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FINAL REPORT

SUBJECT: Addendum to Report 24-0473-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

October 10, 2025
Date of Completion

Signed by:

Victor Griego

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VICTOR GRIEGO, CPA
ACCOUNTABILITY IN GOVERNMENT
OVERSIGHT COMMITTEE CHAIRPERSON

October 15, 2025
Date of Approval

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:

The OIG received a complaint alleging abuse of position by a Director by initiating work with a contractor without the proper permits, circumventing the permitting process, and delaying payment to the contractor for work completed on a City project to replace variable frequency drives (VFDs) at City Hall.

Allegation 1:

Abuse of position by a Director by initiating work with a contractor without the proper permits, circumventing the permitting process.

Procedures Performed:

- **Review of Report:** Conducted to determine what facts had already been gathered.
- **Review of Electrical Permit and Policies:** Performed to obtain an understanding of the electrical permitting process.
- **Interview Planning Department Personnel:** Conducted to gain subject matter expertise regarding electrical permits and the procedures required under applicable code.
- **Contact Contractor:** The Contractor was contacted via email to determine what work was being performed that was invoiced in the second invoice dated March 25, 2024. This was done to determine if the work being performed would require an electrical permit.

Evidence:

- **Email dated February 29, 2024:** From the contractor to City employee: *“All, the electrical disconnect installation will be completed today or tomorrow. The installation of the VFD’s is still pending permitting. I will be at City Hall on Monday at 11 to discuss options to move forward with the project completion.”*
- **Invoice:** Second invoice from contractor dated March 25, 2024, in the amount of \$29,956.01 for labor, per diem, and mileage.
- **Permit:** Commercial Electrical Permit issued on April 15, 2024.
- **Interviews:** Planning Department Associate Director, Building Safety Supervisor for Electrical, Building Safety Supervisor for Building. (Subject matter experts)
- **SHR000022893 Contract Review:** Page 15, 3. Bid Specifications: E. states *“The Awarded Bidder shall obtain municipality required permitting for all electrical work performed and all associated required inspections.”*

- **Invoice 2 verification:** The OIG contacted the contractor regarding the March 25, 2024 invoice inquiring about the labor that was performed during that time period in order to determine if that work would require an electrical permit.

The contractor replied by email:

Upon review of this invoice period and project documentation, during this period of time the work that was performed was the following:

1. *Mounting of disconnects in the east and west mechanical rooms of all floors*
2. *Installation of conduits to the new disconnects and existing VFD enclosures*
3. *Investigation of control wiring*
4. *Coordination with facilities employees about the fire alarm integration*
5. *Project meetings*

- **Planning Department:** The response from the contractor was forwarded to the Planning Department with the request for a review of each of the 5 responses related to work being performed. The Planning Department replied that task numbers 1 and 2 listed by the contractor for the March 25, 2024 invoice would require there to be an electrical permit.

1. Mounting of disconnects in the east and west mechanical rooms of all floors
2. Installation of conduits to the new disconnects and existing VFD enclosures

POST REPORT INTERVIEW:

On September 5, 2025, the Office of Inspector General (OIG) met with the Associate Director of the Planning Department to discuss matters related to the contractor's electrical permit.

The OIG presented the permit in question and requested that the Associate Director explain the electrical permitting process. The Associate Director stated that for trade permits, plans are generally not uploaded, particularly when the permit involves replacement of equipment. According to the Associate Director, the process requires the contractor to submit an application, after which the department verifies that the contractor holds the appropriate license and maintains a current business registration/license. Once verified, an invoice is issued, and upon payment by the contractor, the permit is approved. The Associate Director further explained that it is the responsibility of the contractor to request inspections as necessary.

When asked whether inspections had been conducted for the electrical permit under review, the Associate Director stated that no inspections could be located. In response to whether inspections should have occurred, the Associate Director confirmed that inspections should have taken place. Additionally, the OIG inquired whether work involving disconnection and installation of wiring required a permit prior to commencement. The Associate Director responded that the contractor should have obtained a permit before beginning any such work. He added that if the building code required it, a permit would be necessary, but he deferred to his staff to confirm whether the specific work in question required a permit under applicable code. The OIG also presented a second invoice from the contractor, which showed billing for labor performed prior to the issuance of the permit.

The Associate Director then contacted the Building Safety Supervisor for Electrical (BE) and the Building Safety Supervisor for Building (BB), who were asked to sit in on the interview and to

provide subject matter expertise. The OIG presented both supervisors with the permit and a related email dated February 29, 2024. The OIG inquired whether work could be performed on-site prior to issuance of the permit. BB responded that pursuant to administrative code, a permit must be obtained prior to any work beginning. When asked if proceeding without a permit would constitute a violation, BB confirmed that it would be a violation.

A follow up meeting was held on September 25, 2025, to go over a few more questions for clarification. Present for this meeting was the Associate Director, the Division Manager for Building Safety (BS), BE and BB.

The OIG explained that they would be discussing the contractor's work performed relative to their electrical permit and when it was issued. The Associate Director had a question about the VFD's and asked if they are part of a unit, would they need to be permitted. BE stated yes, that they were putting new VFD's with new control wire so it was new equipment that would require a permit.

The OIG inquired about the electrical permit data in the Planning Department's system for this project. The OIG was shown the permit page where they requested to install the 46 VFD's. BE stated that they recently changed programs and that all documents to include previous inspections, may not be in system, but the workflow would show them. BS advised BE to scroll down the page to view the activities and the dates they occurred. This information transferred over from the old system and therefore, was up to date.

Regarding an inspection, BB and BE stated an inspector went to the project site and conducted what they call a "rough-in" inspection (113.5.2 Required Electrical Inspections) where the inspector looked at the VFD's and the working clearances. The inspector issued a correction notice for working clearances and they were never called back for a re-inspection. The inspector issued a correction notice because the contractor was in violation. The next step necessary was to address the violations and request another rough-in inspection. According to BB and BE, that follow up inspection which was never done.

The OIG asked what happens regarding a reinspection and who is responsible for contacting the Planning Department, or if the Planning Department has to reach out to request a reinspection. BB replied that it is the contractor's responsibility. The OIG asked if the contractor has reached out to schedule a reinspection, to which BB replied "no".

The OIG asked if there are consequences if a reinspection is not completed. BB stated that the permit goes into expiration after 180 days. BE also stated the when there is no inspection done per the Uniformed Administrative Code (UAC) it is the responsibility of the contractor or the person holding the permit. In this situation it would have been the contractor. The contractor being the permit holder per UAC holds responsibility and they are in violation of the City's building codes and administrative codes if they do not request an inspection.

The OIG asked if this is something that a project manager for the City should have been on top of to make sure that these were turned over to the Planning Department for inspection? BE replied yes. The OIG asked in this case did the City project manager contact the department, to which the BE replied "not to their knowledge."

The OIG also spoke with the Director of the General Services Department (GSD) who stated that he began working for the department on March 13, 2024. The OIG verified in PeopleSoft that the official start date for the position was Sunday, March 9, 2024. The Director also stated that he was out of the office the following week for a personal matter.

The Director stated that the invoice was dated March 25, 2024 and the work occurred before that date, so he did not have knowledge of what work was performed prior to his start date.

The OIG reviewed the PeopleSoft system which revealed that the prior GSD Director was transferred to another department on March 9, 2024 and as of April 27, 2024 is no longer with the City.

Conclusion:

The OIG could not substantiate abuse of position by the Director.

Based on the evidence reviewed in this investigation, the allegation of “initiating work with a contractor without the proper permit, therefore circumventing the permitting process” remains substantiated.

The interviews and communication with Planning Department personnel indicate that work by the contractor was being done prior to an electrical permit being issued. Additionally, documentation shows that the contractor submitted a second invoice dated March 25, 2024, requesting payment for labor performed before the electrical permit was issued on April 15, 2024. The OIG verified that the work being performed would require an electrical permit.

GSD and the GSD Project Manager should have been aware of the Electrical Permit and UAC violations. In addition the contractor did not contact the Planning Department for a re-inspection and let the electrical permit expire.

Finding:

- The project was initiated before the required electrical permit was obtained.
- GSD and the contractor allowed the permit to expire and did not have re-inspections done as required for the project
- Both the contractor (permit holder) and the GSD project management demonstrated a lack of due diligence in oversight and completing the project in compliance with applicable City building and administrative codes.

Recommendation:

- GSD should ensure that contractors are not allowed to begin any project until all necessary permits, testing, and other requirements have been obtained and verified.
- GSD should ensure that contractors do not allow permits to expire while work and inspection are still ongoing.

- GSD should ensure that all necessary inspections are completed.
- GSD project and facilities staff should receive refresher training on project management, with emphasis on permitting requirements and proper project closure procedures.

Allegation 2:

Delay of Payment to Contractor

The analysis below relates to 2 findings in the original OIG report concerning accuracy and timeliness of payments to the contractor.

NOTE: At the time of the original report completion date, February 21, 2025, the contractor had not received payment.

Procedures Performed:

- **Review of Report:** Conducted to determine what facts had already been gathered.
- **Accounts Payable Review:** Verified payment amounts, dates, and whether the contractor was paid in full, including correction of the \$5,490.00 mathematical error.
- **Contract Review:** Examined the original contract and amendments to confirm whether an amendment had been executed to address the noted mathematical error.
- **Contact Contractor:** Communicated via email with the contractor to verify whether full payment was ultimately received.

Evidence:

- **Original Contract:** Executed June 21, 2023 to June 20, 2024, in the amount of \$246,170.77
- **Contract Amendment 1:** Processed June 11, 2024, extending the contract through June 20, 2025. Total contract amount remained \$246,170.77
- **Contract Amendment 2:** Processed January 16, 2025, to add \$5,490.00, increasing the total contract amount to \$251,660.77.
- **City's PeopleSoft System Review:** Examined invoices and accounts payable data to verify payment activity.

The below data was pulled from invoices and the City's PeopleSoft (accounts payable) system to verify total payment amounts and to verify when the vendor was paid and when the payment cleared. The total amount of the ammended contract of \$251,660.77 matches the amount paid. (NOTE: Tax is not included in contract amount and is calculated seperately.)

Invoice #	Invoice Date	Payment Date	Payment Clear Date	Amount Before Tax	Tax	Total Amount Paid	Total Invoice Amount
402210	10/16/2023	11/29/2023	12/7/2023	\$151,468.52	\$11,549.48	\$ 163,018.00	\$163,018.00
406914	3/25/2024	4/24/2024	5/1/2024	\$27,833.70	\$2,122.31	\$ 29,956.01	\$29,956.01
410567	7/3/2024	8/2/2024	8/13/2024	\$16,769.50	\$1,278.68	\$ 18,048.18	\$18,048.18
413797	10/11/2024	2/21/2025	3/5/2025	\$50,789.05	\$4,238.69	\$ 55,027.74	\$55,027.74
413797A	10/11/2024	4/17/2025	4/29/2025	\$4,800.00	\$0.00	\$ 4,800.00	\$4,800.00
			TOTALS	\$251,660.77	\$19,189.16	\$270,849.93	\$270,849.93

For invoice "413797" the invoice total was \$59,827.74 and the original amount paid was \$55,027.74. The payment for invoice "413797A" is the difference of the invoice total and the original amount paid. \$4,800 was the final payment to fullfill the total contract amount of \$251,660.77.

- **September 3, 2025:** An email sent to contractor to verify if payment was received from the City related to the mathematical error.
- **September 3, 2025:** The contractor responded stating: *"Payment has been received."*
- **September 3, 2025:** A follow-up email was sent to the contractor requesting the date on which the payment was received.
- **September 15, 2025:** The contractor replied, stating: *"Final payment was received on 4/28/25."*

Conclusion:

The following reflects the two initial findings reported in the OIG's original report dated February 21, 2025, regarding the contract amendment and contractor payment:

1. The General Services Department (GSD) had not amended the contract for a mathematical error in the bid.

The original report identified that GSD had not amended the contract to address a mathematical error in the bid. However, subsequent review confirmed that a second contract amendment was approved on January 21, 2025, correcting the error by adding \$5,490.00 to the contract, increasing the contract maximum to \$251,660.77.

- **As the mathematical error was addressed through Amendment 2, this finding is retracted.**

2. C1 has not been paid, by the City, for invoices issued in October 2024.

The original report noted that as of February 21, 2025, the contractor had not received payment. This finding was accurate as of that date.

Contract Amendment 2, approved January 21, 2025, provided the additional \$5,490.00 required to correct the bid error, bringing the total contract maximum to \$251,660.77. The final payment to the contractor in the amount of \$4,800.00 was issued on April 17, 2025, and cleared on April 29,

2025. A total of five payments were made to the contractor, totaling \$251,660.77 before taxes, which reconciled the discrepancy identified in the original report.

Emails obtained during the initial investigation indicated that the department was aware of the mathematical error and was actively working to resolve the matter. Further, on September 3, 2025, the OIG contacted the contractor, who confirmed that payment had been received. On September 15, 2025, the contractor further confirmed that the final payment was received on April 28, 2025.

- **Although payment was delayed, the contractor ultimately received full compensation under the amended contract. This finding is retracted.**

Management Response:

We assert that the original investigation conducted by the Office of Inspector General, under the leadership of the former Inspector General, was not justified under the duties outlined in ROA 1994, Section 2-17-2(D)(2). Further, as a result of the Interim Inspector General completing the appropriate review of the investigation, the OIG's subsequent findings in this report of "could not substantiate" and "retracted" lend further support to our original position. We acknowledge that the passing of additional time resulted in the department completing steps in the contractor accounts payable process, however, none of which were "fraud, waste, or abuse" in city activities.

Regarding the Allegation 1, we concur that there was no abuse of position by the Director. Under the operative contract, it was the responsibility of the contractor to obtain an electrical permit before beginning electrical work. The OIG's investigation appears to reveal wrongdoing by the contractor, not the City. The Department Director works diligently to identify and prevent errors committed by contractors, but ultimately the City expects its contractors to comply with their contractual obligations without such close oversight. Furthermore, there is no evidence showing that the Department Director knew the contractor had failed to obtain an electrical permit prior to beginning work. Therefore, there is no reason to believe the Department Director abused his position.

Regarding Allegation 2, we concur with both conclusions. Although, it is unclear why the OIG investigated the allegation of late payment to the contractor rather than refer the issue back to the Department to resolve, as failure to make a payment is not waste, fraud or abuse. At the time the original report was completed, February 21, 2025, the contractor had not received payment. However, Findings 1 and 2 have since been resolved and the OIG Findings have been retracted. The mathematical error has been addressed through Amendment 2 and the contractor has been paid in full under the amended contract.

Regarding the new recommendations from the OIG, the Administration will review all documentation issued to contractors regarding requirements and obligation to comply with permitting, testing and other requirements, including ensuring that all permits are maintained throughout the scope of work. Additionally, GSD will review and refresh project manager training to ensure these matters have appropriate attention and monitoring.