business operations at the AIS only through separate agreements with the Aviation Department.

SCOPE AND METHODOLOGY

Scope:

Supporting documents, including invoices, credit memos, list of transponders, and vehicles related to O1's contract for July 1, 2021 to July 17, 2024.

Methodology:

- Assess the allegations
- Prepare investigation work plan
- Review the Operating Agreement and amendments between the City and O1
- Review and recalculate invoices, credits, billings, and reports related to O1
- Review a list of all vehicles assigned to O1
- Review a list of transponders assigned to O1
- Conduct inquiries

This report was developed based on information from interviews, inspections, observations, and the OIG's review of selected documentation and records available during the investigation.

INVESTIGATION

Allegation:

Alleged fraud against O1 through misbilling services under the ground transportation operating agreement and that requests to the Aviation Department for information had not been responded to.

Authority:

IG Ordinance §2-17-3

Code of Conduct 301.13

Operating Agreement

Evidence:

Operating Agreement

Invoices, billings, credits for O1

Transponder data for O1

List of vehicles for O1

Requests for information by O1

Analysis of Evidence and Policies:

In conducting our investigation, the OIG considered the following facts as a basis for our analysis of the facts for each allegation.

IG Ordinance:

§2-17-3 Definitions states “ 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.”

Code of Conduct:

§301.13 City Records and Accounting states: “All City records, including reports, vouchers, requisitions, payroll, and personnel records must be prepared factually and accurately. It is the personal obligation of the employee completing such records as well as the supervisor to ensure that such records are accurate and comply with federal, state, and City record-keeping and accounting requirements.”

Operating Agreement:

The Operating Agreement includes Exhibits A through F. Exhibit B below specifically outlines the fees applicable to Ground Transportation Operators and includes the following schedules of vehicle classification, access fees, dwell time, and percent of gross revenue fees for calendar years 2023, 2024, and 2025.

The City issues a transponder tag to be affixed to the vehicle. The transponder tag is an electronic device used to capture the date and time of airport entry, dwell time, and exit for the vehicle.

Exhibit B

January 1, 2023 through December 31, 2023			
Description	Access fee/Trip	Max. Dwell Time (Minutes)	% of Gross Revenue Fee
Shuttles, Limousines and Off-Airport Parking Vehicles	\$0.47	5	3.0%
Buses	\$45.00	20	3.0%

January 1, 2024 through December 31, 2024			
Description	Access fee/Trip	Max. Dwell Time (Minutes)	% of Gross Revenue Fee
Shuttles, Limousines and Off-Airport Parking Vehicles	\$0.75	5	4.0%
Buses	\$75.00	20	4.0%

January 1, 2025 through December 31, 2025			
Description	Access fee/Trip	Max. Dwell Time (Minutes)	% of Gross Revenue Fee
Shuttles, Limousines and Off-Airport Parking Vehicles	*	5	4.0%
Buses	*	20	4.0%

- The per-trip fee will be adjusted thereafter to keep pace with inflation and administrative requirements.

Dwell Time Surcharge. The Operation shall pay a Dwell time surcharge equal to two (2) times the access fee for each additional maximum dwell time increment or part of a maximum dwell time increment beyond the initial maximum dwell time.

For example, from January 1, 2023 through December 31, 2023, a Hotel Courtesy Vehicle in the Commerical lane staying for 10 minutes and 30 seconds will accrue charges of \$2.35 in the following manner:

From 1 second to 5 minutes, the initial charge will be \$0.47.

From 5 minutes 1 second to 10 minutes, the charge will be an additional \$0.94.

From 10 minutes 1 second to 15 minutes, the charge will be an additional \$0.94.

Evidence:

The OIG reviewed the most current Operating Agreement between the City and O1, noting that it was signed by all parties in December 2022 and covers a three (3) year period beginning on January 1, 2023.

The OIG reviewed all invoices and the attached custom debit statement report for O1 between July 1, 2021 through July 17, 2024. The OIG noted that the custom debit statement report identifies each transponder being billed, the total amount billed per transponder, the duration, and the uses, however, this information is not sufficient to be able to recalculate the charges being billed.

The OIG was not able to recalculate the amount billed per the fee schedule included in the operating agreement based on the information provided and requested additional information on how the amount billed is derived. The OIG was provided a debit statement report that reflected each date, time in, time out, lane, fee, and duration hours for each transponder entering the airport for the specified month. The OIG recalculated the amount billed per the custom debit statement report that accompanied each invoice using this report, without exception.

The custom debit statement report is a summary report with total charges per transponder for the specified period. The debit statement report provides the detail for each charge per transponder and can be used to recalculate the amount billed to the operator.

An inquiry with a City employee (E1) identified that the Operator does not receive the detailed debit statement report with their invoice. The City does not maintain a hard copy of the statement reports.

According to E1 when a transponder is canceled, it and its information drop out of the electronic system. The City cannot access canceled or terminated transponder information from the system, and that detailed information does not exist otherwise.

The OIG requested the detailed debit statement report for all invoices during the period but did not receive a response.

The OIG reviewed the invoices for O1's percentage of gross revenue fee for each month between July 1, 2021 and July 17, 2024, noting that each invoice is created after the fact and is based on the amount reported by O1 via the AIS Monthly Goss Revenues Report. The OIG did not identify any discrepancies between the invoice and O1's submitted revenue report. The OIG did not validate the amount of gross receipts reported by O1 as it would have required O1 to produce NMTRD CRS 1 forms and other financial records.

The OIG created a list of all transponders billed to O1 through the invoices and compared it to the list of commercial ground transportation vehicle registration information including the transponder assigned to each vehicle. The list provided by the City reflected ten (10) vehicles registered to O1 with transponders. The records obtained, relating to O1, reflect that new transponders are being issued to vehicles that had been issued transponders previously. The OIG noted that the transponders on O1's vehicles were being replaced with new transponders, resulting in the cancellation or deletion of the previous transponder data. The OIG verified that all but one transponder belonged to O1. On the invoice dated December 14, 2023, the OIG identified one (1) instance of one (1) transponder not belonging to O1 being billed to O1. The amount totaled \$15.15.

The OIG asked another City employee (E2) whether O1 had initiated any previous billing inquiries and what, if any, action was taken by the Aviation Department. E2 stated that there was no record of O1 making any billing inquiries or disputing any charges with the Aviation Department.

The OIG reviewed a list of requests for information by O1, noting that O1 made five (5) Inspection of Public Records requests with only one (1) request specific to transponders. The OIG verified with the City Clerk that the request specific to transponders was responded to on July 8, 2024, while it was confirmed with the AIS that the other four (4) requests were all responded to between June and August 2024.

OBSERVATIONS AND RECOMMENDATIONS

Allegation:

Alleged fraud against O1 through misbilling services under the ground transportation operating agreement and that requests to the Aviation Department for information had not been responded to.

Conclusion:

The OIG could not substantiate the allegation of fraud against O1 through misbilling of services. One (1) instance could be an error and does not constitute intent required for fraud. The OIG could not substantiate that the requests for information were not responded to as the City Clerk verified that responses to all requests were sent between June 2024 and August 2024.

General Observation:

During the investigation, the OIG was advised that the computer system utilized for transponder reporting and billing does not retain canceled or deleted transponder data making it impossible to

re-create previous detailed billings. Additionally, the AIS does not retain hard copies of these reports as support for future reference.

Criteria:

§301.13 City Records and Accounting states: “All City records, including reports, vouchers, requisitions, payroll, and personnel records must be prepared factually and accurately. It is the personal obligation of the employee completing such records as well as the supervisor to ensure that such records are accurate and comply with federal, state, and City record-keeping and accounting requirements.”

Good accounting practices require mechanisms for capturing and retaining data that can be used for analysis and for audit if necessary.

Cause:

The computer system utilized by the AIS does not retain all historical data related to canceled or deleted transponders and the AIS does not retain hard copies of the detailed support.

Effect:

The lack of records results in the AIS being unable to adequately address billing concerns and produce historical records for audit purposes.

Recommendation:

The AIS should print and retain each operator’s monthly detailed debit statement to ensure proper recordkeeping and data retention.

A copy of the detailed debit statement should accompany the monthly invoice sent to the Operators for reconciliation purposes.

Management Response:

The Aviation Department (AIS) will implement significant changes to enhance our recordkeeping and data retention processes now that it has come to our attention that the system does not retain historical data. Among these changes, a key initiative will be to print and retain each operator's monthly detailed debit statement for the time being. AIS will include a copy of the detailed debit statement with the monthly invoice sent to operators, we aim to facilitate a seamless reconciliation process. And, AIS will store the records in compliance with the City’s record retention program. AIS understands this step is fundamental in ensuring transparency and accuracy in our financial dealings with commercial lane operators.

Additionally, to further bolster this effort, AIS will be working towards assessing available software programs to upgrade our system software - target implementation and activation is October, 2025. AIS will ensure that the upgrade is designed to streamline the maintenance of these records, ensuring they are managed efficiently and securely. AIS believes that this initiative will help create a high standard of accuracy and transparency but also improve our operations to serve our operators better.