



**AUDIT OF OFFICE OF COMMUNITY  
ORIENTED POLICING SERVICES TECHNOLOGY  
PROGRAM GRANTS AWARDED TO THE  
CITY OF ALBUQUERQUE, NEW MEXICO**

U.S. Department of Justice  
Office of the Inspector General  
Audit Division

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**AUDIT OF OFFICE OF COMMUNITY ORIENTED POLICING  
SERVICES TECHNOLOGY PROGRAM GRANTS AWARDED TO THE  
CITY OF ALBUQUERQUE, NEW MEXICO**

**EXECUTIVE SUMMARY**

The Office of the Inspector General, Audit Division, has completed an audit of the Office of Community Oriented Policing Services (COPS) grants awarded to the City of Albuquerque, New Mexico (City). The grants audited were COPS Technology Grant Nos. 2006-CK-WX-0131, in the amount of \$296,168, which was intended to upgrade mobile computer terminals; 2008-CK-WX-0553, in the amount of \$2,057,660, which was intended to upgrade Albuquerque Police Department's (APD) existing radio frequency infrastructure; 2008-CK-WX-0554, in the amount of \$222,134, which was intended to procure crime analysis software and related hardware; 2009-CK-WX-0441, in the amount of \$500,000, which was intended to procure a server, plotter, and 57 desktop computers, and fully fund a new APD Technology Manager position to oversee the APD's Comprehensive Information System Project (CISP); and 2010-CK-WX-0033, in the amount of \$400,000, which was intended to fund storage area networks (SANs) for data and video, procure analytical reporting tools, and train staff on use of the SANs and analytical tools. These grants were targeted funding through annual appropriations.<sup>1</sup>

COPS is the component of the U.S. Department of Justice (DOJ) responsible for advancing the practice of community policing by the nation's state, local, territory, and tribal law enforcement agencies through information and grant resources. COPS awards grants to state, local, territory, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy cutting-edge crime-fighting technologies, and develop and test innovative policing strategies. Since 1994, COPS has invested more than \$15 billion to add community policing officers to the nation's streets, enhance crime-fighting technology, support crime prevention

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<sup>1</sup> All five grants awarded to the City of Albuquerque by COPS in the scope of this audit were hard earmarks, which were awarded through Congressional appropriations in the federal government's annual budget. Hard earmarks are binding and have the effect of law, and are awarded without regard to unresolved OIG audit findings or granting agency noncompliance bars to grant funding.

initiatives, and provide training and technical assistance to help advance community policing.

COPS Technology grants provide funding for the continued development of technologies and automated systems to assist state, local, and tribal law enforcement agencies in investigating, responding to, and preventing crime. This funding has allowed recipients the opportunity to establish and enhance a variety of technical equipment and/or programs to encourage the continuation and enhancement of community policing efforts within their jurisdictions.

The City of Albuquerque is the largest metropolitan statistical area in the State of New Mexico with a population of 545,852 in an area of 181 miles. The APD is a department of the City with a staff of 1,107 police officers and 605 civilian personnel, and a FY 2011 budget of \$145 million. APD facilities include the police headquarters, six area command substations, and five community substations. APD operates 755 marked vehicles and 231 unmarked vehicles, and maintains the state's largest law enforcement database. According to the City's grant applications, the COPS grant funds were to be used to develop and maintain the APD's CISP. Generally, COPS grant-related activities for CISP are managed by APD personnel, although grant accounting and financial functions are shared between APD personnel and the City's accounting department.<sup>2</sup> CISP was intended to be a paperless and fully automated records management system, taking advantage of current technologies to support electronic sharing of data.

COPS recently imposed a 4-year General Compliance Bar on the City of Albuquerque for supplanting. The City is under a bar from receiving COPS grants from September 2, 2010 to September 1, 2014. The bar is not applicable to COPS grants that are received through congressional earmarks.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants, and to determine program performance and accomplishments. The objective of our

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<sup>2</sup> The COPS grants in this audit were awarded to the City of Albuquerque. The Albuquerque Police Department is a department of the City, and APD officials managed the grant funded projects, while grant application, accounting, drawdown, and oversight functions occurred through the City.

audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) matching, (6) property management, (7) program income, (8) financial status and progress reports, (9) grant requirements, (10) program performance and accomplishments, and (11) monitoring of subgrantees and contractors. We determined matching costs, indirect costs, and monitoring of contractors and subgrantees were not applicable to these grants. As shown in Table 1, the City was awarded a total of \$3,475,962 to implement the grant programs.

**TABLE 1  
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES  
GRANTS AWARDED TO THE CITY OF ALBUQUERQUE**

<b>GRANT AWARD</b>	<b>AWARD START DATE</b>	<b>AWARD END DATE</b>	<b>AWARD AMOUNT</b>
2006-CK-WX-0131	11/22/05	11/21/08	\$ 296,168
2008-CK-WX-0553	12/26/07	06/25/12	2,057,660
2008-CK-WX-0554	12/26/07	06/25/12	222,134
2009-CK-WX-0441	03/11/09	03/10/12	500,000
2010-CK-WX-0033	12/16/09	12/15/12	400,000
<b>Total:</b>			<b>\$3,475,962</b>

Source: COPS

We examined the City's grant accounting records, financial and progress reports, and operating policies and procedures and found:

- delays of up to 14 months in posting of journal entries for grant expenditures to the grant general ledgers, which affected accuracy of drawdowns and financial reports,
- \$4,922 in unallowable wage expenditures for Grant No. 2009-CK-WX-0441 for wages paid before the employee's effective start date and in excess of salary,
- indicators of supplanting in the amount of \$94,501 for Grant No. 2009-CK-WX-0441 for wages and fringe benefits for an administrative transfer to a grant funded position from a position that was not backfilled for 7 months after the transfer,
- five of 38 weekly timesheets for the Technology Manager were not signed by a supervisor,

- \$445 in unallowable Unemployment fringe benefit expenditures were charged to Grant No. 2009-CK-WX-0441 in an unapproved budget category,
- \$379 in unallowable Basic Life fringe benefit expenditures were charged to Grant No. 2009-CK-WX-0441 in an unapproved budget category,
- biweekly fringe benefit expenditures charged to Grant No. 2009-CK-WX-0441 varied between \$0 and \$5,986 and generally exceeded budget percentages, with the exception of Social Security and Medicare expenditures, which were budgeted at 7.65 percent and averaged 6.99 percent,
- biweekly payroll expenditures for Grant No. 2009-CK-WX-0441 were higher than budgeted, but would not exceed the budgeted amount until September 2012,
- biweekly fringe benefit expenditures for Grant No. 2009-CK-WX-0441 were higher than budgeted, but would not exceed the budgeted amount until January 2013,
- equipment purchased with Grant No. 2006-CK-WX-0131 was not specifically identifiable or adequately monitored,
- for Grant No. 2006-CK-WX-0131, City officials did not seek or obtain approval from COPS prior to a \$296,168 sole source expenditure,
- for multiple grants, publications created with grant funds were not previously approved by COPS and did not contain specific language required by grant conditions,
- for Grant Nos. 2006-CK-WX-0131 and 2010-CK-WX-0033, the State of New Mexico Information Technology Point of Contact was not notified by City officials of the grant award, as required by grant conditions, and
- despite a previous 18 month end date extension, Grant No. 2008-CK-WX-0553 could not be completed in the remaining time to the grant's current end date, according to the original project schedule.

These items are discussed in detail in the *Findings and Recommendations* section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

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## INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of Office of Community Oriented Policing Services (COPS) grants awarded to the City of Albuquerque, New Mexico (City). The grants audited were COPS Technology Grant Nos. 2006-CK-WX-0131, in the amount of \$296,168, which was intended to upgrade mobile computer terminals; 2008-CK-WX-0553, in the amount of \$2,057,660, which was intended to upgrade APD's existing radio frequency infrastructure; 2008-CK-WX-0554, in the amount of \$222,134, which was intended to procure crime analysis software and related hardware; 2009-CK-WX-0441, in the amount of \$500,000, which was intended to procure a server, plotter, and 57 desktop computers, and fully fund a new APD Technology Manager position to oversee the Albuquerque Police Department's (APD's) Comprehensive Information Systems Project (CISP); and 2010-CK-WX-0033, in the amount of \$400,000, which was intended to fund storage area networks (SANs) for data and video, procure analytical reporting tools, and train staff on use of the SANs and analytical tools. These grants were targeted funding through annual appropriations.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) matching, (6) property management, (7) program income, (8) financial status and progress reports, (9) grant requirements, (10) program performance and accomplishments, and (11) monitoring of subgrantees and contractors. We determined matching costs, indirect costs, and monitoring of contractors and subgrantees were not applicable to these grants. As shown in Table 1, the City of Albuquerque was awarded a total of \$3,475,962 to implement the grant programs.

**TABLE 1**  
**OFFICE OF COMMUNITY ORIENTED POLICING SERVICES**  
**GRANTS AWARDED TO THE CITY OF ALBUQUERQUE**

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<b>Total:</b>			<b>\$3,475,962</b>

Source: COPS

## **Background**

COPS is the component of the U.S. Department of Justice (DOJ) responsible for advancing the practice of community policing by the nation's state, local, territory, and tribal law enforcement agencies through information and grant resources. COPS awards grants to state, local, territory, and tribal law enforcement agencies to hire and train community policing professionals, acquire and deploy cutting-edge crime-fighting technologies, and develop and test innovative policing strategies.

Since 1994, COPS has invested more than \$15 billion to add community policing officers to the nation's streets, enhance crime-fighting technology, support crime prevention initiatives, and provide training and technical assistance to help advance community policing. COPS Technology grants provide funding for the continued development of technologies and automated systems to assist state, local, and tribal law enforcement agencies in investigating, responding to, and preventing crime. This funding has allowed recipients the opportunity to establish and enhance a variety of technical equipment and/or programs to encourage the continuation and enhancement of community policing efforts within their jurisdictions. COPS developed this grant program to place departments at the forefront of innovative technological developments.

The City of Albuquerque is the largest metropolitan statistical area in the State of New Mexico with a population of 545,852 in an area of 181 miles. The City is governed by a Mayor, Chief Administrative Officer, Chief Public Safety Officer, and a nine member

City Council. The APD is a department of the City with a staff of 1,107 police officers and 605 civilian personnel, and a FY 2011 budget of \$145 million. APD facilities include the police headquarters, six area command substations, and five community substations. APD operates 755 marked vehicles and 231 unmarked vehicles, and maintains the state's largest law enforcement database. According to the APD's strategic plan, Community Policing is a partnership between APD and other city agencies, citizens, private sector organizations, and state and federal government agencies. The partnership is intended to use community involvement and aggressive enforcement of laws to identify and eradicate crime.

The City used COPS grant funds to develop and maintain the APD's CISP. Generally, COPS grant-related activities for CISP are managed by APD personnel, although grant accounting and financial functions are shared between APD personnel and the City's accounting department. According to the grant applications, APD determined a need for a modernized records management system, as the prior system in use did not provide for paperless reporting nor did it support electronic sharing of data within APD or with other law enforcement agencies. APD performed a needs assessment for a fully-automated information system, including Police Records Management and Reporting System and a Police and Fire Computer-Aided Dispatch and Mobile Data Computing system. The CISP was intended to be paperless and fully automated, taking advantage of current technologies to make information from many data sources available to police working in patrol and investigative assignments.

COPS recently imposed a four-year General Compliance Bar on the City of Albuquerque for supplanting. The City is under a bar from receiving COPS grants from September 2, 2010 to September 1, 2014. The bar is not applicable to COPS grants that are received through Congressional earmarks.

At the time of our audit, the City of Albuquerque was assessed as high risk by COPS and the Office of Justice Programs (OJP).

## Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *COPS Technology Program Grant Owner's Manuals* and the grant award documents. We tested the City's:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the City was managing grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grants;
- **Financial Status Reports and Program Progress Reports** to determine if the required reports were submitted on time and accurately reflect grant activity; and
- **grant objectives and accomplishments** to determine if the City met or is capable of meeting the grants' objectives.

These items are discussed in detail in the *Findings and Recommendations* section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

## **FINDINGS AND RECOMMENDATIONS**

We found that the City of Albuquerque generally had adequate financial management procedures for purchasing, receiving, and payment; however, we found delays of up to 14 months in posting journal entries for grant expenditures to the grant general ledgers which affected accuracy of drawdowns and financial reports. Further, we identified \$4,922 in unallowable wages and fringe benefits paid prior to the effective start date for a grant funded position, and an additional \$94,501 in unallowable wages and fringe benefits resulting from the position not being backfilled. We also found that the City was not monitoring grant budgets for classification and allowability of expenditures. We found that the City was behind schedule in implementing the grant objectives for all four of the grants audited and for one grant, we found that the grant objectives will not be achievable under the established grant timelines.

### **Internal Control Environment**

We reviewed the City's financial management system, policies and procedures, and Single Audit Reports to assess the City's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. We interviewed APD grant management personnel and program management personnel, and individuals from City departments, including accounting, inventory, and human resources, and observed accounting activities to further assess risk.

#### *Single Audit*

According to Office of Management and Budget (OMB) Circular A-133, an entity expending more than \$500,000 in federal funds in a year is required to perform a Single Audit annually, with the report due no later than nine months after the end of the fiscal year. In fiscal year (FY) 2009, the City's Single Audit Report indicated that \$91,051,913 in federal funds were expended by the City, which required performance of a Single Audit. The City's fiscal year runs from July 1 through June 30. Therefore, the Single Audit Report for the City is due by March 31 of the following year.

We received the City's Single Audit Reports for FYs 2008 and 2009.<sup>3</sup> We found the FY 2008 Single Audit Report was submitted on March 31, 2009, and was therefore timely. However, the FY 2009 Single Audit Report was not submitted until December 21, 2010, more than eight months late. According to the FY 2009 Single Audit Report, the delay was caused by implementation of a new general ledger and accounting system on January 1, 2009. City personnel were unable to close the books in a timely manner and have records ready for audit, due to numerous problems after the conversion.

The FY 2009 Single Audit Report indicated one finding related to the City's management of grant funds and four findings related to federal programs, including one finding specifically related to COPS grants. The following findings were reported in the FY 2009 Single Audit Report; Finding 01-18 regarding COPS grants and Finding 06-16 regarding operating grant fund accounting directly impacted this audit. The other three findings had little impact on this audit, but indicated issues related to oversight and accounting by City officials of programs of other federal agencies.

- **Finding 01-18 Federal Claim – U.S. Department of Justice – COPS Universal Hiring Grant CFDA No. 16.710** – In 2001, the U.S. Department of Justice questioned how \$4,152,447 in COPS grant money was spent by the City. The City disagrees with a large portion of the questioned amount – the City reimbursed DOJ \$151,636 and did not anticipate further reimbursement, and was awaiting final determination from DOJ. City management responded that they concurred with the Single Audit Report finding and that they believed COPS would be working with DOJ to close open recommendations. Management also responded that the City has been awarded COPS grants since 2001.<sup>4</sup> This was a repeated finding and recommendation from the FY 2008 Single Audit Report.

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<sup>3</sup> The Single Audit Report for FY 2010 was not due nor completed at the time of our audit.

<sup>4</sup> All five grants awarded to the City of Albuquerque by COPS in the scope of this audit were hard earmarks, which were awarded through Congressional appropriations in the federal government's annual budget. Hard earmarks are binding and have the effect of law, and are awarded without regard to unresolved OIG audit findings or granting agency noncompliance bars to grant funding.

In resolution to the DOJ report described in this finding, in September 2010, COPS imposed a 4-year General Compliance Bar on the City of Albuquerque for supplanting. The City is under a bar from receiving COPS grants from September 2, 2010 to September 1, 2014. The bar is not applicable to COPS grants that are received through congressional earmarks.<sup>5</sup>

- **Finding 06-16 Operating Grants Fund Balance** – “In prior year audits, it was noted that there was a remaining fund balance in the Operating Grants fund and the City had not identified the cause and/or source of the fund balance. In the current year, the city has been able to identify a portion of the fund balance remaining in the fund.” The Single Audit Report indicated that this finding was caused by decentralized accounting and lack of adequate resources and requisite skills by accounting personnel. City management responded that they concurred with the finding and were working to account for excess grant funds, but did not believe that any amounts were due back to funding agencies. This was a repeated finding and recommendation from the FY 2008 Single Audit Report.
- **Finding 07-09 Schedule of Expenditures of Federal Awards (SEFA) – Section 8 Housing Choice Voucher CFDA 14.871, Community Development Block Grant CFDA 14.218, Airport Improvement Grant CFDS No. 20.106** – “...we noted current year federal expenditures reported on the SEFA that did not agree to the general ledger detail support.” The auditors reported that federal grant reporting is decentralized, with information reported by individual City departments to accountants, with no process for accountants to verify the accuracy of information provided. Additionally, federal and non-federal expenditures were not separately tracked in the general ledger. City management responded that they concurred with the finding and created a new Grant Administration Section to assist in accurate recording and tracking of federal expenditures. This was a repeated finding and recommendation from the FY 2008 Single Audit Report.

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<sup>5</sup> City officials were notified by COPS of the award of Grant No. 2010-CK-WX-0033 on September 3, 2010. The award letter was dated one day after the start date of the four-year compliance bar on the City; however, the grant was awarded through a Congressional earmark.

- **Finding 09-12 Section 8 Housing Choice Voucher Eligibility Deviations-CFDA No. 14.871** – “...we noted 1 deviation out of the 25 items tested relating to the annual inspections to ensure the unit meets...Standards and the quality control reinspections.” “The City is not in compliance with OMB A-133 Single Audit requirements.” City management responded that they concurred with the finding and were in the process of creating a HUD-funded position to review inspection files.
- **Finding 09-23 FDS Reporting - U.S. Dept of Housing and Urban Development- Public Housing - Low Rent Operating Subsidy Program. CFDA No. 14.850** – “...the Financial Data Schedule (FDS) was not submitted to HUD as of date of audit field work – 15 months after year-end.” City management responded that they concurred with the finding and had resolved a majority of the general ledger issues that resulted from the PeopleSoft conversion.

The FY 2009 Single Audit Report also indicated findings related to overall report timeliness, asset monitoring, and accounting by the City of Albuquerque. These findings indicated issues related to oversight and accounting by the City and have potential impact on DOJ grants.

- **Finding 05-13 Audit Report Due Date** – “The report was not submitted by the due date. It was received by the New Mexico Office of the State Auditor in November 2010.” City management responded that they concurred with the finding and were taking actions to prevent late reports in the future. This was a repeated finding and recommendation from the FY 2008 Single Audit Report.
- **Finding 08-13 Capital Assets Additions** – “Out of the 25 additions tested, one capitalized asset...was found not to be tagged with a City issued tag or some identifying traceable characteristics.” City management responded that they concurred with the finding and would review the fixed asset tagging procedures and provide training to all departments on proper accounting of fixed assets. This was a repeated finding and recommendation from the FY 2008 Single Audit Report.
- **Finding 09-03 Incorrect Account Classification** – Twelve transactions from a sample of 100 transactions related to travel cards and cash receipts were improperly posted into the General Ledger.

City management responded that they concurred with the finding and would review existing internal control procedures.

- **Finding 09-04 Payroll - Lack of Approval** – 1 of 25 payroll transactions reviewed was not signed by the employee or supervisor. City management responded that they concurred with the finding and would review Personnel Rules and Regulations with supervisors and timekeepers.
- **Finding 09-14 Accurate and Timely Budget to Actual Information** – “The expenditure data for the budget to actual reports for the City...was not available in a timely manner throughout FY2009 to ensure that expenditures did not exceed amounts budgeted.” City management responded that they concurred with the finding and will be closing the general ledger on a monthly basis to ensure that managers have accurate and timely data for budget to actual analysis.
- **Finding 09-15 Timely Closing of General Ledger and Reconciliation of Subsidiary Ledgers** – “The general ledger for fiscal year ending June 30, 2009, was not closed until July 2010. We also noted that various subsidiary ledgers were not timely reconciled to the general ledger.” City management responded that they concurred with the finding and had resolved a majority of the general ledger issues that resulted from the PeopleSoft conversion, and were developing a monthly closing process. Additionally, some City departments do not use the PeopleSoft system; their transactions are recorded in PeopleSoft through journal entries.

### *Financial Management System*

Our review of the City's financial management system indicated the City's accounting system is decentralized. APD's Planning Section tracks grant expenditures and encumbrances using a different system than the City's Accounting Department. This requires periodic reconciliation of the two systems, particularly when financial status reports and drawdown requests are prepared. The City changed accounting systems in early 2009 and personnel stated there were difficulties with implementation of the new system, which created the environment for the discrepancies noted in the *Drawdowns, Headcount and Payroll, and Reporting* sections of this report.

We determined there appears to be adequate separation of accounting duties. APD procurement procedures appeared to be adequate, with multiple levels of approval and oversight, and receiving procedures appeared to be adequate to trace received items. Payment procedures include authorization and verification, and appear adequate. Accounting personnel provided us with a draft administrative instruction issuing guidance to City personnel regarding grant application, accounting, and monitoring procedures. We determined the document appears adequate to assist with proper grant management procedures.

## **Drawdowns**

We determined three of the five grants in the scope of our audit had drawdown activity. City officials stated drawdowns were based on actual expenditures in the accounting records. We reviewed grant accounting records and compared expenditures to actual drawdowns and found drawdowns did not exceed expenditures for Grant Nos. 2006-CK-WX-0131 and 2009-CK-WX-0441. However, as shown in Table 2, we found excess drawdowns for Grant No. 2008-CK-WX-0554. Specifically, we found a drawdown on November 18, 2009 exceeded periodic grant expenditures by \$1,008, and a drawdown on March 1, 2010 exceeded periodic grant expenditures by \$1,008. We determined the two excess drawdowns were due to overhead expenditures that had been incorrectly allocated to the grant in the general ledger; those expenditures were later removed from grant accounting records by grant personnel, prior to our audit.

**TABLE 2  
COMPARISON OF DRAWDOWNS TO ACCOUNTING  
RECORDS FOR GRANT NO. 2008-CK-WX-0554<sup>6</sup>**

DATE OF DRAWDOWN PER OJP	AMOUNT DRAWN PER OJP	EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	DIFFERENCE BETWEEN DRAWDOWNS AND EXPENDITURES	IF DRAWDOWN EXCEEDS EXPENDITURES; FUNDS OBLIGATED WITHIN 10 DAYS OF DRAWDOWN	EXCESS CASH ON HAND
11/18/2009	\$ 49,029	\$ 48,021	\$ 1,008	\$ 0	\$ 1,008
03/01/2010	49,029	48,021	1,008	0	1,008
<b>TOTAL</b>	<b>\$98,059</b>	<b>\$96,042</b>	<b>\$2,017</b>	<b>\$0</b>	<b>\$2,017</b>

Source: OJP, COPS, and City of Albuquerque, NM

Although the excess drawdowns were corrected, we found conditions existed that allowed the excess drawdowns to occur. Specifically, we identified delays by City accounting personnel in posting of journal entries to the general ledger. For the excess drawdown of \$1,008, the original journal entry occurred on September 15, 2009 and was posted to the general ledger on September 17, 2009; however, the correcting journal entry to remove overhead from the grant accounting records occurred on September 30, 2009, but was not posted to the general ledger until December 4, 2010, over 14 months later. Similarly, the second excess drawdown was corrected on December 31, 2009, 7 days after the incorrect transaction was posted to the general ledger, but the correcting entry was not posted until December 4, 2010, nearly 1 year later. City officials stated the 2009 change in accounting systems caused delays between transaction entry dates and the date the entry was posted to the general ledger for that year, but that most transactions were being posted timely at the time of our audit. However, we identified transactions in the grant ledger that were still delayed in posting, including \$16,673 of wage and fringe benefit journal entries dated July 1, 2010 that did not post to the general ledger until May 17, 2011, a lag of nearly 11 months.

### Transaction Testing

We reviewed the general ledger account for each grant and identified a total of eight non-personnel transactions for the five grants audited. Grant No. 2006-CK-WX-0131 had one transaction, Grant No. 2008-CK-WX-0554

<sup>6</sup> Throughout this report, differences in the total amounts are due to rounding.

had five transactions, and Grant No. 2009-CK-WX-0441 had two transactions. The City's general ledger for Grant No. 2010-CK-WX-0033 indicated a \$15 expenditure for 'FICA,' which we determined was mistakenly assessed to the grant, as we did not identify any transactions for Grant Nos. 2008-CK-WX-0553 and 2010-CK-WX-0033. We sampled 100 percent of the grant funded transactions and determined purchases were properly authorized and supported. However, we found three discrepancies that were related to how the City records warranty expenditures in relation to approved grant budget categories. These discrepancies are described in detail in the *Budget Management and Control* section of this report.

## **Budget Management and Control**

As stated previously, the funding of the five COPS grants awarded to the City of Albuquerque totaled \$3,475,962. As shown in Table 3, the City has only expended \$540,690 of these funds. At the time of this audit, we found that the City expended \$296,168 awarded under Grant No. 2006-CK-WX-0131.<sup>7</sup> For the four active COPS grant awards, we found the City had only expended \$244,522, or 7.68 percent, of the \$3,179,794 awarded. Although we determined all approved categories were under budget, we identified four discrepancies related to budget category classification in the control and management of the approved budget:

- For Grant No. 2008-CK-WX-0554, we identified one transaction, totaling \$517, for the warranty of equipment purchased with grant funds that was miscategorized by City grant personnel in the 'Equipment' grant budget category. In our judgment, warranty purchases should have been recorded in the 'Other' grant budget category. City officials stated their account descriptions do not always match up with grant budget categories; however, the \$517 in warranty expenditures were not allowable for this grant, as the 'Other' budget category was not approved for this grant.
- For Grant No. 2009-CK-WX-0441, we found one transaction totaling \$6,243 was recorded by City officials in the 'Supplies' grant budget category, which was not an approved budget category for this grant. In our judgment, the expenditure should have been recorded as \$5,394 for 'Equipment' and \$849 for 'Other,' to record a warranty on the equipment purchased. Additionally, we identified a second

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<sup>7</sup> COPS closed Grant No. 2006-CK-WX-0131, on April 14, 2009.

transaction totaling \$7,722 that was recorded in the 'Equipment' grant budget category. We determined the expenditure should have been recorded as \$6,606 for 'Equipment' and \$1,116 for 'Other,' to record a warranty on the equipment purchased. City officials stated their account descriptions do not always match up with grant budget categories. In our judgment, warranty expenditures within the 'Other' grant budget category were allowable for this grant, and the budget category for these two expenditures should have totaled \$1,965.

- For Grant No. 2009-CK-WX-0441, we found one transaction was charged to the grant for \$678 for indirect overhead. Indirect costs were not an approved budget category for this grant.

**TABLE 3  
BUDGET MANAGEMENT AND CONTROL**

<b>GRANT NO.</b>	<b>BUDGET CATEGORY</b>	<b>GRANT BUDGET</b>	<b>ACTUAL EXPENDITURES</b>	<b>OVER (UNDER) BUDGET</b>
<b>2006-CK-WX-0131</b>				
	Equipment	\$ 296,168	\$ 296,168	\$ -
	<b>TOTAL</b>	<b>296,168</b>	<b>296,168</b>	<b>-</b>
<b>2008-CK-WX-0553</b>				
	Equipment	2,057,660	-	(2,057,660)
	<b>TOTAL</b>	<b>2,057,660</b>	<b>-</b>	<b>(2,057,660)</b>
<b>2008-CK-WX-0554</b>				
	Equipment	222,134	106,710	(115,424)
	<b>TOTAL</b>	<b>222,134</b>	<b>106,710</b>	<b>(115,424)</b>
<b>2009-CK-WX-0441</b>				
	Personnel	375,771	123,847	(251,924)
	Equipment	114,651	7,722	(106,929)
	Supplies	-	6,243	6,243
	Other	9,578	-	(9,578)
	<b>TOTAL</b>	<b>500,000</b>	<b>137,812</b>	<b>(362,188)</b>
<b>2010-CK-WX-0033</b>				
	Travel/Training	19,864	-	(19,864)
	Equipment	245,135	-	(245,135)
	Consultants/ Contractual	135,001	-	(135,001)
	<b>TOTAL</b>	<b>400,000</b>	<b>-</b>	<b>(400,000)</b>
<b>ALL GRANTS</b>				
	<b>TOTAL</b>	<b>\$3,475,962</b>	<b>\$540,690</b>	<b>\$(2,935,272)</b>

Source: OJP, COPS, and City of Albuquerque, NM

## Headcount and Payroll

Four of the five grants in this audit did not include personnel expenditures in the grant application or budget and we did not identify personnel costs related to those grants. Grant No. 2009-CK-WX-0441 was budgeted to include wages and fringe benefits for one employee, an APD Technology Manager to oversee the CISP, who was to be 100 percent funded by the grant. The grant budget included \$253,968 for 3 years of wages for the Technology Manager, as well as \$121,803 for 3 years of fringe benefits. APD officials and grant personnel were unable to provide verifiable information regarding the Technology Manager hiring process, start date, or any related employment documentation, but we were able to obtain sufficient documentation from City officials to conduct our analysis of personnel paid with grant funds.

### *Excessive Wage Expenditures*

City officials provided documentation that the Technology Manager's effective date was June 5, 2010. However, payroll records charged to APD for the Technology Manager include the pay period ending June 4, 2010, when a wage payment of \$4,489 was charged to APD. We also identified one pay period that included an extra day of wages – an extra amount of \$433 appeared in the paycheck record for October 22, 2010 and the payroll journal and general ledger for January 28, 2011. We determined these accounting entries all represent the same item that was entered into different data sources at different dates. By subtracting the unallowable \$4,489 payment made prior to the employee's effective date and the \$433 payment that was made in excess of salary, we calculated that the accurate wages that should have been paid to the Technology Manager were \$82,622. Therefore, we question the excess amount of \$4,922 as unallowable, as it included wages charged to the grant before the Technology Manager began performing the grant funded position, as well as wages charged to the grant for an 11<sup>th</sup> day in a 10-day pay period.

### *Indicators of Supplanting in Wages and Fringe Benefits*

COPS Technology Program grant funds must be used to supplement, not supplant, the recipient's own funding. According to the 2009 COPS Technology Program Grant Owner's Manual:

Each individual employed under the Technology Program is newly hired on or after the grant award start date, unless an exception is authorized in writing by the COPS Office. If current personnel are redeployed into this program, they must be paid with local funds. The COPS grant funds may be used to backfill the resulting vacancy with newly hired personnel for an equivalent amount of time.

City officials provided documentation that the employee who filled APD's Technology Manager position was administratively transferred from another city position, with an effective start date of June 5, 2010 as Technology Manager. City officials also provided documentation that a new employee was hired to fill the Technology Manager's former position, at a slightly lower wage rate. The new employee's effective date was January 1, 2011. Based on the requirements noted above from the 2009 COPS Technology Program Grant Owner's Manual, we determined the Technology Manager position should have been funded by the City, because the administrative transfer constituted an internal redeployment, and expenditures for the new employee would be eligible for reimbursement under the COPS grant. According to data provided by City officials, the new employee earned \$16,925 from the pay period ending January 14, 2011 to the period ending February 25, 2011. As noted above, we determined the accurate wages paid to the Technology Manager should have been \$82,622. Therefore, we question the difference in wages paid of \$65,697, due to indicators of supplanting for the period between the Technology Manager's June 5, 2011, administrative transfer and our March 7, 2011 entrance conference. We also noted the continuing biweekly wage differential between the Technology Manager and the new employee was \$101.

We also identified indicators of supplanting in fringe benefits in correlation with the indicators of supplanting in wages. According to the general ledger, at the time of our audit fringe benefits charged to the grant totaled \$34,549. City payroll records indicated \$5,744 in fringe benefits were paid for the new employee from January 3, 2011 to March 7, 2011. For the reasons stated above, we question the difference in fringe benefits paid of \$28,805, due to indicators of supplanting for the period between the

Technology Manager's June 5, 2011, administrative transfer and our March 7, 2011 entrance conference. We also noted the continuing biweekly fringe benefit differential between the Technology Manager and the new employee was approximately \$488.

### *Inaccurate Payroll Accounting Records*

We determined each of the City's accounting systems we reviewed contained different expenditure amounts and starting dates for the Technology Manager. At the time of our March 7, 2011 entrance conference, City personnel provided us with a general ledger that indicated \$86,090 in wages paid between June 30, 2010 and February 11, 2011, while payroll records and paycheck information indicated \$87,544 in expenditures from June 4, 2010 to February 25, 2011, and human resources records indicated a higher pay rate than that actually being paid. The pay period ending February 25, 2011 was not posted to the general ledger at the time of our entrance conference, but we later requested an updated ledger to include that period in our analysis. The updated ledger indicated \$78,880 in wages paid as of February 25, 2011, a reduction of \$7,211 from the earlier ledger, despite the addition of another pay period. We determined the reduction in wages paid from the first general ledger to the more recent version was due to a July 1, 2010 accounting adjustment of \$(11,543) to begin the City's FY 2011 that offset corresponding June 30, 2010 charges of \$11,543 at the end of the City's FY 2010. The July 1, 2010 entry did not post to Albuquerque's general ledger until May 17, 2011, and was therefore not included in the general ledger we received during our fieldwork. We also identified large adjustments on the same dates for fringe benefits, in the amount of \$5,131 on the last day of FY 2010 and \$(5,131) on the first day of FY 2011. Based on the unusual adjustments and recurrent lags in posting of accounting entries to the general ledger, we determined the ledger was not adequate to conduct payroll analysis. As a result, we used payroll records and paycheck information to analyze wages paid. However, we were unable to identify any other source of accounting information for fringe benefits. Therefore, we used the general ledger for our analysis of fringe benefits charged to the grant.

### *Changed Wage Rate*

For the first three pay periods indicated in the payroll records and paycheck data for the APD Technology Manager, the employee's wages corresponded to a specific pay grade and step for this position, as noted in

the City's pay scale (as noted above, we determined the first of these pay periods should not have been included in grant expenditures). However, beginning with the fourth pay period and continuing for 16 of the 17 successive pay periods in the scope of this audit, the Technology Manager's wage rate was reduced by 3.49 percent. The reduced wage rate did not correspond to any identifiable City pay grade and step for the position and we could not identify any documentation to support the change.

#### *Timesheets Lack Proper Approval*

At the time of our audit, we found the Technology Manager had submitted weekly timesheets for approval from June 5, 2010 to February 25, 2011. While 33 timesheets completed by the Technology Manager appear to have been approved by 1 of 2 supervisors, we noted 5 of 38 APD weekly timesheets were not signed by any supervisor.

#### *Fluctuating Fringe Benefit Expenditures*

According to the grant application, an APD Technology Manager was to be hired to oversee the CISP and was to be 100 percent funded by the grant. The grant budget included \$121,803 for 3 years of fringe benefits. We determined the grant application budgeted for fringe benefit elements that included Social Security, Medicare, Health Insurance, Retirement, Retiree Health, and COLA/Benefit Increase.<sup>8</sup> We did not identify any COLA/Benefit Increase expenditures in the general ledger for this grant, but according to the general ledger, Basic Life expenditures in the amount of \$379 and Unemployment in the amount of \$445 were charged to the grant, although both categories were not budgeted in the grant application.

We found general ledger entries for biweekly fringe benefits charged to the grant varied between \$0 and \$5,986. Two entries offset each other due to an accounting adjustment, and a common expenditure of \$1,923 occurred for 8 of 16 entries. According to the general ledger for the grant, as of February 25, 2011, wage expenditures totaled \$78,880 and fringe benefits totaled \$34,549, or 43.8 percent of wages. Per the grant application budget, biweekly fringe benefits were budgeted at 42.28 percent of wages. We determined all fringe category expenditure percentages were higher than budgeted, except for the ledger expenditures for Social Security and Medicare which averaged 6.99 percent, lower than the 7.65 percent

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<sup>8</sup> Cost of Living Adjustment

budgeted. The only fringe benefit element that matched the budgeted amount was Retirement, at 19.01 percent.

#### *Payroll Higher than Budgeted*

The salary budgeted in the grant application for the Technology Manager was \$253,968, paid over 3 years; this corresponds to an annual salary of \$84,656. Based on the Technology Manager's biweekly wage rate at the time of our audit, we calculated the actual annual wage rate to be \$112,632. The Technology Manager's current annual salary exceeded the salary budgeted in the grant application by \$27,976, an increase of 33 percent. We calculated the current wage rate would exceed the budgeted total in the 59th pay cycle. The grant's start date was March 11, 2009, but the Technology Manager's effective start date did not occur until June 5, 2010. The 59th pay cycle from that date ends September 16, 2012. This grant was scheduled to end on March 10, 2012, at which date wages charged to the grant would not exceed the grant budget. In our judgment, if City officials request an extension on the end date for this grant, COPS should monitor the grant budget for wages to ensure it is not exceeded in September 2012.

#### *Fringe Benefits Higher than Budgeted*

Fringe benefits budgeted in the grant application for the Technology Manager were \$121,803, paid over 3 years; this corresponds to annual fringe benefit payments of \$40,601. We calculated the average biweekly fringe benefit expenditure to be \$1,818, at an annual rate of approximately \$47,277. We calculated this average biweekly fringe benefit rate would exceed the budgeted total in the 67th pay cycle. The grant's start date was March 11, 2009, but the Technology Manager's effective start date did not occur until June 5, 2010. The 67th pay cycle from that date ends January 11, 2013. This grant is scheduled to end on March 10, 2012, at which date total fringe benefits would not exceed the grant budget. In our judgment, if City officials request an extension on the end date for this grant, COPS should monitor the grant budget for fringe benefits to ensure it is not exceeded in January 2013.

#### **Accountable Property**

OMB Circular A-133 requires grantees to implement controls to ensure property purchased with federal funds is properly accounted for and

safeguarded against loss from unauthorized use or disposition. As previously noted in the *Internal Control Environment* section of this report, in FY 2009 Single Audit finding 08-13, the City did not consistently tag assets with identifying traceable characteristics.

As illustrated in Table 3 above, three of the five grants audited had expenditures for equipment.<sup>9</sup> Specifically, Grant No. 2006-CK-WX-0131 was used to purchase 35 laptop computers, and hardware to install each laptop into a patrol car. Grant No. 2008-CK-WX-0554 was used to purchase a server and crime analysis and mapping software. Grant No. 2009-CK-WX-0441 was used to purchase a plotter and supplies, as well as crime analysis software. Because of the small number of transactions, we attempted to verify all accountable property purchased with each grant, except for Grant No. 2006-CK-WX-0131.

For Grant No. 2006-CK-WX-0131, APD personnel purchased 320 laptop computers and installation equipment in 2007. The grant file contained an accounting entry allocating 35 of those 320 laptops and equipment to the grant, but the grant file did not note, and APD personnel were unable to specifically identify, which 35 of the laptops purchased were grant funded. During our fieldwork, APD personnel provided us with an inventory list containing 35 laptops and stated the list was created after our entrance conference. From the list, we tested a sample of 11 laptops and installation equipment. We were unable to verify one laptop. We determined the laptop had been received by a different officer from the assigned officer; the assigned officer's property card listed the laptop, but the signature on the card for this line item did not match the signature for all other items on the card. APD officials stated they were previously planning to conduct a property card audit for all officers. We also were unable to verify laptop docks and modems for four officers who had been rotated to desk duty since being assigned their laptops; their vehicles had been reassigned to other officers and we were unable to verify the installation equipment. None of the laptops or installation equipment purchased with grant funds were shown in inventory records or through property tags as being grant funded or federally funded.

For Grant No. 2008-CK-WX-0554, we verified the server purchased with grant funds existed and was used as intended by the grant. While the

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<sup>9</sup> Grant Nos. 2008-CK-WX-0553 and 2010-CK-WX-0033 had no activity at the time of our audit.

equipment was not shown on inventory lists or property tags as being grant funded or federally funded, the APD Property Room maintains an asset tracking database that indicates whether a piece of equipment was grant funded, as well as the purchase order number that purchased the equipment. This can be used to track which grant funded the item. This grant also funded map-based crime analysis software that is publicly accessible via the City's website. We were unable to identify any recognition on the website that the crime mapping page was funded by a federal grant.

For Grant No. 2009-CK-WX-0441, we verified the plotter and software purchased with grant funds existed and were used as intended by the grant. While the equipment was not shown on inventory lists or property tags as being grant funded or federally funded, the APD Property Room maintains an asset tracking database that indicates whether a piece of equipment was grant funded, as well as the purchase order number that purchased the equipment. This can be used to track which grant funded the item.

Based on the results of our audit of accountable property, and the findings previously noted in the Single Audit Report, we have determined the City's asset management system needs improvement, specifically related to assignment and monitoring of grant funded equipment that was issued to APD officers.

## **Reporting**

We reviewed the periodic financial reports (FSRs) and the Categorical Assistance Progress Reports, and found the FSRs were generally timely, but reports for one period were submitted 4 days late.<sup>10</sup> We also found progress reports generally appeared to be accurate and complete, but the progress report for one period was submitted 5 days late.

### *Financial Status Reports*

For Grant Nos. 2006-CK-WX-0131, 2008-CK-WX-0553, and 2008-CK-WX-0554, we determined eight FSRs were submitted for each grant at the time of this audit; for Grant No. 2009-CK-WX-0441, we

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<sup>10</sup> In January 2010, the Office of Community Oriented Policing Services switched from use of SF-269 Financial Status Reports (FSRs) to SF-425 Federal Financial Reports (FFRs), effective with the report for the period ending 12/31/09. For consistency purposes, we use the term 'FSR' throughout this report when discussing any quarterly financial reports submitted to COPS by the City of Albuquerque for the audited grants.

determined five FSRs were submitted; and for Grant No. 2010-CK-WX-0033, we determined no FSRs were due or submitted.

According to the COPS Technology Grant Program Owner's Manual for each grant, at the time of our audit FSRs were due 30 days after the end of each reporting quarter. Prior to January 2010, FSRs were due within 45 days of the end of each quarter. As shown in Table 4 below, we reviewed the four most recent FSRs for each grant in this audit and determined one FSR was submitted 4 days late for Grant Nos. 2008-CK-WX-0553, 2008-CK-WX-0554, and 2009-CK-WX-0441. City officials stated the late report occurred due to transition of grant reporting responsibilities to a new employee. FSRs for Grant No. 2006-CK-WX-0131 appeared to be generally timely, and no FSRs for Grant No. 2010-CK-WX-0033 were due or submitted at the time of this audit.

**TABLE 4  
FINANCIAL STATUS REPORT HISTORY**

REPORT PERIOD FROM - TO DATES	FSR DUE DATE	DATE SUBMITTED	DAYS LATE
<b>Grant No. 2006-CK-WX-0131</b>			
07/01/07 – 09/30/07	11/14/07	10/23/07	0
10/01/07 – 12/31/07	02/14/08	02/14/08	0
01/01/08 – 03/31/08	05/15/08	05/14/08	0
04/01/08 – 06/30/08	09/28/08 <sup>11</sup>	08/15/08	0
<b>Grant No. 2008-CK-WX-0553</b>			
01/01/10 – 03/31/10	04/30/10	04/30/10	0
04/01/10 – 06/30/10	07/30/10	07/30/10	0
07/01/10 – 09/30/10	10/30/10	11/03/10	4
10/01/10 – 12/31/10	01/30/11	01/28/11	0
<b>Grant No. 2008-CK-WX-0554</b>			
01/01/10 – 03/31/10	04/30/10	04/30/10	0
04/01/10 – 06/30/10	07/30/10	07/30/10	0
07/01/10 – 09/30/10	10/30/10	11/03/10	4
10/01/10 – 12/31/10	01/30/11	01/28/11	0
<b>Grant No. 2009-CK-WX-0441</b>			
01/01/10 – 03/31/10	04/30/10	04/30/10	0
04/01/10 – 06/30/10	07/30/10	07/30/10	0
07/01/10 – 09/30/10	10/30/10	11/03/10	4
10/01/10 – 12/31/10	01/30/11	01/28/11	0
<b>Grant No. 2010-CK-WX-0033</b>			
Grant award accepted 10/24/10; no FSRs were due or submitted at the time of this audit.			

Source: COPS

We also reviewed the four most recently submitted FSRs for each grant for accuracy and found the reports generally accurately reflected grant funded expenditures, although one FSR for Grant No. 2008-CK-WX-0554 was inaccurate and three FSRs for Grant No. 2009-CK-WX-0441 indicated lower expenditures than the City's general ledger for each period, as shown in Table 5 below.

For Grant No. 2008-CK-WX-0554, the fifth FSR submitted was \$2,017 less than actual expenditures for the period, although cumulative amounts

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<sup>11</sup> The most recent Financial Status Report for Grant No. 2006-CK-WX-0131 was the final financial report. According to the *2006 Technology Program Grant Owner's Manual*, the final financial report was due 90 days after the grant end date.

matched. We determined this discrepancy was due to an accounting correction to remove overhead expenses that had been mistakenly added to a prior FSR.

For Grant No. 2009-CK-WX-0441, expenditures noted in FSRs 3 and 5 were less than City accounting records indicated and expenditures noted in FSR 4 exceeded the accounting records for the period, although the cumulative FSR total was less than the total according to the general ledger. We determined this was affected in part by the City's time lag in posting journal entries to the general ledger; \$30,799 in expenditures occurred between October 22, 2010 and December 31, 2010, but were not posted to the City's general ledger until January 13, 2011 and January 15, 2011, and accounting adjustments totaling \$(16,673) occurred July 1, 2010, but were not posted until May 17, 2011. Because of the City's lag in posting transactions to the general ledger, expenditures were not readily apparent to City personnel at the time the reports were compiled and submitted.

**TABLE 5  
FINANCIAL STATUS REPORT ACCURACY**

FSR No.	FSR REPORT PERIOD END DATE	PERIODIC EXPENDITURES PER FSR	PERIODIC EXPENDITURES PER ACCOUNTING RECORDS	CUMULATIVE FSR EXPENDITURES	CUMULATIVE ACCOUNTING RECORD	DIFFERENCE BETWEEN PERIODIC FSR & ACCOUNTING RECORDS
<b>2008-CK-WX-0554</b>						
5	03/31/10	\$(2,017)	\$0	\$96,042	\$96,042	\$(2,017)
6	06/30/10	10,668	10,668	106,710	106,710	0
7	09/30/10	0	0	106,710	106,710	0
8	12/31/10	0	0	106,710	106,710	0
<b>2009-CK-WX-0441</b>						
2	03/31/10	\$0	\$0	\$0	\$0	\$0
3	06/30/10	0	17,351	0	17,351	17,351
4	09/30/10	50,714	41,763	50,714	59,114	(8,951)
5	12/31/10	32,727	43,505	83,442	102,619	10,778

Source: COPS

*Program Progress Reports*

According to the COPS Technology Program Grant Owner's Manuals for the grants audited, program progress reports will be required when requested by the COPS Office. The owner's manuals for all five audited grants stated grantees will be notified when progress reports are due and

COPS will provide instructions for submission, but did not provide specific deadlines. However, according to COPS officials, at the time of our audit, progress reports were due 30 days after the end of the previous calendar year. Because it was more recent than the Grant Owner's Manuals, we used the specific deadline information provided by COPS officials for our analysis of progress report timeliness. We did not identify any other performance reports required for these grants.

We determined APD Planning Division personnel collected information from City accounting records, the grant managers' spreadsheets, and invoices, as well as performance information from APD Technical Services personnel, including the Technology Manager, to prepare progress reports. The grant manager then completed progress reports electronically using the COPS online submission form.

We determined progress reports were submitted by year, rather than by grant – for example, the progress report for calendar year (CY) 2009 reported on Grant Nos. 2008-CK-WX-0553, 2008-CK-WX-0554, and 2009-CK-WX-0441 in a single document. We evaluated statistical data for progress reports for the two most recent years and determined that progress reports were completed in a survey format through yes/no responses and 1-10 rating scales. Progress reports for Grant No. 2006-CK-WX-0131 did not include space for narrative explanations; progress reports for the other four grants included space for narrative explanations regarding delays, as well as explanation of how COPS funding enhanced the grantee's ability to implement community policing activities. We determined reports for the two most recent years contained all required performance data for each grant. We also determined the progress report for the most recent year for each grant was accurate to information located in the City's grant files.

Generally, we found progress reports were submitted timely. However, we found one progress report was submitted 5 days late. The progress report for CY 2008 included performance information for Grant Nos. 2008-CK-WX-0553 and 2008-CK-WX-0554, and was due February 14, 2009 and submitted February 19, 2009.

**TABLE 6  
PROGRAM PROGRESS REPORT HISTORY**

<b>RPT No.</b>	<b>REPORT PERIOD FROM - TO DATES</b>	<b>DUE DATE<sup>12</sup></b>	<b>DATE SUBMITTED</b>	<b>DAYS LATE</b>
<b>2006-CK-WX-0131</b>				
1	01/01/07-12/31/07	05/19/08	04/30/08	0
2	01/01/08-12/31/08	01/15/09	01/15/09	0
<b>2008-CK-WX-0553</b>				
1	01/01/08-12/31/08	02/14/09	02/19/09	5
2	01/01/09-12/31/09	01/30/10	01/19/10	0
3	01/01/10-12/31/10	01/30/11	01/28/11	0
<b>2008-CK-WX-0554</b>				
1	01/01/08-12/31/08	02/14/09	02/19/09	5
2	01/01/09-12/31/09	01/30/10	01/19/10	0
3	01/01/10-12/31/10	01/30/11	01/28/11	0
<b>2009-CK-WX-0441</b>				
1	01/01/09-12/31/09	01/30/10	01/19/10	0
2	01/01/10-12/31/10	01/30/11	01/28/11	0
<b>2010-CK-WX-0033</b>				
1	01/01/10-12/31/10	01/30/11	01/28/11	0

Source: COPS

### **Compliance with Grant Requirements**

We reviewed grant requirements, which included the special conditions attached to each grant award and the applicable COPS Technology Program Grant Owner's Manual for each grant. We determined there were seven key grant requirements applicable to all five grants:

1. Grant funds are to supplement, not supplant, currently committed funds.
2. Recipients may request time extensions, which do not change grant funding levels.
3. Budget modifications over 10 percent of the award amount must be approved by COPS prior to implementation.

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<sup>12</sup> Prior to January 1, 2010, Albuquerque's progress reports were due 45 days after the end of the calendar year. Beginning January 1, 2010, progress reports were due 30 days after the end of the calendar year, which includes reports for the 2009 and 2010 calendar years.

4. Recipient agrees to cooperate with monitors and evaluators of the COPS Technology Program.
5. Sole source procurements in excess of \$100,000 must be approved by COPS prior to procurement.
6. Reports and publications resulting from the grant must be submitted to COPS for approval 20 days prior to release, with specific language recognizing the grant, DOJ, and COPS.
7. The grantee agrees to notify the State Information Technology Point of Contact of the receipt of the grant award.

Additionally, for grant 2010-CK-WX-0033, the grant award included a condition requiring high risk grantees to comply with additional requirements, if any. As stated previously, the City of Albuquerque was classified as a high risk grantee by COPS and the Office of Justice Programs in July 2010. Due to a previous determination of supplanting by the City, COPS imposed a 4-year bar from COPS grant funding, effective from September 2, 2010 to September 1, 2014.

We found that APD grant program management and City accounting personnel were generally unaware of the existence of the COPS Technology Grant Owner's Manuals or grant special conditions. We identified indicators of supplanting, and question wage and fringe benefit expenditures in the amount of \$94,501, as detailed in the *Headcount and Payroll* section of this report. We determined that a sole source procurement for \$296,168 in computer equipment occurred under Grant No. 2006-CK-WX-0131; however, justification for the procurement was not provided to COPS. We found reports and publications resulting from the grant were not submitted to COPS and do not recognize the grant, DOJ, or COPS; these publications include monthly and annual reports accessible through the City's website, as well as APD's CrimeView crime mapping website, which is publicly accessible and was developed entirely with COPS grant funds. Finally, we determined APD personnel notified the New Mexico Information Technology Point of Contact of the awards of three of the five grants; APD officials were unable to provide confirmation that the state had been notified of Grant No. 2006-CK-WX-0131, which had been completed and closed out, and Grant No. 2010-CK-WX-0033, which had not yet been implemented.

## Program Performance and Accomplishments

According to the award documentation, the purpose of the COPS grants awarded to the City of Albuquerque was to provide supplemental funding to design, implement, install and support a Comprehensive Information Systems Project (CISP). Each grant was intended to fund a different portion of the CISP. As detailed below, we determined grant funded expenditures generally matched the goals stated in the grant applications, although two of the five grants were not yet implemented at the time of our audit. We also determined one grant project was completed timely and closed out, three grant projects could be completed before the grant end dates, and one grant project could not be completed before the end date within the schedule noted in the grant application. City officials stated that grant projects have been generally delayed by the city's bureaucratic approval process – review and approval by City leadership is required for grant applications and expenditures, which can take several months.

We noted that for each grant audited, COPS backdated the start date for the grant funding in the award letter. We found the grant start dates ranged from 216 to 315 days before the grant award letters were sent to the City. In our judgment, because funding is not certain until the grant award letter is issued, the time available for the City to complete each grant project was immediately reduced.<sup>13</sup>

Grant No. 2006-CK-WX-0131, in the amount of \$296,168, was intended to upgrade mobile computer terminals. Specifically, we determined this grant funded the purchase of 35 laptop computers, in-vehicle docking stations, modems, antennas, and mounting hardware, and was performed per the grant application. The grant start date was November 22, 2005 and end date was November 21, 2008. The grant closed out April 14, 2009. We determined this project was completed timely.

Grant No. 2008-CK-WX-0553, in the amount of \$2,057,660, was intended to upgrade APD's existing radio frequency infrastructure. We determined this project had not yet been implemented. APD officials stated this project was behind schedule due to delays by the FCC in setting the

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<sup>13</sup> It should also be noted grant funds were obligated between 187 and 273 days after the grant start dates, and 9 to 42 days prior to issuance of the grant award letters.

technology standard, which was delaying a project by the State of New Mexico to install infrastructure that must be in place for the City's upgrades to be functional. The grant start date was December 26, 2007 and end date was June 25, 2012, after an 18 month extension. At the time of this audit, the project was 15 months from the grant end date; however, the original implementation schedule detailed in the grant application indicated a 29 month project timeline. In our judgment, according to the original implementation schedule detailed in the grant application, this project cannot be achieved in the remaining time to the grant's end date, despite the previous granting of an 18 month end date extension by COPS.

Grant No. 2008-CK-WX-0554, in the amount of \$222,134, was intended to procure crime analysis software and related hardware. We determined this project has been partially implemented; the City has developed and implemented the APD's CrimeView software and website. The grant start date was December 26, 2007 and end date was June 25, 2012, after an 18 month extension. In our judgment, the project stated in the grant application can still be accomplished per the original implementation schedule, due to a previous 18 month end date extension by COPS, although APD officials stated their intent to re-scope approximately \$120,000 of the remaining funds for this grant to accommodate changed needs. During our audit, we noted that APD planned to spend \$14,580 from this grant for training. Training expenditures were not included in the grant budget and training was not an approved budget category for this grant; charging this expenditure to the grant would require pre-approval by COPS.

Grant No. 2009-CK-WX-0441, in the amount of \$500,000, was intended to procure a server, plotter, and 57 desktop computers, and fully fund a new APD Technology Manager position to oversee the CISP. We determined this project has been partially implemented; the Technology Manager was hired in June 2010, and a plotter and analysis software were purchased. The grant start date was March 11, 2009 and end date was March 10, 2012. In our judgment, the project stated in the grant application can still be accomplished per the original implementation schedule, although APD officials stated they may need to re-scope a portion of the remaining funds for this grant to accommodate changed needs. APD officials stated they plan to sustain the Technology Manager position after the grant expires by obtaining additional grant funds or by absorbing the salary through the City's general fund.

Finally, Grant No. 2010-CK-WX-0033, in the amount of \$400,000, was intended to fund storage area networks (SANs) for data and video, procure analytical reporting tools, and train staff on use of the SANs and analytical tools. We determined this project has not yet been implemented. The grant start date was December 16, 2009 and end date was December 15, 2012. In our judgment, the project stated in the grant application can still be accomplished per the original implementation schedule, although APD officials stated their intent to fully re-scope this grant to accommodate changed needs.

## **Recommendations**

We recommend that the COPS Office:

1. Ensure that the City of Albuquerque implements appropriate accounting procedures to assure that transactions are posted to the general ledger in an accurate and timely manner.
2. Ensure that the City of Albuquerque implements appropriate budget monitoring procedures to assure that grant expenditures are charged to allowable budget categories established under the grant.
3. Remedy the \$4,922 in questioned costs as a result of unallowable personnel expenditures, including wages paid prior to the Technology Manager's effective start date and in excess of regular salary.
4. Remedy the \$94,501 in questioned costs as a result of unallowable wage and fringe benefit expenditures, for position that were not backfilled.
5. Ensure that the City of Albuquerque implements appropriate controls for consistent approval of timesheets for grant-funded employees.
6. Ensure that the City of Albuquerque develops and implements policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds.
7. Ensure that the City of Albuquerque develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.

8. Ensure that City of Albuquerque publications created with grant funds are approved by COPS and contain appropriate language as required by the Special Conditions of the grant.
9. Ensure that the City of Albuquerque notifies the State of New Mexico Information Technology Point of Contact of all COPS Technology Program grants awarded to the City as required in the Special Conditions of the grant.
10. Ensure that the City of Albuquerque develops and implements policies and procedures to adequately monitor performance of grant funded projects in relation to project schedules.
11. Ensure that the City of Albuquerque receives approval from COPS prior to allocating grant funds to any purposes that are not consistent with the grant applications.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) matching, (6) property management, (7) program income, (8) financial status and progress reports, (9) grant requirements, (10) program performance and accomplishments, and (11) monitoring of subgrantees and contractors. We determined indirect costs, matching funds, program income, and monitoring of subgrantees and contractors were not applicable to these grants.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit concentrated on, but was not limited to, the award of Office of Community Oriented Policing Services (COPS) grants on November 22, 2005, through March 7, 2011. This was an audit of COPS Technology Program Grant Nos. 2006-CK-WX-0131, 2008-CK-WX-0553, 2008-CK-WX-0554, 2009-CK-WX-0441, and 2010-CK-WX-0033, awarded to the City of Albuquerque, New Mexico (City). The City received a total of \$3,475,962 in COPS Technology Program grant awards and had a total of \$477,668 in drawdowns through March 7, 2011.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the *COPS Technology Program Grant Owner's Manual* and the award documents.

In conducting our audit, we performed sample testing in four areas, which were drawdowns, grant expenditures, personnel, and property management. In this effort, we employed a judgmental sampling design to

obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We identified samples of 5 drawdowns, 8 grant expenditures, 1 grant funded employee, and 14 items of accountable equipment. This non-statistical sample design does not allow projection of the test results to the universes from which the samples were selected.

In addition, we reviewed timeliness and accuracy of periodic financial reports and progress reports, assessed compliance with grant requirements, and evaluated performance to grant objectives; however, we did not test the reliability of the financial management system as a whole.

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Unallowable Costs:		
Unallowable personnel costs	\$4,922	14
Unallowable wages	65,697	15
Unallowable fringe benefits	28,805	15
<b>Total Unallowable Costs</b>	<b>\$99,423</b>	
<b>Total Questioned Costs<sup>14</sup></b>	<b>\$99,423</b>	

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<sup>14</sup> Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## COPS RESPONSE TO DRAFT REPORT



**U.S. Department of Justice**  
Office of Community Oriented Policing Services (COPS)

Audit Liaison Division  
Two Constitution Square  
145 N Street, NE  
Washington, DC 20530  
(202) 514-7022 (Telephone)  
(202) 616-4428 (Facsimile)

**Via Electronic and U.S. Mail**

To: David M. Sheeren  
Regional Audit Manager  
Office of the Inspector General  
Denver Regional Audit Office

From: Donald J. Lango  
Management Analyst/ Audit Liaison  
COPS Audit Liaison Division

Date: August 4, 2011

Subject: Response to Draft Audit Report for the City of Albuquerque, New Mexico

This memorandum is in response to your July 15, 2011 draft audit report for the City of Albuquerque, New Mexico. For ease of review, each audit recommendation is stated in bold and underlined, followed by COPS' response to the recommendation.

**Recommendation 1: Ensure that the City of Albuquerque implements appropriate accounting procedures to assure that transactions are posted to the general ledger in an accurate and timely manner.**

The COPS Office concurs with the recommendation that the City of Albuquerque (Albuquerque) should implement accounting procedures to assure that transactions are posted to the general ledger in an accurate and timely manner.

**Discussion and Planned Action:** Albuquerque concurred with this recommendation and advised that starting in 2012 the general ledger will be closed on a monthly basis. Albuquerque also advised that it will compare drawdown requests to the approved budget document to ensure that only allowable expenditures are reported and that necessary adjustments have been made to remove unallowable expenditures from the general ledger. We will request that the grantee provide a copy of its accounting procedures and ensure that they adequately address this

David M. Sheeren, Regional Audit Manager  
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recommendation. We will forward this documentation to the OIG for review and closure of the recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 1.

**Recommendation 2: Ensure that the City of Albuquerque implements appropriate budget monitoring procedures to assure that grant expenditures are charged to allowable budget categories established under the grant.**

The COPS Office concurs with the recommendation that Albuquerque should implement procedures for budget monitoring to ensure that grant expenditures are charged to allowable budget categories established under the grant.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation. We will request that the grantee provide a copy of its implemented budget monitoring procedures and will review to determine if the procedures will ensure that grant expenditures are charged to allowable budget categories established under the grant. We will forward this documentation to the OIG for review and closure of the recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 2.

**Recommendation 3: Remedy the \$4,922 in questioned costs as a result of unallowable personnel expenditures, including wages paid prior to the Technology Manager's effective start date and in excess of regular salary.**

The COPS Office concurs with the recommendation that Albuquerque remedy the \$4,922 in questioned costs as a result of unallowable personnel expenditures, including wages paid prior to the Technology Manager's effective start date and in excess of regular salary.

**Discussion and Planned Action:**

Albuquerque concurred with the recommendation, but did not specify how it plans to remedy the questioned costs. We will work with Albuquerque to remedy the questioned costs and will provide documentation to the remedy.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 3.

**Recommendation 4: Remedy the \$94,501 in questioned costs as a result of unallowable wage and fringe benefit expenditures, for positions that were not backfilled.**

The COPS Office concurs with the recommendation that Albuquerque remedy the \$94,501 in questioned costs as a result of unallowable wage and fringe benefit expenditures, for positions that were not backfilled.

**Discussion and Planned Action:**

Albuquerque concurred with the recommendation, but did not specify how it plans to remedy the questioned costs. We will work with Albuquerque to remedy the questioned costs and will provide documentation to the remedy.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 4.

**Recommendation 5: Ensure that the City of Albuquerque implements appropriate controls for consistent approval of timesheets for grant-funded employees.**

The COPS Office concurs with the recommendation that Albuquerque implement appropriate controls for consistent approval of timesheets for grant-funded employees.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation and advised that it has implemented a policy that requires all grant-funded employees to file weekly timesheets. However, Albuquerque did not provide a copy of this policy. We will request that Albuquerque provide a copy of procedures implemented and will review to ensure it sufficiently addresses this recommendation. We will forward this documentation to the OIG for review and closure of the recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 5.

**Recommendation 6: Ensure that the City of Albuquerque develops and implements policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds.**

The COPS Office concurs with the recommendation that Albuquerque develop and implement policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation and advised that they are implementing a QR code-based system to improve its ability to track and manage grant-purchased inventory. We will need to follow up with Albuquerque to obtain additional information on this new process. Once we have done so, we will review this additional information to ensure that it will adequately address this recommendation and will forward it to the OIG for review and closure of the recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 6.

**Recommendation 7: Ensure that the City of Albuquerque develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.**

The COPS Office concurs with this recommendation that Albuquerque develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation. Albuquerque advised that it intends to seek approval from the COPS Office "Liaison" for any future sole source procurements in excess of \$100,000. We plan to request that Albuquerque develop or revise its procurement procedures to ensure compliance with all grant requirements (to include obtaining prior approval from COPS for any sole source expenditures from grant funds that are in excess of \$100,000). We will also advise Albuquerque that approval is required from the COPS program staff. We will review these procedures to ensure they will adequately address this recommendation and will forward it to the OIG for review and closure of the recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 7.

**Recommendation 8: Ensure that City of Albuquerque publications created with grant funds are approved by COPS and contain appropriate language as required by the Special Conditions of the grant.**

The COPS Office concurs with this recommendation that Albuquerque comply with all special conditions of the grant.

**Discussion and Planned Action:**

Albuquerque generally concurred with this recommendation and agreed to ensure that whenever

David M. Sheeren, Regional Audit Manager  
August 4, 2011  
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a project or equipment is highlighted in the publication that has been implemented using federal funding, that the appropriate language will be inserted. Albuquerque also advised that it has already started inserting the specific language into its website and CrimeView package. The COPS office needs to request additional information and clarification from the grantee before we determine how to proceed in remedying this recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 8.

**Recommendation 9: Ensure that the City of Albuquerque notifies the State of New Mexico Information Technology Point of Contact of all COPS Technology Program grants awarded to the City as required in the Special Conditions of the grant.**

The COPS Office concurs with this recommendation that Albuquerque comply with special conditions of the grant by notifying the State of New Mexico Information Technology Point of Contact of all COPS Technology Program grants awarded to the City.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation. We will request that Albuquerque provide documentation that it has notified the State of New Mexico Information Technology Point of Contact of its award for the COPS Technology Program Grant 2010-CK-WX-0033. We will provide this documentation to the OIG for review and closure of the recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 9.

**Recommendation 10: Ensure that the City of Albuquerque develops and implements policies and procedures to adequately monitor performance of grant funded projects in relation to project schedules.**

The COPS Office concurs with this recommendation that Albuquerque develop and implement policies and procedures to adequately monitor performance of grant funded projects in relation to project schedules.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation, and has identified procedures to monitor the performance of grant funded projects in relation to project schedules. We need to follow up with Albuquerque and will request that Albuquerque provide a copy of its formalized procedures. When we have received these procedures, we will provide them to the OIG for review and closure of this recommendation.

David M. Sheeren, Regional Audit Manager  
August 4, 2011  
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**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 10.

**Recommendation 11: Ensure that the City of Albuquerque receives approval from COPS prior to allocating grant funds to any purposes that are not consistent with the grant applications.**

The COPS Office concurs with the recommendation that Albuquerque receive approval from COPS prior to allocating grant funds to any purposes that are not consistent with the grant applications.

**Discussion and Planned Action:**

Albuquerque concurred with this recommendation and advised that it will request written approval from the COPS Office when allocating grant funds that are not consistent with the original grant application. We will follow up with Albuquerque to obtain additional information and clarification to determine if they will need to submit a grant modification request for any of their active grants. Should we determine that grant modifications are necessary, we will ensure that Albuquerque submits the requests and we will provide the modification approval letters from the Grant Administration Division to the OIG for review and closure of this recommendation.

**Request:**

Based on the discussion and planned action, COPS requests resolution of Recommendation 11.

COPS would like to thank you for the opportunity to review and respond to the draft audit report. If you have any questions, please contact me at 202-616-9215, or you may email at [donald.lango@usdoj.gov](mailto:donald.lango@usdoj.gov).

David M. Sheeren, Regional Audit Manager  
August 4, 2011  
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cc: Richard P. Theis (copy provided electronically)  
Justice Management Division

Mary T. Myers (copy provided electronically)  
Justice Management Division

Peter Borges, Grant Program Specialist  
COPS Grant Administration Division

Cynthia A. Bowie (copy provided electronically)  
Audit Liaison Division

Nancy Daniels (copy provided electronically)  
Audit Liaison Division

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Raymond D. Schultz, Chief of Police (copy provided electronically)  
City of Albuquerque Police Department

Robert J. Perry, Chief Administrative Officer (copy provided electronically)  
City of Albuquerque Police Department

Bill Slauson, Planning and Policy Director (copy provided electronically)  
City of Albuquerque Police Department

Grant File     2006-CK-WX-0131 (Technology Grant)  
                  2008-CK-WX-0553 (Technology Grant)  
                  2008-CK-WX-0554 (Technology Grant)  
                  2009-CK-WX-0441 (Technology Grant)  
                  2010-CK-WX-0033 (Technology Grant)

Audit File

ORI: NM00101

## ALBUQUERQUE RESPONSE TO DRAFT REPORT

## CITY OF ALBUQUERQUE

*Albuquerque Police Department*

Raymond D. Schultz, Chief of Police



August 2, 2011

Mr. David Sheeren  
 OIG Regional Audit Manager  
 United States Department of Justice  
 Office of the Inspector General  
 Denver Regional Audit Office  
 1120 Lincoln, Suite 1500  
 Denver, CO 80203

Dear Mr. Sheeren:

The following is the City of Albuquerque's response to the United States Department of Justice, Office of Inspector General's Draft Audit Report. The audit encompassed the following grants:

400 Roma NW	- 2006-CK-WX-0131
	- 2008-CK-WX-0553
	- 2008-CK-WX-0554
Albuquerque	- 2009-CK-WX-0441
	- 2010-CK-WX-0033

There were eleven findings in the Draft Audit Report and this response will address each of these findings in turn:

New Mexico 87102

www.cabq.gov

Finding 1: Ensure that the City of Albuquerque implements appropriate accounting procedures to assure that transactions are posted to the general ledger in an accurate and timely manner.

- o The Albuquerque Police Department concurs with this finding.
  - The Accounting Division has resolved a majority of the general ledger issues that resulted from the Peoplesoft conversion. In fiscal year 2012, the general ledger will be closed on a monthly basis to ensure that City departments and managers have accurate and timely data for reporting purposes. Before requesting reimbursement, the department will compare the drawdown requests to the approved budget document to ensure that only allowable expenditures are reported and necessary adjustments have been made to remove unallowable expenditures from the general ledger.

Finding 2: Ensure that the City of Albuquerque implements appropriate budget monitoring procedures to assure that grant expenditures are charged to allowable budget categories established under the grant.

- The Albuquerque Police Department concurs with this finding.
  - The City of Albuquerque's financial system (Peoplesoft) has two categories for revenues and appropriations. For revenue accounts, each agency have a revenue account issued for their specific information, such as department or address. Funding is allocated to appropriation accounts based on the description of the budget categories. The categories are predefined and are listed as follows (equipment, supplies, travel, contractual, etc.). The City's PeopleSoft accounting system does not currently include an "Other" category. During future grant applications, the Albuquerque Police Department will refrain from classifying any proposed expenditures into the "Other" category to prevent any confusion and system incompatibilities.

Finding 3: Remedy the \$4,922 in questioned costs as a result of unallowable personnel expenditures, including wages paid prior to the Technology Manager's effective start date and in excess of regular salary.

- The Albuquerque Police Department concurs with this finding.

Finding 4: Remedy the \$94,501 in questioned costs as a result of unallowable wage and fringe benefit expenditures, for position that were not backfilled.

- The Albuquerque Police Department concurs with this finding.

Finding 5: Ensure that the City of Albuquerque implements appropriate controls for consistent approval of timesheets for grant-funded employees.

- The Albuquerque Police Department concurs with this finding.
  - In September 2010, the Albuquerque Police Department implemented a policy that requires all grant-funded employees to file weekly timesheets. At the beginning of the Technology Manager's tenure (before the implementation of the policy), there was some confusion whether a timesheet was required for the position. As an overall process improvement, the Department is considering implementing a web-based timekeeping program that will greatly improve the Department's ability to track employee time and develop a consistent approval process. The new timekeeping program will be implemented by the end of 2011.

Finding 6: Ensure that the City of Albuquerque develops and implements policies and procedures to accurately monitor grant-funded equipment by tagging and identifying equipment purchased with grant funds.

- The Albuquerque Police Department concurs with this finding.
  - Each year, the Albuquerque Police Department (APD) purchases hundreds of items with grant funds. Typically, APD uses a barcode system that attaches a multi-digit number to a line in a database that contains additional information. Items over \$5,000 in value are included on a master list and each division's inventory. Inventory lists are verified every six months. In order to improve the Department's ability to track and manage grant-purchased inventory, the Department is in the process of implementing a QR code-based system. Although initially used for tracking parts in vehicle manufacturing, QR codes are now used in a much broader context. APD will generate QR codes for free via the internet and use a free app on any smart phone to decode the image. Each image will be coded with the name of the grant that was used to purchase the item, as well as project activity and account information. A QR code will be affixed to each grant-purchased item.

Finding 7: Ensure that the City of Albuquerque develops and implements policies and procedures to obtain prior approval from COPS for any sole source expenditures.

- The City of Albuquerque concurs with the finding.
  - The Albuquerque Police Department followed and met the City of Albuquerque's purchasing requirements for sole-source expenditures when it contracted for a purchase of \$296,168 for computer laptops. The Planning Division was unaware that it needed approval from the COPS Office as well. Future requests for purchases of sole-source items totaling more than \$100,000 will be sent to the COPS Office liaison for approval before the purchase is initiated.

Finding 8: Ensure that City of Albuquerque publications created with grant funds are approved by COPS and contain appropriate language as required by the Special Conditions of the grant.

- The City of Albuquerque concurs with the finding.
  - The Planning Division generates the majority of publications that detail new advancements implemented by the Department, including monthly and annual reports. The production of the publications is not funded with grants received from the federal government. However, the Department's publications often highlight projects and equipment that were purchased with grant funding. The Planning Division manages the Department's grants and is in an excellent position to identify when federal grants were used to purchase equipment, technology and other items that are highlighted in the publications. The Planning Division will take special care to make sure that whenever a project or equipment is highlighted in

the publication that has been implemented using federal funding, that the appropriate language will be inserted. In fact, APD has already begun to insert the specific language into its website and CrimeView package.

Finding 9: Ensure that the City of Albuquerque notifies the State of New Mexico Information Technology Point of Contact of all COPS Technology Program grants awarded to the City as required in the Special Conditions of the grant.

- The City of Albuquerque concurs with this finding.
  - As demonstrated by compliance in several prior awards, the Albuquerque Police Department has made the effort to notify the State of New Mexico Information Technology Point of Contact, usually via email. Due to the transition of staff, the 2006 notification could not be located. The 2010 notification was hampered due to the original point of contact's retirement. The Albuquerque Police Department has identified the new point of contact and will generate the notification email.

Finding 10: Ensure that the City of Albuquerque develops and implements policies and procedures to adequately monitor performance of grant funded projects in relation to project schedules.

- The Albuquerque Police Department concurs with this finding.
  - Once an IT project is funded by a grant, the project must be implemented, tracked, and documented to demonstrate how the funds were utilized within the guidelines of the grant funding agency. The day to day manager of the grant funded IT project responsibilities should include:
    - Setting up the internal processes of the Technical Services Division for implementation of the project upon approval of the grant funds.
    - Work with the APD Planning Division to review the budget available as well as the requirements of the grant funding agency. This may require adjustment of the proposed budget based on actual monies approved.
    - Coordinate with all areas for project implementation.
    - Identifying resources need to implement the project plan.
    - Meet regularly with your Grant Manager to identify the guidelines for expenditure of the funds, required paperwork, approval and routing process, and for information regarding any reports required throughout the project and grant period.
    - Develop a procedure for internal budget controls and monitoring within the project.
    - Develop a procedure for completing the required reports with the project.
    - Develop a procedure for keeping all divisions, units, and agencies apprised of the project's progress and accomplishments on a regular basis.

- Develop and publish specific timelines for project implementation for all involved in the project, using the project management processes as outlined below.
- Generally, the process will include the (Initiating Stage, Planning and Design Stage, Production or Execution Stage, Monitoring and Controlling Stage and Closing Stage).

Finding 11: Ensure that the City of Albuquerque receives approval from COPS prior to allocating grant funds to any purposes that are not consistent with the grant applications.

- The Albuquerque Police Department concurs with this finding.
  - In the future, APD Planning Division staff will request written approval from the COPS Office when allocating grant funds that are not consistent with the original grant application.

If you have any questions or comments about our responses, please do not hesitate to call or email my Planning and Policy Director, William Slauson, at (505) 768-2427 / [bslauson@cabq.gov](mailto:bslauson@cabq.gov).

Sincerely,



Raymond D. Schultz  
Chief of Police

**OFFICE OF THE INSPECTOR GENERAL, AUDIT DIVISION,  
ANALYSIS AND SUMMARY OF ACTIONS  
NECESSARY TO CLOSE REPORT**

The OIG provided a draft report of this audit to the City of Albuquerque (City) and Office of Community Oriented Policing Services (COPS). COPS' comments are incorporated in Appendix III of this report and the City's comments are incorporated in Appendix IV. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

**Analysis of COPS' Response to the Draft Report**

In its response to the draft report, COPS stated that it agreed with all 11 recommendations. COPS said it would coordinate with the City to remedy questioned costs and obtain documentation showing the City had implemented our management recommendations. Based on the City's responses, COPS requested resolution of all 11 OIG recommendations. Our analysis of COPS' response is discussed below in Summary of Actions Necessary to Close the Report.

**Analysis of the City of Albuquerque's Response to the Draft Report**

In its response to the draft report, the City concurred with all 11 recommendations. The City's response to the draft report includes the status of corrective actions planned or taken on management recommendations in the report, but the City did not address corrective actions planned or taken on questioned costs. Our analysis of the City's response is discussed below.

**Summary of Actions Necessary to Close the Report**

1. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City implement appropriate accounting procedures to assure that transactions are posted to the general ledger in an accurate and timely manner. The City's response stated that a majority of accounting issues that resulted from a software conversion had been resolved. The City also stated the general ledger will be closed on a monthly basis and

drawdown requests will be compared to budget documents to ensure that only allowable expenditures are reported.

In its response, COPS said it agrees with the recommendation and will coordinate with the City to obtain a copy of its accounting procedures and ensure that they adequately address this recommendation. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documented procedures that assure transactions are posted to the general ledger in an accurate and timely manner.

2. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City implement appropriate budget monitoring procedures to assure grant expenditures are charged to allowable grant budget categories. The City's response stated the City will not classify expenditures in the "Other" budget category on future grant applications, as the City's accounting software does not support an "Other" category.

In its response, COPS said it agrees with the recommendation and will coordinate with the City to obtain documentation of implemented budget monitoring procedures and review documentation to ensure that grant expenditures are properly charged to the grant. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documented procedures that assure transactions are charged to grants using allowable budget categories.

3. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City remedy \$4,922 in questioned costs as a result of unallowable personnel expenditures that were paid prior to the Technology Manager's effective start date and in excess of regular salary. The City did not state how it plans to remedy the questioned costs.

In its response, COPS said it agrees with the recommendation and will work with the City to remedy the questioned costs and will provide documentation of the remedy. COPS requested resolution of this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

4. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City remedy \$94,501 in questioned costs as a result of unallowable personnel expenditures for positions that were not backfilled. The City did not state how it plans to remedy the questioned costs.

In its response, COPS said it agrees with the recommendation and will work with the City to remedy the questioned costs and will provide documentation of the remedy. COPS requested resolution of this recommendation.

This recommendation can be closed when the questioned costs have been remedied.

5. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City implement appropriate controls for consistent approval of timesheets for grant funded employees. The City said it is considering implementing a web-based timekeeping program by the end of 2011 to improve tracking of employee time and create a more consistent approval process.

In its response, COPS said it agrees with the recommendation and will coordinate with the City to obtain documentation of implemented policies and review documentation to ensure it sufficiently addresses this recommendation. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documented procedures that assure grant funded employee timesheets are consistently approved.

6. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City implements policies and procedures to accurately monitor grant funded equipment. The City said it inventories and tags items over \$5,000 and verifies inventory lists every 6 months. The City said it is implementing a new

code-based inventory system to improve its ability to manage grant funded equipment.

In its response, COPS said it agrees with the recommendation and will coordinate with the city to obtain additional information on the new inventory process. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documented procedures that assure grant-funded equipment is accurately monitored in City inventory records.

7. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City develop and implement policies and procedures to obtain approval from COPS prior to sole source expenditures. The City said it followed its own purchasing requirements for sole source expenditures when it contracted for a \$296,168 computer purchase, but was unaware that COPS approval was required. The City said it will request COPS approval of future sole source expenditures in excess of \$100,000.

In its response, COPS said it agrees with the recommendation and will request that the City develops or revises its procurement procedures to ensure compliance with all grant requirements, including obtaining prior approval from COPS program staff for sole source expenditures in excess of \$100,000. COPS said it will review procedures to ensure they adequately address this recommendation. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documented procedures that assure City procurement procedures are in compliance with grant requirements.

8. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that City publications created with grant funds are approved by COPS and contain appropriate language as required by grant conditions. The City said it will insert appropriate language when publications highlight projects or equipment funded with federal funding and has begun to insert language in its website and CrimeView software.

In its response, COPS said it agrees with the recommendation and will request additional information and clarification from the City before it determines how to remedy this recommendation. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documented procedures that assure that City publication practices are in compliance with grant requirements.

9. **Resolved.** In its response to the draft report, the City of Albuquerque said it concurs with our recommendation that the City notify the State Information Technology Point of Contact of all COPS Technology Program grant awards as required by grant conditions. This City said it usually notifies the Point of Contact via email, but could not locate the 2006 notification due to a staff transition and the 2010 notification was incomplete due to the Point of Contact's retirement. The City stated it has identified the new Point of Contact and will send notification of the 2010 grant via email.

In its response, COPS said it agrees with the recommendation and will request that the City provide documentation that it has notified the State of New Mexico Information Technology Point of Contact of the City's receipt of the 2010 grant award. COPS requested resolution of this recommendation.

This recommendation can be closed when we review documentation of the City's notification of the State of New Mexico Information Technology Point of Contact of the city's receipt of COPS Technology Program Grant No. 2010-CK-WX-0033.

10. **Resolved.** In its response to the draft report, the City of Albuquerque said it agrees with our recommendation that the City develops and implements policies and procedures to assure that grant funded projects perform according to schedule. The City said it would develop implementation procedures for grant funded projects, and develop and publish specific timelines for project implementation using project management processes, including Initiating, Planning and Design, Production or Execution, Monitoring and Controlling, and Closing.

In its response, COPS said it agrees with the recommendation and will follow up with the City. COPS said it will request documentation of

formalized procedures for project implementation and performance monitoring.

This recommendation can be closed when we review documentation of the City's implementation and monitoring procedures for grant-funded projects.

11. **Resolved.** In its response to the draft report, the City of Albuquerque said it agrees with our recommendation that the City receive approval from COPS prior to allocating grant funds to any purposes that are not consistent with the grant applications. The City said it will request written approval from COPS in the future for grant funded expenditures that are not consistent with the original grant application.

In its response, COPS said it agrees with the recommendation and will follow up with the City to determine if the City needs to submit a grant modification request for any of the City's active grants. COPS said it will ensure that the City submits any necessary grant modification requests.

This recommendation can be closed when we review documentation that determines whether grant modification requests are necessary for any of the City's active grants, as well as documentation of any grant modification requests that are submitted to COPS by the City.