



City of Albuquerque

Office of Internal Audit

Interoffice Memorandum

April 18, 2003

Ref. No.: 03-00-106F

To: Chief Gilbert Gallegos, Albuquerque Police Department

From: Debra Yoshimura, Internal Audit Officer, Office of Internal Audit

Subject: FOLLOW-UP REVIEW OF ALBUQUERQUE POLICE DEPARTMENT'S CHIEF'S TIME PROGRAM AUDIT REPORT 00-106.

Internal Audit completed a follow-up review of Audit No. 00-106, Albuquerque Police Department's (APD) Chief's Time Program (Chief's Time). The report was issued on November 17, 2000. The purpose of our review was to determine whether the audit recommendations have been implemented. We determined the following:

RECOMMENDATION NO. 1:

We recommended that APD management and support staff for the Program evaluate the format of the forms used for the Program and make the necessary revisions.

We recommended that the person authorized by the vendor to enter contracts be identified on the Chief's Time Request Form (Request). Only authorized individuals should be allowed to sign the work order for the vendor.

Most of the information from the Request is entered on an in-house automated system to track activities and information regarding Chief's Time. Numerous Requests did not have all the information completed on the form, so it was not possible to enter all the necessary information into APD's automated system.

ACTION TAKEN

APD has partially implemented the recommendations. A contract has been adopted for the vendor to sign that identifies the party responsible for signing on behalf of the vendor.

According to APD, full implementation of the recommendations has been hampered by "... the financial situation of the city". APD was going to develop an automated system to use to generate agreements and other documents associated with Chief's Time and aid in tracking

information regarding Chief's Time. With the present financial condition of the City, this project has been placed on-hold indefinitely.

FOLLOW-UP RECOMMENDATION:

APD should develop procedures to ensure that the existing forms are accurate and complete. Accurate and complete information should be transferred to the automated system.

EXECUTIVE RESPONSE FROM APD

“Due to FY03 budget constraints, APD currently cannot fill the accounting assistant position that assists with this program. However, it is our understanding that we may be able to fill the position in FY04. This will free up the Coordinator to ensure that the existing forms are accurate and complete and transfer data to the automated system more timely.”

RECOMMENDATION NO. 2:

We recommended that APD adopt procedures for documenting that work orders and overtime slips are returned to the Coordinator within the five-day time frame. APD should follow-up to ensure that the deadlines are consistently met.

We also recommended that APD develop procedures to ensure that cash and cash equivalents collected for assignments are deposited before the close of the business day following the receipt of the funds, as required by Administrative Instruction No.2-8.

APD's General Orders (GOs) required that overtime slips be returned within the applicable pay period. Work orders were to be returned within five days from the completion of the assignment. Problems were noted in officers following the time lines for the return of overtime slips and work orders. Officers were not returning monies collected on assignments to be deposited before the close of business the day following the receipt of the monies, as required by Administrative Instruction No.2-8.

ACTION TAKEN

APD has not implemented the recommendations. APD was planning on using a proposed new in-house automated program to assist in monitoring and enforcing these time frames. However, due to budget limitations, APD did not acquire a new, in-house automated program for Chief's Time. The coordinator has been reminding officers of the time frames for the return of work orders, overtime slips and monies collected. However, no procedures have been implemented for monitoring and ensuring that time frames are met.

FOLLOW-UP RECOMMENDATIONS:

APD should strengthen efforts to monitor and enforce time frames for the return of work orders, overtime slips and monies for deposits.

APD should consider suspending the officer from participating in the program for a predetermined length of time if the GOs are not followed.

EXECUTIVE RESPONSE FROM APD

“The procedure for handling this issue is in the Department’s Standard Operating Procedures Manual, General Orders, 1-22-3 K; the procedure will be reinforced by issuing a memorandum from the Chief of Police reminding officers of the requirement in the General Orders to submit the paper work as required. Subsequent to the memo being issued, the Coordinator will inform the supervisors of any officer violations.”

RECOMMENDATION NO. 3:

We recommended that APD Management revise the Standard Operating Procedures (SOPs) for the Program to ensure compliance with the City’s Administrative Instructions. Also, the SOPs should be revised to address guidelines to determine when an account is past due and reconciliation of accounts to ensure that they are properly recorded on the A/R System. The SOPs should provide for training and alternative procedures when vacancies occur in staffing positions for the Program.

We recommended that APD execute an agreement with the Department of Finance and Administrative Services (DFAS) for its accounts receivable. APD should develop a credit policy for Chief’s Time revenues. The credit policy should address issues such as the continuance of services to vendors with past due accounts and resolution of those accounts with credit balances.

APD did not have a written agreement with DFAS, Treasury Division, required in Administrative Instruction No. 2-2. The Instruction required that individual agreements of understanding be developed jointly with DFAS and the department generating the receivable. Agreements were to contain items such as assigned responsibilities, the credit policy governing the receivables and the credit policy of the department generating the receivables.

ACTION TAKEN

APD has not implemented the recommendations. APD does not believe any revisions to the SOPs are necessary since Administrative Instruction No. 2-2 amply addresses the issues regarding accounts receivable. As yet, APD has not met with the DFAS Accounts Receivable Section to formulate an agreement regarding APD's accounts receivable.

Since the time of the audit, overall receivables outstanding have decreased from \$141,000 to \$115,000. Past due accounts in the sixty-one to ninety day past due status have increased from five percent at the time of the prior audit to fourteen percent. Account balances are not being reviewed or corrected on a timely basis. At the time of the audit, there were twenty-four accounts with credit balances totaling \$4,424 dollars. As of February 26, 2003, the number of accounts with credit balances has increased to thirty-one accounts with balances totaling \$13,542.

FOLLOW-UP RECOMMENDATIONS:

APD should clear accounts with incorrect credit balances and follow-up on accounts with balances past due over sixty-one days. APD should make the necessary revisions to their SOPs to reflect practices currently followed for accounts receivable.

APD should have a representative attend Accounts Receivable Committee meetings to ensure that issues related to their receivables are adequately addressed.

EXECUTIVE RESPONSE FROM APD

“APD will temporarily assign another staff member to assist in clearing up the outstanding accounts receivable. APD will also meet with DFAS accounting as soon as the City's new accounts receivable (AR) policy is adopted.”

RECOMMENDATION NO. 4:

We recommended that APD Management revise the guidelines used for Vehicle Identification Number (VIN) inspections to ensure that they address all facets of the function and provide clear instructions and assign responsibilities for the various duties associated with VIN inspections. Guidelines should ensure that all assignments are made in an equitable manner and that time frames are established to ensure that monies are deposited to the City's bank account in a timely manner. The guidelines should be included in either the SOPs or the GOs.

The VIN policies did not provide clear guidelines for performing inspections and did not ensure that assignments were made on an equitable basis. The vendor often called the officer directly to perform the inspection. A log maintained on information regarding the inspections was not always

completed. Officers performing inspections are required to take a certification program. When the officer completes the certification, his or her name is on a list of officers available to perform inspections. Not all officers listed had documents on file supporting their eligibility to perform inspections.

ACTION TAKEN

APD has not implemented the recommendations. At the time of the follow-up, only officers assigned to the Auto Theft Division are performing VINs. Policies have not been formalized to reflect this. This action was initiated to cut down on the amount of overtime paid to officers performing VINs who may have the training but did not have the experience necessary to perform some of the requirements of VIN inspections. According to APD, due to budget cuts, the Auto Theft officers may be unable to keep their training and certification current.

We selected a sample of days to test to ensure that VIN revenue was being deposited by the end of the next business day. Fifty-seven percent of thirty VIN assignments reviewed showed that the money was being deposited three to seven days late.

FOLLOW-UP RECOMMENDATIONS:

APD should ensure that only adequately experienced and certified officers perform VIN inspections.

APD should consider suspension from performing Chief's Time and VIN inspections if officers fail to deposit VIN revenue by the end of the next business day.

EXECUTIVE RESPONSE FROM APD

"APD will ensure that experienced and certified officers perform VIN inspections. The Department also plans to set up VIN inspections on the AR system. This process means that the officers will no longer be handling/depositing cash."

RECOMMENDATION NO. 5:

We recommended that APD ensure that the resources available to Chief's Time are accurately stated in the Goals in Action (Performance Plan).

We also recommended that APD monitor measures as stated in the Performance Plan to determine if these are accurate and are being achieved.

The Goals defined Quality Measures as "Safety at vendor funded activities is maintained. Vendor satisfaction with Chief's overtime program." The Program did not have any formalized process to determine if these goals were being attained. The only time the Program heard whether there were problems was if the vendor chose to complain. This rarely occurred and was not always documented.

The FY01 Goals projected the hours of overtime to be worked in the Chief's Time Program at 3,600. The actual amount reported for FY99 in the Goals was 3,510 hours. The total hours of Chief's Time for the month of December 1999 was 3,885 hours.

The Goals did not appear to be reviewed or monitored by Chief's Time personnel on an on-going basis to determine if the amounts are representative of operations or if the goals are being achieved. This may contribute to goals that are not realistic for the program. Additionally, unreliable and inaccurate information may have been provided to management and the City Council for decision-making.

ACTION TAKEN

APD has not implemented the recommendations. APD does not have measures that realistically reflect operations or the resources available to APD. For instance, output measures listed for FY01, the number of active officers in Chief's time program, was reported at 1,100. An internal management report for 2001 listed only 525 officers. In Output Measures for FY01, hours worked were 46,000. In the management report the number is 42,000. Under quality measures for FY01, total revenues of \$ 1,291,000 were reported while this number on the management report was \$1,209,000.

FOLLOW-UP RECOMMENDATIONS:

APD should develop procedures to ensure that the resources available to the Program are accurately stated in the Performance Plan.

APD should develop procedures to monitor measures as stated in the Performance Plan to determine if these are accurate and are being achieved.

EXECUTIVE RESPONSE FROM APD

"APD will use internal and external documentation to ensure the accuracy of the FY04 Performance Plan. In addition, the Department will monitor the measures."

RECOMMENDATION NO. 6:

We recommended that APD follow the SOPs and GOs regarding no-shows, or that policies be revised to agree with current practices.

APD's GOs and SOPs provide disciplinary actions to be taken whenever officers miss assignments. Disciplinary actions were not being consistently applied when officers failed to show up for an assignment.

ACTION TAKEN

APD has fully implemented the recommendation. When a no-show occurs, the officer is notified in writing that he or she is disqualified from participating in the program for the timeframe covered in the GOs and SOPs.

RECOMMENDATION NO. 7:

We recommended that APD consider developing a contract for Chief's Time services. We also recommended that APD formulate policies for how cancellations will be handled, i.e., minimum notice required from the vendor for a cancellation, and assessment of a minimum charge to cover the costs of having the Program set-up the assignment and contact the officer. The policies should be incorporated in the contract for Chief's Time services.

APD did not require clients to sign a contract for services provided by officers. There were no repercussions to the client should they fail to cancel the assignment in sufficient time to notify the officers assigned. APD GOs require that officers receive a minimum of two hours pay for assignments. If the client did not give sufficient notice, then APD incurred the two hours of minimum pay without the client being charged for the two hours. By having a contract, clients could be required to pay a certain fee for failure to cancel in time to notify officers assigned.

ACTION TAKEN

APD has partially implemented the recommendations. Although a contract for vendors to sign has been developed, the contract does not address the issue of the timeframe required to cancel an engagement or the coverage of costs to APD for the cancelled assignment.

FOLLOW-UP RECOMMENDATION:

APD should amend the contract to require a timeframe in which vendors may cancel engagements, and a fee if the minimum time is not provided.

EXECUTIVE RESPONSE FROM APD.

“The contract draft was submitted for legal review and included a \$25 administrative set up fee for vendor cancellation. However, the City’s legal staff decided to delete it in the approved contract.”

RECOMMENDATION NO. 8:

We recommended that APD meet with the Treasury Division and seek Treasury’s written permission to allow fees to be collected on-site by the officers. APD should also request approval for use of the signed work order as a receipt for COD funds received. We also recommended that APD incorporate City policies and requirements for cash handling in APD’s SOPs for the Program.

APD was not complying with Administrative Instruction No. 2-6, which requires training and certification for individuals handling City monies, and Administrative Instruction No. 2-8, which addresses the handling and deposit of City monies. On some occasions, officers were paid on-site for the services provided. Whenever a department establishes a cash-handling site, approval by Treasury is necessary, even for special events or temporary locations receiving cash. The Treasury Division must also approve forms used for receipts. APD had not provided in their GOs or SOPs for the cash training required.

ACTION TAKEN

APD has not implemented the recommendations. According to APD, due to increases in the Law Enforcement Academy requirements, cash training could not be incorporated into the curriculum as planned. In an effort to train officers, Treasury has been providing cash training on-site to some personnel and officers at APD. APD states that efforts will continue to include cash training in the Law Enforcement Academy’s instruction. APD will request permission from Treasury to allow fees to be collected on-site by the officers and to use a signed work order as official receipt for City monies collected.

FOLLOW-UP RECOMMENDATIONS:

APD should develop procedures that ensure Chief’s Time officers are trained and certified in cash handling. APD should obtain Treasury’s approval to establish cash handling sites and approval to issue work orders as receipts.

EXECUTIVE RESPONSE FROM APD.

“It is nearly impossible for APD to train all its officers in cash handling. Therefore, the Department plans to set up a receivable for VIN inspections. The Chief’s Overtime Coordinator will make arrangements with one-time vendors for COD, which will be delivered or picked up. This process will

help ensure that the monies collected will be handled in accordance with Administrative Instruction No. 2-6."

RECOMMENDATION NO. 9:

We recommended that APD develop and adopt a monitoring process to regularly determine if rates charged to vendors are competitive. When setting rates, APD should also reconcile the indirect costs recovered to the actual costs incurred and determine if the current percentage is sufficient to offset the actual Program costs.

APD's costs and charges to clients for Chief's Time assignments were reviewed. APD did not have a monitoring process to ensure that fees were competitive and covered indirect expenses. Fees had not been revised since June 1997.

ACTION TAKEN

APD has partially implemented the recommendations. Fees were increased in March 2002. APD believes these increases should cover any increases in administration of the Chief's Time Program. APD stated in their response to the audit that it would lose the business of vendors if their rates were not competitive.

FOLLOW-UP RECOMMENDATION:

APD should implement a review process to determine if current fees charged to vendors are covering costs of administering the program.

EXECUTIVE RESPONSE FROM APD.

"APD Fiscal Management will work with OMB to determine if current fees are covering the costs of administering the program."

RECOMMENDATION NO. 10:

We recommended that APD ensure that the limitations on the number of hours worked established in the GOs are followed for Chief's Time. We also recommended that APD identify the risks associated with allowing officers to work unlimited hours of overtime. Professional organizations, literature and other Police Departments should be among the resources used to identify the risks. An evaluation should be made to determine the level of risk the City is willing to accept regarding the number of overtime hours officers are permitted to work. Limitations on the total number of hours of combined overtime should be established and enforced

APD's GOs limited Chief's Time to no more than forty hours per week. Our review of Chief's Time

showed that this limit was not being followed. Although there were limits on the amount of overtime that could be worked for Chief's Time, there was no limit on the amount of combined overtime an officer could work. An officer could work several types of overtime during any given pay period.

ACTION TAKEN

APD has partially implemented the recommendation. APD has established limits for overtime to twenty hours per week, and approval from the Chief is required for exceptions to this limit. However, officers are working over the allowed limit. No approval from the Chief for exceeding the limit of overtime was found for the seven officers out of the 201 reviewed who worked over the twenty-hour limit.

FOLLOW-UP RECOMMENDATIONS:

APD should follow the guidelines established for overtime. Limitations on the total number of hours of combined overtime should be enforced.

APD should prepare a report each pay period of officers exceeding the overtime limit and submit to the Chief for review.

EXECUTIVE RESPONSE FROM APD.

"The Department is in compliance. The Coordinator prepares a Chief's report listing officers who have exceeded the Chief's Overtime Limit. The supervisors are required to obtain the Chief's pre-approval for any excess overtime. See also Response #2."

RECOMMENDATION NO. 11:

We recommended that APD revise the GOs and SOPs to include policies and procedures that require the verification and reconciliation of receipts and receivables associated with the Chief's Time program.

APD did not have a process to ensure and verify that all revenues were collected and properly recorded on the City's books.

ACTION TAKEN

APD has not implemented the recommendation. According to APD, "The Chiefs time program has not complied due to lack of staff."

FOLLOW-UP RECOMMENDATION:

APD should verify and reconcile receipts and receivables to ensure that City revenue is properly accounted for.

EXECUTIVE RESPONSE FROM APD.

“APD will verify and reconcile receipts and receivables to ensure that City revenue is properly accounted for.”

RECOMMENDATION NO. 12:

We recommended that APD develop a review policy to ensure that amounts reported to management are correct and agree to the automated payroll system. The policy should be included in either the GOs or SOPs.

APD should determine if the information on the in-house system is valid. The necessary follow-up should be taken to ensure that the information is correct and continues to be correct and accurate.

APD produced reports from the automated, in-house system that tracked information regarding Chief's Time. The reports were distributed to senior management for their review. There were inconsistencies between this report and amounts reported on the City's automated payroll system. APD did not have a process to ensure that amounts reported to senior management were accurate.

ACTION TAKEN

APD has not implemented the recommendation. In APD's response to the audit, it stated, "A report will be generated monthly from the Ross Payroll system with the assistance of the Department's Fiscal Management Division to reconcile both automated programs." APD states that implementation has not been done due to a lack of staff.

FOLLOW-UP RECOMMENDATIONS:

APD should develop a review policy to ensure that amounts reported to management are correct and agree to the automated payroll system. The policy should be included in either the GOs or SOPs.

APD should determine if the information on the in-house system is valid. The necessary follow-up should be taken to ensure that the information is correct and continues to be correct and accurate.

APD should ensure that overtime paid to officers is correct.

EXECUTIVE RESPONSE FROM APD.

“APD will: 1) develop a review policy to ensure that amounts reported to management are correct and agree to the automated payroll system. The policy will be incorporated into the Chief's Overtime SOP, 2) use the payroll system to provide information to management regarding the Chief's Overtime Program, and 3) check the Chief's Overtime entered into the payroll system to ensure that officer pay is correct.”