

FOLLOW-UP AUDIT REPORT

OF

ZOO TRAIN AND RELATED FACILITIES AND BIOPARK REVENUES

REPORT NO. 06-02-125F



City of Albuquerque
Office of Internal Audit and Investigations



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

Follow-Up: ZOO TRAIN AND RELATED FACILITIES AND BIOPARK REVENUES
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FINAL

INTRODUCTION

The Office of Internal Audit and Investigations performed a Follow-up Review of Audit No. 02-125, Zoo Train and Related Facilities and BioPark Revenues. The purpose of our follow-up was to review the status of the audit recommendations that had been implemented.

Background Information Relating to Audit No. 02-125

The BioPark consists of the Rio Grande Zoological Park (Zoo), the Albuquerque Aquarium (Aquarium) and the Rio Grande Botanic Garden (Botanic Garden).

We determined the following:

RECOMMENDATION NO. 1:

The BioPark has maintained control of its finances, for both capital projects and operations, with little oversight by the Cultural Services Department (Cultural Services.)

Although BioPark fiscal activity was rolled up into Cultural Services' financial reports, there did not appear to be sufficient review of individual BioPark transactions by Cultural Services personnel to determine if the transactions were appropriate and properly recorded. This was the case for both operating activities and capital projects. The controls over BioPark finances needed significant improvement to ensure that City money was properly spent and accounted for.

The audit recommended:

- Cultural Services increase its oversight of BioPark financial activities.
- The Cultural Services Director establish a dollar limit for the BioPark Director's signature authority, to ensure that large financial transactions are subject to another level of review.
- Cultural Services implement controls to ensure that all BioPark revenue was properly recorded, funds were used for their approved or designated purpose, money was not spent for projects until the project was properly approved and all financial transactions and activities were properly documented.

The Cultural Services' response stated, "The City's financial controls are the same for the Cultural Services Department (CSD) as they are for all other City departments. The Administration will continue to emphasize proper recording of all financial transactions for all departments. The current CSD director reviews and approves all requisitions for operating and CIP purchases."

ACTION TAKEN

The audit recommendations have been fully implemented. Cultural Services stated that all requisitions, cash disbursement and RFP's are sent to the Director with supporting documentation for approval prior to purchasing. Procurement card transactions are sent monthly to the Director for review. Concessionaire payments are received by the BioPark Director and forwarded to the Contract Manager (hired 01/2005). These are reviewed and audited and are then forwarded to the BioPark Fiscal Officer for deposit. Funds are deposited into the appropriate/designated activities.

RECOMMENDATION NO. 2:

The City had a contract with a concessionaire who operated the gifts shops at the various BioPark facilities. This contract stated that the concessionaire would make rent payments to the City based upon sales revenues at the gift shops. In February 1996, the BioPark Director sent a letter to the President of the concessionaire, which authorized the concessionaire to build new gift shops. The letter from the BioPark Director authorized the concessionaire to "... withhold excess payments up to the amount of \$356,000 for expansion of the Botanic Garden and Aquarium gift shops." The BioPark Director entered into a written loan arrangement with the concessionaire with a 10.5% interest rate.

There was no indication that the loan arrangement was approved or reviewed by the Cultural Services Director or anyone else in a position superior to that of the BioPark Director. Although the BioPark Director did not have actual authority to make the commitment on behalf of the City, the Concessionaire believed that the Director had the authority and acted accordingly. This arrangement for financing of the completion of the Aquarium and Botanic Garden gift shops created several contractual and financial problems for the City.

The audit recommended:

- The CAO review the unauthorized creation of a City liability and take appropriate action.
- Cultural Services provide the Department of Finance and Administrative Services (DFAS) with the information necessary to properly record the Aquarium and Botanic Garden gift shops as City assets.
- The corresponding financial liability be recorded.

The CAO response stated that the CAO would review the situation, as recommended. The response also stated, "Department of Finance and Administrative Services (DFAS) and CSD will ensure that transactions are recorded in compliance with generally accepted accounting principles."

ACTION TAKEN

The audit recommendations have been partially implemented. The DFAS Accounting Officer stated that the amended contract with the vendor satisfies generally accepted accounting principles in the area of revenue recognition rules. He also stated that the loan arrangement had been paid in full.

DFAS could not verify that the Aquarium and Botanic Garden gift shop construction had been recorded as City assets. DFAS stated that if additional research does not find any recording of these City assets, a journal entry would be made to the general ledger to do so.

RECOMMENDATION

DFAS should ensure that the Aquarium and Botanic Garden gift shop construction are recorded as City assets.

RESPONSE FROM DFAS

“The fiscal year 2006 Statement of Net Assets will include assets in the amount of \$301,843 for improvements made to the Biological Park and Aquarium gift shops in previous fiscal years. The fiscal year 2006 CAFR will also include a footnote disclosure on the restatement of fund balance for the general fund to reflect the increase in capital assets.”

RECOMMENDATION NO. 3:

The City contract with the concessionaire who operated the gift shops at the various BioPark facilities (Zoo, Aquarium and Botanic Gardens) only covered the gift concession facilities located at the Rio Grande Zoological Park. When the City opened the Aquarium and the Botanic Gardens, the City allowed this concessionaire to operate the concessions facilities at the Aquarium and the Botanic Gardens. Cultural Services should have either prepared a Request for Proposal (RFP) to solicit vendor proposals to operate the gift shops at the Aquarium and Botanic Gardens, or amended the concession agreement for the gift shops at the Zoo to include the new facilities. The BioPark gave the Concessionaire exclusive rights to operate the new gift shops without a formal procurement process.

Cultural Services permitted the Zoo concessionaire to operate the concession facilities at the Aquarium and the Botanic Gardens without obtaining the approval of the Mayor or the City Council, as required by the Public Purchases Ordinance.

The audit recommended:

- Cultural Services ensure that either a new agreement is prepared after a competitive process, or the existing concession agreement is modified, when a new concession facility is added.
- When a concession arrangement is expected to yield revenue to the City more than \$55,000 per year, the approval of City Council be obtained, as required by ordinance.
- DFAS Purchasing Division expedite the release of the RFP for the gift concessions at the BioPark, and Cultural Services ensure that RFPs are prepared well in advance of concession agreement expiration.

Cultural Services responded to the audit as follows:

CSD concurs that agreements should be reviewed for possible modifications when new facilities are added. When the concession agreement was expanded to include the Botanic Garden and Aquarium, the City legal department reviewed it and concluded that, since the zoo was a function of the BioPark, the concession agreement encompassed the entire BioPark.

CSD agrees. The department now has a contracts specialist to ensure timeliness in the future in the contract process.

The purchasing division is expediting the release of the necessary RFP.

ACTION TAKEN

The audit recommendations have been fully implemented. In July 2005, a new contract was awarded to a vendor to operate the gift shop concessions at the various BioPark facilities.

This contract had been awarded after a competitive RFP process was performed, and a Recommendation of Award to the vendor had been approved by the City Council.

RECOMMENDATION NO. 4:

The auditors reviewed the BioPark's internal controls relating to the review and processing of payments to the City from the BioPark concessionaire. We noted the following problems:

- A lack of segregation of duties relating to the receipt, review and processing of revenue payments from the concessionaire.
- Late payments by the concessionaire.
- The concessionaire sent the concession reports and payments to the BioPark Director, and BioPark Fiscal personnel did not review the Monthly Gross Receipts reports to determine if the payment amounts received from the concessionaire were correct.
- The BioPark did not have adequate documentation to substantiate that the concessionaire had made all of the contractually required payments.

- Cultural Services fiscal staff were not involved in the processing or recording of concessionaire payments.

The audit recommended:

- Cultural Services amend the BioPark contracts to have payments sent directly to the City's Treasury Division, rather than the BioPark.
- Cultural Services implement a review process to ensure that all payments due to the City from BioPark concessionaires are made, as required in the agreements and contracts.
- The Cultural Services Director review this situation and ensure that there is an adequate separation of duties regarding the review and processing of BioPark concessionaire payments.
- The Cultural Services Director ensures that fiscal personnel at the BioPark and Department level are adequately involved in the internal controls related to the receipt and processing of revenue payments from concessionaires.
- Cultural Services ensure that receivables for the percentage payments are properly recorded.

Cultural Services' response stated "CSD concurs and will ensure that controls and processes are in place to ensure proper recording of all concessionaire-related transactions."

ACTION TAKEN

The recommendations have been implemented or resolved. Cultural Services management stated that the concessionaire payments are received by the BioPark Director and forwarded to the Contract Manager (hired 01/2005). These are reviewed and audited and are then forwarded to the Fiscal Officer for deposit. Funds are deposited into the appropriate/designated activities. The BioPark Contract Manager performs contract monitoring functions to ensure that BioPark vendors comply with all of the requirements of the agreement.

Our recommendation that the BioPark have contract payments sent directly to the City's Treasury Division, has not been implemented. The current contract with the gift shop vendor states, "Tenant shall make any payments of rents, fees or other charges to the office of the Contract Manager." The BioPark has strengthened its internal controls over cash receipts by segregating recording and cash handling responsibilities. Consequently, this

recommendation is no longer applicable. Due to vendor contract changes pertaining to percentage payments our recommendation regarding percentage payments accounts receivable is considered resolved.

RECOMMENDATION NO. 5:

The gift shop concession agreement stated, "During each year of the Term, Concessionaire will provide the City with the following reports: . . . by November 1, a statement by a certified public accountant approved in advance by the City, certifying that Concessionaire's Monthly and Annual Gross Receipts Reports for the previous contract year are true and correct and are in compliance with the definition of Gross Receipts in Section 1.5 and in accordance with generally accepted accounting principles." The BioPark had not enforced this contract requirement, and had not obtained, nor requested, the required financial information. The gift concession agreement also included a clause that required that "Upon termination of this Agreement for any reason, Concessionaire shall deliver to City a 'Final Audit' covering the time period from the last Annual Gross Receipts Report to the date of termination."

The BioPark had also not enforced the requirement that, "Commencing one year after the commencement of this Agreement, Concessionaire shall transmit to the Director a statement of its Gross Revenues and Percentage Rentals due for the previous calendar year, such statement shall be prepared by Concessionaire's certified public accountants in accordance with generally accepted accounting principles."

The audit recommended:

- Cultural Services review the BioPark Division's concession agreement and contract administration procedures, and ensure that the BioPark requires vendors to comply with all of the requirements of their agreements and contracts.
- Cultural Services require the current gift concessionaire to contract for a Final Audit of the financial transactions related to the concession agreement; regardless of which vendor is awarded the subsequent BioPark gift concession.

Cultural Services' response stated, "CSD concurs. The department has recently created a centralized contract monitoring function and this will be done."

ACTION TAKEN

The audit recommendations have been partially implemented. CSD stated that the BioPark Contract Manager performs contract monitoring functions to ensure that BioPark vendors comply with all of the requirements of the agreement.

The gift shop concessionaire submitted a CPA reviewed report to the BioPark regarding its gross receipts for the contract year ended June 2004. However, this CPA reviewed report did not meet the contract requirement of “certifying that Concessionaire's Monthly and Annual Gross Receipts Reports for the previous contract year are true and correct.”

BioPark personnel stated that it was not going to require the gift shop concessionaire to submit any CPA reviewed or prepared Final Audit for the period from July 2004 through July 2005.

RECOMMENDATION

Cultural Services should require the gift shop concessionaire to submit the Final Audit for the period from July 2004 through July 2005.

RESPONSE FROM CULTURAL SERVICES

“The Department agrees with the recommendation. However, the original contract with the concessionaire ended on September 30, 2003, per the First Supplement Agreement to that contract. The Second Supplement Agreement extended the contract through March 31, 2004 (an additional six months) for the purpose of issuing a Request for Proposals for a new contract. At the end of that additional period, as of April 1, 2004, the concessionaire referred to Section 5.6, “Holding Over” and Section 6.11.b “Final Audit”. Neither section indicates a Final Audit requirement associated with a holding over. As a result, the concessionaire interpreted the contract as a month-to-month holding over and informed the BioPark Contract Manager of their belief that an audit was not required, and would not be provided, for this time frame.”

RECOMMENDATION NO. 6:

There is an annual “River of Lights” event held at the Botanic Gardens in December. During the four-year period from 1999 through 2002, the BioPark collected \$625,000 in admissions revenue from the members of the public who attended this event. City employees collected the admissions,

and the City paid for the electricity for the lights, and other costs, such as the payroll costs of the cashiers, security personnel and maintenance personnel. The BioPark gave \$588,000 of this revenue to the New Mexico Zoological Society (NMZS) during these four years, and \$36,000 to the Aquarium Association in 1999. The BioPark Director stated that the BioPark considers admissions revenue received after 5:00 p.m. to be “special event” revenue, and the money generated is given to the support organizations that sponsor the events. The BioPark Director stated that although the BioPark gives all of the River of Lights revenue to the NMZS, the BioPark receives much of those monies back as donations.

The audit recommended:

- The CAO and Cultural Services review the BioPark’s handling of revenues generated by ‘special events’ at the BioPark.
- The CAO consider requesting an opinion from the Legal Department as to the legality of the current arrangement of giving special event admission revenues to the support organizations.
- The CAO and the DFAS determine if it is appropriate to establish an enterprise fund to account for BioPark financial activities.

The CAO response stated, “The handling of revenues generated by ‘special events’ and the accounting for BioPark financial activities will be reviewed during the FY/04 CAFR process. The Legal Department has reviewed the legality of the agreement and determined that it does not violate the State Constitution’s anti-donation clause.”

ACTION TAKEN

The audit recommendations have been partially implemented.

In December 2004, a new agreement between the City and the NMZS was implemented, which addressed the handling of revenues generated by ‘special events’ at the BioPark. Consequently, this portion of the recommendation was implemented.

We reviewed this new agreement and noted that the BioPark was not complying with Article 1.6 of the agreement, which states, “The City is not providing any services in support of the Society other than by this or other written agreement(s) or City ordinance.” The BioPark is collecting membership dues for the NMZS. This City service to the NMZS is not addressed in the agreement.

Article 2.3 of the new agreement states, "If any such fund-raising activity or membership event requires the use of City resources or assets . . . The City shall invoice the Society for such costs no later than thirty (30) days following the activity or event." This conflicts with Administrative Instruction No. 2-2, Credit, Collections and Accounts Receivable Policy, which states that posting original transaction to an account receivable system is required within a week of delivery of goods or services.

The BioPark Fiscal Manager stated that when the BioPark prepares invoices to the NMZS, relating to Article 2.3, it does not record these invoice amounts as an account receivable in any system. During the period from February 2005 through March 2006, invoices totaling \$220,840 from the BioPark to the NMZS were not recorded as accounts receivable.

RECOMMENDATION

Cultural Services should ensure that the BioPark complies with all sections of the agreement between the City and the NMZS.

The BioPark should record an account receivable when it prepares invoices to the NMZA.

RESPONSE FROM CULTURAL SERVICES

"The BioPark agrees with the recommendation and will record invoices to the NMZS in the City Accounts Receivable system. Article 2.3 of the NMZS agreement does not conform with the time frame in Administrative Instruction No. 2-2 because there is often a delay between the time of a fund-raising activity or membership event and when the BioPark has all the information necessary to invoice the NMZS for the use of City resources or assets. At the time of entering into the agreement with the NMZS, it was felt that it was better to provide a contractual term that was achievable."

RECOMMENDATION NO. 7:

The BioPark had a written agreement with a support organization relating to the City's Aquarium. This agreement stated, "If the Association's gross annual income in any fiscal year exceeds One Hundred Thousand Dollars (\$100,000.00), the Association shall arrange for and furnish the City an

audit of its financial affairs for the fiscal year in accordance with generally accepted governmental auditing standards by an independent professional auditor. . . .”

The support organization’s revenues exceeded \$100,000 in 1999 and 2002. However, the support organization did not furnish the City an audit for those fiscal years. Annual reports as required in the agreement were not provided to the City for 2000 and 2001. The BioPark did not enforce the contract requirement for annual reports and audits, relating to the support organization.

The audit recommended:

- Cultural Services improve its administration of agreements with BioPark support organizations.
- Cultural Services enforce the requirement that support organizations provide financial statements and audits, and review them for propriety.

Cultural Services’ response stated, “CSD concurs. The department has recently created a centralized contract monitoring function and this will be done.”

ACTION TAKEN

The audit recommendations have been fully implemented. Cultural Services stated that the BioPark Contract Manager performs contract monitoring functions to ensure that BioPark vendors comply with all of the requirements of the agreement. One of the agreements which the BioPark Contract Manager monitors is the agreement between the City and the NMZS.

The BioPark provided a copy of the NMZS audit for the period ending December 31, 2004. The BioPark is now enforcing this section of the agreement between the City and the NMZS.

RECOMMENDATION NO. 8:

In December 1997, the City Council appropriated \$2 million from the 1997 General Obligation Bonds for a construction project at the Zoo, the Animals of Africa project. Additional monies were appropriated from the 1999 and 2001 General Obligation Bonds, for a total appropriation of \$5.2 million. On June 13, 2002, the City Council approved a modification to the Animals of Africa project. This modification stated, “The scope is hereby expanded to include a railroad system” However, two years prior to the approval by the City Council of this project modification, Cultural Services had already financially committed to building the railroad system; when there were no City

monies appropriated for this project. The BioPark committed to design and construction for the train project prior to City Council approval and appropriation.

The audit recommended that Cultural Services ensure that controls were functioning as intended to prevent the recurrence of BioPark personnel making contractual commitments prior to City Council approval and appropriation of funds.

Cultural Services responded to the audit as follows: "CSD agrees with the recommendation. The department has implemented controls to ensure compliance with City rules and regulations relating to contracts."

ACTION TAKEN

The audit recommendations have been fully implemented. CSD stated that the BioPark Contract Manager performs contract monitoring functions to ensure that BioPark vendors comply with all of the requirements of the agreement. The BioPark Contract Manager monitors professional/technical contracts pertaining to the BioPark and the ordering of materials/goods for the construction of projects.

CSD stated that expenditures of funds in the CIP projects require the appropriate signatures from the Department of Municipal Development (DMD) assuring dual verification that all funds expended meet City rules and regulations and all projects comply with the scope of the project.

RECOMMENDATION NO. 9:

The Cultural Services BioPark used \$12,276 of Animals of Africa project funds to purchase a tractor for use in the Zoo. However, the purchase order stated that this purchase was to be made with City General Fund (fund 110) monies. Animal of Africa project funds should not have been used to pay for an item that was approved based upon the purchase being paid for with General Fund monies. Additionally, other funds that had been appropriated by the City Council for the Animals of Africa project were used by the BioPark to pay for operating and maintenance expenses for other Zoo facilities.

The audit recommended:

- Cultural Services review BioPark expenditures to ensure that they are charged to the fund from which they were approved. If funding sources change, new approvals should be obtained.
- Cultural Services not pay General Fund expenses with CIP funds.
- Cultural Services ensure that CIP project funds are used solely for the purposes of the projects.

Cultural Services' response stated, "The City's financial controls are the same for CSD as they are for all other City departments. The Administration will continue to emphasize proper recording of all financial transactions for all departments. The current CSD director reviews and approves all purchase requisitions for operating and CIP purchases. Additionally, DMD/CIP fiscal staff closely monitors all proposed CIP purchases to ensure compliance with the project scope and that project funds are used for the intended purpose."

ACTION TAKEN

The audit recommendations have been fully implemented. Cultural Services stated that all requisitions, cash disbursement and RFP's are sent to the Director of Cultural Services with supporting documentation for approval prior to purchasing. Procurement card transactions are sent monthly to the Director of Cultural Services for review. BioPark complies with all rules and regulations in paying for various activities out of various funds.

RECOMMENDATION NO. 10:

The auditors reviewed the transactions recorded in the BioPark Seasonal/Contractual Labor activity. We noted that there were six journal entries during June 2001 that transferred a combined total of \$48,370 of expenditures from several activities in the General Fund, to the Seasonal/Contractual Labor activity in the special revenue fund. We requested the documentation to support the journal entries. However, the BioPark was unable to provide us with detailed documentation to support the validity of the journal entries. Without the supporting documentation, we were not able to determine if the journal entries were appropriate.

The audit recommended:

- Cultural Services ensure that financial transactions are properly documented. All journal vouchers should be reviewed for validity and to ensure they are adequately supported prior to entry on the City's on-line journal voucher system.
- Cultural Services retain the support for all journal entries in a central location so it can be easily accessed when requested.

Cultural Services' response stated, "This finding is 2.5 years old. Currently, all journal vouchers (JVs) are properly documented in accordance with the May 30, 2003, DFAS policy regarding JVs. This policy also requires close scrutiny by DFAS principal accountants before processing any department's JV. CSD agrees and all JV's are now located in a centralized location."

ACTION TAKEN

The audit recommendations have been fully implemented. CSD stated that an approval process exists to deal with CIP funds. The journal vouchers are queued through CIP for their approval before expenses can be charged to a CIP activity. The documents are located in the Fiscal Division, of the BioPark.

RECOMMENDATION NO. 11:

The construction contractor purchased the train (engine and cars) and train track for the BioPark's railroad. According to the contractor's "scheduled value" document, the value of these two items was \$430,692. The construction contractor charged the City approximately 10% above the purchase cost of these items. If the City purchased the system directly from the vendor, there would have been a cost savings to the City.

According to the BioPark Director, he contacted the Purchasing Division and requested a direct purchase of the train; however, the Purchasing Division recommended that the construction contractor purchase the items.

The audit recommended that DFAS and DMD, CIP Division, collaborate to determine the best purchase method for some types of CIP purchases.

The DFAS and DMD response stated, "DFAS and the Department of Municipal Development (DMD) do collaborate on an on-going basis. Although it may appear that a direct purchase rather than through a contractor with a markup will always save money that is not always the case"

ACTION TAKEN

The audit recommendations have been fully implemented. DMD stated that there is not a written guideline for project managers regarding Owner-furnished equipment (OFE) in conjunction with construction contracts. It is the experience of DMD that OFE can be beneficial and proper, but warranted only in limited circumstances, and therefore use of OFE is examined on a case-by-case basis in cooperation with the City's Legal Department and Administrative Services Department.

RECOMMENDATION NO. 12:

As a part of our audit test work, we requested CIP reports to determine what had been reported to the City Council regarding the Zoo train. The City's Capital Improvements Ordinance, stated, "The Mayor shall submit a status report to the Council summarizing the implementation of each Capital Improvements Program at annual intervals The annual report shall contain the following information for each current project in the Capital Improvements Program . . ." (The ordinance then lists the information required in the annual report for each project.) The report for the period July 2001 through June 2002 did not comply with the informational requirements of the ordinance. The following five specific topics of information relating to each CIP project, as required by the Capital Improvements ordinance, were not included in the report:

- Total estimate project cost.
- Status, e.g. feasibility study completed, design completed, date construction began or is anticipated to begin.
- Estimated completion date of project.
- If the amount designated for a project was increased, the account(s) and project(s) from which the funds were transferred, or if the amount designated for a project was decreased, the account(s) and project(s) to which the funds were transferred.
- If a change combines all or parts of projects, the individual account(s) and project(s), which were combined, and the amount of funds involved from each.

The audit recommended that DMD review the CIP Division's priorities and determine how it will comply with the reporting requirements of the Capital Improvements Ordinance.

The DMD response stated, “DMD agrees. The department has made considerable progress in this area, reorganizing and resetting priorities in the CIP division. The next annual CIP status report will include all required information.”

ACTION TAKEN

The audit recommendations have been partially implemented. DMD provided a copy of the FY2005 Capital Implementation Program Status Report. We reviewed this report to determine if the information required by the ordinance was included in the report. The FY2005 report included the following information:

- The status of capital funds including Enterprise, General Obligation Bonds, Transportation Infrastructure, Quality of Life, Quarter Cent/Basic Services, Quarter Cent/Open Space, Communication Systems/Center, Metropolitan redevelopment, and Urban Enhancement Trust. The report provides the following information relating to each of these capital funds:
 - Bond Amount
 - Grant Amount
 - Total Appropriated
 - Total Expended
 - Total Encumbered
 - Unencumbered Balance
- Chart of capital expenditures from fiscal years 1996 through 2005
- Urban Enhancement Trust Fund update
- Public Arts Program update
- Selection Advisory Committee activity report on engineer/architect selections
- Administrative appropriation transfers

However, the FY2005 Capital Implementation Program Status Report does not include the following required information:

- Status, e.g. feasibility study completed, design completed, date construction began or is anticipated to begin.
- Estimated completion date of project.

RECOMMENDATION

DMD should comply with all of the reporting requirements of the Capital Improvements Ordinance.

RESPONSE FROM DMD

“The current system, the Capital Project Tracking System (CPTS), does not have the capability to provide the two reporting items noted. The Department has contacted DFAS to discuss the potential for incorporating these items into the new financial system that will replace CPTS.”

RECOMMENDATION NO. 13:

Three City employees went to Disney World in Florida with an employee of the architectural firm (the architect) that was designing the Animals of Africa project. The BioPark issued a reimbursable services change order to the architect for \$3,200, to reimburse the architect for the costs of the trip for both the architectural firm employee and the City employees. Because the three City employees traveled in this way, the travel was not authorized and approved in accordance with the City of Albuquerque Travel Regulations. Additionally, Administrative Instruction No. 3-12, Vendor/City Relations, stated, “It is prohibited to accept at a suppliers expense travel, accommodations, meals and all other gratuities.”

The audit recommended the following:

- Cultural Services develop internal procedures to ensure that the City Travel Regulations are strictly enforced. Travel Authorizations should be prepared and approved for all travel by City employees. The Department Director should obtain the CAO’s approval for any travel. Cultural Services employees should not be allowed to approve or authorize their own travel.
- Cultural Services comply with Administrative Instruction No. 3-12. Employees should avoid situations that give the appearance of violation of City regulations, such as travel paid by a vendor or contractor.

- The Cultural Services Fiscal Division notify the Department Director of any potential violations of City rules and regulations.

Cultural Services' response stated, "The incident reported occurred five years ago. This Administration and the CSD director are complying with all City Travel Rules and Regulations."

ACTION TAKEN

The audit recommendations have been fully implemented. Cultural Services stated that all travel requires the Director's signature.

CONCLUSION

Cultural Services has fully implemented or resolved nine of the recommendations noted in the initial audit. Four items have been partially implemented. Cultural Services should ensure that the gift shops are recorded as City assets. Cultural Services can more efficiently manage agreements if the requirements are enforced. We will continue to monitor the department's progress toward implementing the open items, however we do not feel an additional formal follow-up is needed. We appreciate the assistance and cooperation of Cultural Services, DFAS and DMD personnel during the audit.

Principal Auditor

REVIEWED:

Audit Supervisor

APPROVED:

APPROVED FOR PUBLICATION:

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