

**SPECIAL AUDIT REPORT**  
**OF THE**  
**COUNCIL SERVICES DEPARTMENT**  
**REPORT NO. 05-110**



**CITY OF ALBUQUERQUE**  
**OFFICE OF INTERNAL AUDIT AND INVESTIGATIONS**

**Special Audit of the Council Services Department**  
**Report No. 05-110**  
**Executive Summary**

**Background** The Council Services Department (Council Services) houses both the Councilors' offices as well as the Council staff. Three principal units of organization operate under the guidance of the Director of Council Services – Legislative/Council Support Services, Constituent Services and Community Relations, and Policy Evaluation and Development Services.

**Objectives** The Objectives of our audit were to determine:

- Is Council Services complying with the Merit System Ordinance and personnel rules and regulations?
- Are Council Services expenditures in accordance with the Public Purchases Ordinance and other relevant policies and procedures?
- Is Council Services achieving its established goals and performance measures?
- Is Council Services in compliance with the Conflict of Interest Ordinance?

**Findings** The findings identified during our review include the following:

- Council Services has not developed formal written policies & procedures.
- Not all transactions are in accordance with the Public Purchases Ordinance and other relevant rules and regulations.
- Council Services has not developed job descriptions for unclassified staff.
- Councilors do not always participate in the hiring process and interview documentation is not consistent and complete.
- Performance measures do not adequately measure performance of the three divisions within Council Services and documentation is not retained to support the achievement of these performance measures.

**Recommendations** To address the findings noted above, we recommend the following:

- Council Services should develop formal written policies and procedures.

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- Council Services should ensure that all transactions are in accordance with the Public Purchases Ordinance and other relevant rules and regulations.
- Council Services should develop job descriptions for unclassified staff.
- Councilors should participate in the hiring process and interview documentation should be consistent and complete.
- Council Services should develop performance measures that adequately measure its performance and maintain adequate documentation to support the accomplishment of its performance measures.

**Management responses are included in the audit report.**



***City of Albuquerque***  
**Office of Internal Audit and Investigations**  
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July 26, 2006

Accountability in Government Oversight Committee  
City of Albuquerque  
Albuquerque, New Mexico

Audit: Special Audit  
Council Services Department  
05-110

**FINAL**

**INTRODUCTION**

The Council Services Department (Council Services) houses both the Councilors' offices as well as the Council staff. Three principal units of organization operate under the guidance of the Director of Council Services (Director).

**Legislative/Council Support Services:**

This unit performs various functions including the coordination of the legislative process, the coordination of the Council office, and the management of the office's accounting functions.

**Constituent Services and Community Relations:**

This unit performs various functions including the provision of support to individual Councilors, the coordination of scheduling for Councilors, and attendance at community and neighborhood meetings.

**Policy Evaluation and Development Services:**

This unit performs various functions including the provision of policy and budget staff support to Council, the drafting of legislation, and the review of legislation and proposals for policy implications.

On April 18, 2005, City Council passed Resolution R-05-241, Requesting a Special Audit of the Office of City Council Services.

### AUDIT OBJECTIVES

The objectives of our audit were to determine:

- Is Council Services complying with the Merit System Ordinance and personnel rules and regulations?
- Are Council Services expenditures in accordance with the Public Purchases Ordinance and other relevant policies and procedures?
- Is Council Services achieving its established goals and performance measures?
- Is Council Services in compliance with the Conflict of Interest Ordinance?

### SCOPE

Our audit did not include an examination of all the functions, activities, and transactions of Council Services. Our audit test work was limited to fiscal years (FYs) 2004, 2005 and 2006.

This report and its conclusions are based on information taken from a sample of transactions and do not purport to represent an examination of all related transactions and activities. The audit report is based on our examination of Council Services' activities through the completion of fieldwork, December 22, 2005, and does not reflect events or accounting entries after that date.

The audit was conducted in accordance with Government Auditing Standards, except Standard 3.49, requiring an external quality control review.

### METHODOLOGY

- Inquired of Council Services, the Human Resources Department (HRD), the City Budget Officer, the City Clerk, and the Chief Administrative Officer's Office about matters relevant to our objectives.
- Reviewed a discretionary fund expenditure report for each Councilor as of June 30, 2005 and investigated those expenditures not in accordance with the relevant policies and procedures.
- Reviewed the established performance measures of Council Services.
- Reviewed the original approved budgets and revisions thereto for FYs 2004, 2005 and 2006, identified trends between FYs, and documented the reasons for the increases/decreases to the budgets.

- Samples were selected using both judgmental sampling and statistical sampling techniques, and included the following:
  - Judgmentally selected six classified and six unclassified staff and reviewed the available job descriptions and the personnel files maintained by HRD.
  - Reviewed a statistical sample of forty-six transactions and a judgmental sample of nine transactions out of a population of 1,542 to determine if these transactions were in accordance with the relevant policies and procedures. The transactions included expenditures and cash receipts.

## FINDINGS

The following findings concern areas that we believe would be improved by the implementation of the related recommendations.

### 1. COUNCIL SERVICES SHOULD DEVELOP FORMAL WRITTEN POLICIES AND PROCEDURES.

Although the City Council Rules of Procedure discuss confidentiality and campaign activity, there are no other formal written departmental policies and procedures to guide staff and ensure compliance with City policy. Further, based upon the responses to the questionnaire that we distributed to staff, it appears there is some confusion about policies and procedures, including work schedules, compensatory time, telecommuting, extended leaves of absence, maternity leave, and performing work on political campaigns.

During our initial meeting, the Director inquired about potential topics for departmental policies and procedures. Therefore, it appears that management has the willingness to develop departmental policies and procedures.

Without written departmental policies and procedures, Council Services management and staff may not know how to address certain situations that arise during the normal course of business. Establishing written departmental policies and procedures should help ensure that actions taken are in accordance with the City's policies and procedures and that all staff are treated equally.

### RECOMMENDATION

Council Services should develop formal written departmental policies and procedures to guide staff, including policies on work schedules, compensatory time, telecommuting, extended leaves of absence, maternity leave, and work performed on

political campaigns. These policies should be consistent with the City's policies and procedures as well as any other applicable laws, rules, or regulations.

RESPONSE FROM COUNCIL SERVICES

*“Council Services staff members follow the City’s personnel rules and regulations and the Council’s rules regarding confidentiality and campaign activity. However, upon the recommendation of the Office of Internal Audit and Investigations, the director will prepare written departmental policies that clarify office procedures, requirements and expectations, including, among others, policies for managerial leave, compensatory time, and telecommuting. The policies will be presented to Council Services staff on July 21, 2006. The policies will be maintained in the Offices of Council Services in a format that will be made accessible to all staff, and will be updated and supplemented as necessary.”*

2. COUNCIL SERVICES SHOULD ENSURE THAT ALL TRANSACTIONS ARE IN ACCORDANCE WITH THE PUBLIC PURCHASES ORDINANCE AND OTHER RELEVANT RULES AND REGULATIONS.

We reviewed a statistical sample of forty-six transactions and a judgmental sample of nine transactions to determine if these transactions were in accordance with the relevant policies and procedures. During our review, we noted the following:

Transaction Type	Exception Noted	Criteria	Effect
Purchasing Card	The vendor does not send statements automatically. Statements are typically requested by Council Services once every three months.	The Purchasing Cards Policies and Procedures Manual requires weekly reconciliations of cardholder activity.	Errors and irregularities may not be caught if statements/invoices are not reviewed regularly.
Purchasing Card	Council Services routinely pays a vendor through a purchasing card.	The Purchasing Cards Policies and Procedures Manual suggests that contracts be established for recurring needs.	Council Services may incur higher costs if it pays for recurring charges as they occur rather than entering into a contract with fixed pricing.
Purchasing Card	A prospective employee was brought in for an interview and his lodging was charged to the purchasing card.	The Purchasing Cards Policies and Procedures Manual states that the purchasing card should not be used for lodging.	Violation of the Purchasing Cards Policies and Procedures Manual.

Transaction Type	Exception Noted	Criteria	Effect
Purchasing Card	A purchasing card was used to purchase airline tickets for a business trip.	The Purchasing Cards Policies and Procedures manual states that the purchasing card should not be used for airline tickets.	Violation of the Purchasing Cards Policies and Procedures Manual.
Purchasing Card	During our review of the purchasing card log for one of the transactions selected, we noted a transaction which represented the purchase of a newsletter ad for the Senior Policy Analyst position.	The Purchasing Cards Policies and Procedures manual states that the purchasing card should not be used for advertising.	Violation of the Purchasing Cards Policies and Procedures Manual.
Purchasing Card	Two transactions were not logged on a purchasing card transaction log.	The Purchasing Cards Policies and Procedures Manual requires that the cardholder maintain a log of all purchases.	If the cardholder does not record transactions on the purchasing card log, it is more difficult to monitor these transactions and ensure they are accurately and promptly posted to the general ledger.
Purchasing Card	Council Services purchased a cell phone using a purchasing card. We inquired of the Information Services Division who indicated they did not have any records related to this cell phone.	The City's Telecommunications Usage Policy states that "all acquisition and maintenance of telecommunications services and equipment must be approved by TMG." TMG is the City's Telecommunications Management Group in the Information Systems Division.	Violation of the City's Telecommunications Usage Policy.
Travel and Mileage	The mileage reimbursement form was not properly completed.	The current mileage reimbursement form instructions.	Because the form was not properly completed, we could not determine if this transaction was accurately posted.



Transaction Type	Exception Noted	Criteria	Effect
Travel and Mileage	The mileage submitted on the mileage reimbursement form covered a six month timeframe.	The current mileage reimbursement form instructions state that the form may be completed for up to a two week period.	Violation of the current mileage reimbursement form instructions.
Travel and Mileage	The traveler reimbursed the City for that portion of the travel advance that was not used. Although the final date of the trip was 9/28/2003, the traveler did not reimburse the City until 10/5/2004.	The Travel Regulations state that the traveler must promptly refund unused advances to the City. Any amounts owed for more than 30 days may be deducted from the employee's paycheck.	Violation of the travel regulations.
Travel and Mileage	Per review of the supporting documentation, \$1,276.09 had been posted to the general ledger in excess of the actual cost of the trip.	Management should establish a system of internal controls, including reviewing and reconciling accounting records to ensure proper amounts are posted to the general ledger.	The accuracy and reliability of the City's accounting records are impacted when postings to the general ledger and the underlying supporting documentation do not agree.
Travel and Mileage	Per review of the supporting documentation, breakfast was complimentary to guests staying at the hotel, and lunches were included in the program cost. On the Travel Authorization Form, it was noted that the traveler did not attend meals, but she was reimbursed the full Meal and Incidental Expense (M&IE) per diem of \$47 per day. Nothing was included within the supporting documentation that detailed the cost of the meals actually purchased by the traveler.	Per the Travel Regulations: "If the traveler can establish a valid business reason for being unable to participate in a low or no cost meal, the M&IE rate shall not be adjusted if the traveler provides adequate documentation of the cost of the meal actually purchased by the traveler."	Because nothing was included within the supporting documentation that detailed the cost of the meals actually purchased by the traveler, the traveler may have attended the complimentary breakfasts as well as the lunches that were included in the program cost and still received the full M&IE per diem.

Transaction Type	Exception Noted	Criteria	Effect
Miscellaneous: Account Numbers	During our review, we identified fourteen transactions that could have been charged to a different, perhaps more representative, account number.	Management should establish departmental policies and procedures to confirm that all costs are properly classified and attributed to the appropriate accounts.	When transactions are not charged to the most representative accounts, the accounting records may not accurately reflect how funds are being spent.
Miscellaneous: Cashbook	We reviewed a deposit slip, but it did not identify the purpose(s) of this deposit. Additional documentation was available, but it did not support the total deposit amount.	The City's Cash Handling Manual states "All transactions on Any City deposits must provide complete detail in order to reconstruct a deposit if necessary, and for the purpose of audit trail documentation."	When the purpose(s) of cash receipts are not adequately documented on the deposit slip, these receipts may not be recorded in the appropriate account(s).

Based upon the results documented above, staff who process transactions may not have the desired level of knowledge and expertise to ensure that transactions are processed in accordance with the relevant rules and regulations. Also, management may not provide the desired level of oversight to ensure that transactions are processed in accordance with the relevant rules and regulations.

Purchasing Cards Policies and Procedures state:

Allowable Purchases

- One time purchase item(s) up to and including \$1,000. Purchase items by phone, mail order, FAX, on-line.

Unallowable Purchases

- Airline Tickets
- Car Rental
- Entertainment of ANY sort
- Liquor/beer/wine
- Cigarettes
- Gasoline/diesel fuels
- Lodging facilities
- Cash advances

- Holiday decorations
- Anything that requires an agreement
- Services provided on city property
- Advertising
- Personal purchases of ANY sort

#### RECOMMENDATION

Council Services should follow the Purchasing Cards Policies and Procedures Manual, the Telecommunications Usage Policy, Travel Regulations and Mileage Reimbursement Form instructions.

Council Services should also develop a policy to ensure that transactions are accurately posted to the general ledger, including periodic reconciliations of the department's financial records by management.

#### RESPONSE FROM COUNCIL SERVICES

*“The Office of Council Services agrees with this recommendation and had already taken corrective action prior to the issuance of this Audit Report. Staff who process transactions have received additional training on purchasing card policies and procedures and have become familiar with the telecommunications usage policy. In addition, a management level staff member is overseeing all office transactions and is reconciling the Office's financial records. That staff member has recently taken several training courses regarding the City's latest policies and has also ensured that all department transactions are accurately posted to the general ledger. The staff member who now processes travel and mileage requests and reimbursement is experienced and knowledgeable with regard to the Travel Regulations, and has exercised extreme care with all requests. Staff members will be reminded of the requirements and given the instructions for mileage reimbursement by August 15, 2006.”*

### 3. COUNCIL SERVICES SHOULD DEVELOP JOB DESCRIPTIONS FOR UNCLASSIFIED STAFF.

We met with the HRD Director who indicated that although unclassified positions are not required to have job descriptions, these positions will typically have position summaries, which are maintained in the Classification and Compensation Division's files and which are typically less detailed than job descriptions. We followed up with the Senior HRD Analyst in the Classification and Compensation Division, who stated that position summaries are not required and that her office did not have any position summaries for unclassified Council Services positions. The Senior HRD Analyst further stated that although HRD encourages

departments who hire individuals into unclassified positions to create job descriptions, Council Services does not appear to have made this a practice.

Also, during the audit, we judgmentally selected six classified and six unclassified individuals to review. However, as job descriptions have not been developed for the unclassified positions selected, we could not identify the minimum qualifications and compare these minimum qualifications against the personnel files maintained by HRD.

Job descriptions establish the essential functions of a position, the minimum education and experience required of the person in a position, and the preferred knowledge, skills and abilities of the person in a position. Without a written job description, hiring departments may not have baseline criteria to measure potential candidates against. Also, without a written job description, supervisors may not have baseline criteria to measure the performance of current employees against.

#### RECOMMENDATION

Council Services should develop job descriptions for its unclassified positions. Copies of these job descriptions should be forwarded to HRD.

#### RESPONSE FROM COUNCIL SERVICES

***“The Office of Council Services agrees with this recommendation and had assumed that such job descriptions were on file in Council Services and with HRD. Though such job descriptions are not required, Council Services will prepare or review descriptions for all of its unclassified employees and place copies with the office HR Coordinator and with HRD by August 15, 2006.”***

#### 4. COUNCILORS SHOULD PARTICIPATE IN THE HIRING PROCESS AND INTERVIEW DOCUMENTATION SHOULD BE CONSISTENT AND COMPLETE.

We inquired of the Director who outlined the level of participation by Councilors in the interview process for each of the three divisions within Council Services.

With the Legislative/Council Support Services Division, the Director indicated that Councilors are generally not involved in the interview process. However, the Director indicated that she did consult with the City Council when the Clerk of the Council was hired. The Director indicated that she typically notifies the City Council of hiring decisions, but that this notification is often verbal.

With the Constituent Services and Community Relations and Policy Evaluation and Development Services Divisions, the Director indicated that often the President of the Council or a Councilor with the most interest is involved in the hiring decision.

The City Council Rules of Procedure state the following: “The Director of Council Services shall, after consultation with the President and the members of the Internal Operations Committee, hire, have charge of, and see that all employees of the City Council perform their respective duties and shall have general control of the City Council Office.”

Due to the Councilors’ schedules, they may not be able to participate in the hiring of Council Services staff. However, the relationships between the City Councilors and the Council Services staff are critical to the success of the Council and these relationships may be negatively impacted when Councilors do not have input into the hiring process.

We also reviewed interview documentation for six vacancies. For five of these vacancies it was not clear who participated in the interview process.

- For two vacancies, 9 of the 15 applicant packets contained copies of interview questions; however, the names of the interviewers were not noted on the copies of the interview questions.
- For another vacancy, we did not find copies of interview questions in any of the 4 applicant packets.
- For another vacancy, there appeared to be some interview documentation (notes), but no interview questions in the 6 applicant packets.
- For another vacancy, one of the applicants addressed a thank you letter to members of the interview panel. However, the set of interview questions included within this applicant’s packet was only initialed by the Director.

Council Services does not have a formal policy for its interview process. Therefore, the interview process followed and the records maintained may vary from vacancy to vacancy.

#### RECOMMENDATION

In accordance with the City Council Rules of Procedures, Council Services should communicate with the City Council to determine if anyone from the Council would like to participate in the interview process.

Council Services should also develop a policy to ensure that the interview process is consistently documented.

RESPONSE FROM COUNCIL SERVICES

*“The Office of Council Services agrees with this recommendation and will continue the process of involving Councilors in the interviews with job applicants and consultation with the Council President regarding all hiring decisions. In addition, the director will consult with the remaining four members of the Internal Operations Committee regarding the hiring of new employees.*

*“The management of interview documentation has been taken over by the office HR Coordinator and will now be done in a consistent manner, will be complete, and will be kept in a central location in the office. The director will prepare a policy for the interview process along with the other general policies that are being prepared pursuant to Recommendation 1.”*

5. COUNCIL SERVICES SHOULD DEVELOP PERFORMANCE MEASURES THAT ADEQUATELY MEASURE THE PERFORMANCE OF ITS THREE DIVISIONS AND MAINTAIN ADEQUATE DOCUMENTATION TO SUPPORT THE ACCOMPLISHMENT OF ITS PERFORMANCE MEASURES.

The City of Albuquerque’s Code of Ordinances, Chapter 2, Section 2-11-7 states that the Mayor’s operating budget proposal submitted to the Council shall include the following: “A performance plan in comparable form for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted.”

We reviewed the FY06 Approved Budget, which included Council Services’ performance measures, and inquired of Council Services. Council Services provided documentation for the following FY05 performance measure:

- Reading approved legislation, checking for technical correctness, and forwarding for signature by the President of the City Council and the Mayor within 9 days.

Council Services was not able to provide documentation for the other two FY05 performance measures, including:

- Adding pending legislation to the web site within 24 hours from introduction; and
- Responding to constituent services calls within 48 hours.

We also discussed revising these performance measures with the Director to better measure Council Services’ performance.

After performance measures are initially developed, it is important to periodically reassess these measures to ensure they sufficiently measure performance. Otherwise, the achievement of performance measures that do not adequately measure performance does not allow a department to adequately assess its successes and failures.

#### RECOMMENDATION

Council Services should develop performance measures that adequately measure the performance of its three divisions. Council Services should also maintain adequate documentation to support the accomplishment of its performance measures.

#### RESPONSE FROM COUNCIL SERVICES

***“The Office of Council Services agrees with this recommendation. The Council office has worked with the Budget office to revise its performance measures and will continue to work on the development of new measures. This process should be complete within six months. The Council office will also develop a system to improve its documentation of the accomplishment of the performance measures.”***

#### CONCLUSION

Council Services should develop written departmental policies and procedures that are consistent with the City’s policies as well as state and federal rules and regulations. Documented policies and procedures will assist management and staff to address situations that arise during the daily course of business and ensure that all employees are treated equally. Council Services should also develop job descriptions for unclassified staff. Documented job descriptions will assist management not only when hiring staff but also when evaluating staff performance. Council Services should also enhance its controls over expenditures. All persons involved in the purchasing function, including oversight of the purchasing function, should familiarize themselves with the relevant purchasing policies and procedures and should exercise due diligence when processing transactions.

We appreciate the cooperation of Council Services staff during the audit.

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Principal Auditor

**REVIEWED**

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Audit Supervisor

**APPROVED:**

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Carmen Kavelman, CPA, CISA, CGAP  
Director,  
Office of Internal Audit and Investigations

**APPROVED FOR PUBLICATION:**

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Chairperson, Accountability in Government  
Oversight Committee