



**City Council & City Manager's
P-Card and Travel Review
No. P2023-06**

Issued by the
Internal Audit Office
May 1, 2023



Internal Audit Office

MAYOR
Oscar Leeser

DATE: May 1, 2023

TO: Nicole Cote, Director of Office Management & Budget

CITY COUNCIL

FROM: Edmundo S. Calderon, CIA, CGAP, CRMA, Chief Internal Auditor

District 1
Brian Kennedy

SUBJECT: City Council & City Manager’s Office – P-Card & Travel Review

District 2
Alexandra Anello

The Internal Audit Office has completed its City Council and City Manager’s Office P-Card and Travel Review. This engagement was accepted based on the engagement’s potential to improve management of risks, add value, and/or improve the organization’s operations (IIA 2010.C1). The work performed does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAS 1.16). The Observations and Conclusions that are reported in this memorandum do not require Management Responses.

District 3
Cassandra Hernandez

District 4
Joe Molinar

Objectives:

The objectives of our review were to:

District 5
Isabel Salcido

- Obtain an understanding of the City of El Paso’s City Council and City Manager’s Office Travel Request approval process and P-Card Program.
- Determine if the current City Council and City Manager’s Office P-Card primary approvers and reconcilers are properly reviewing and monitoring the expenditures related to the respective purchases.
- Determine if Travel Requests are properly approved and reconciled.
- Determine if P-Card transactions are for proper expenditures to include travel. (Travel paid by using the P-Card, or a voucher).
- Verify that original receipts properly support travel expenditures and P-Card transactions.
- Identify if sales tax was paid using the P-Card.
- Determine if purchase limits on P-Card transactions have been followed.

District 6
Art Fierro

District 7
Henry Rivera

District 8
Chris Canales

CITY MANAGER
Tommy Gonzalez

Scope:

The review included P-Card transactions and related travel expenditures that occurred from September 1, 2021 to December 31, 2022. Per the discretion of the Chief Internal Auditor, the scope was expanded to include four (4) transactions related to travel that occurred in Fiscal Year 2023.

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Results and Conclusion:

Our review identified five (5) Observations regarding P-Card and Travel compliance. The following is a description of the Observations:

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District 4
Joe Molinar

District 5
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District 7
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OBSERVATION 1

P-Card Support Documentation

The City of El Paso’s Procurement Card Policy dated July 2020:

- **Section 4.1 Purchase:** *“The authorized cardholder uses the PCard to purchase needed goods and services and submits the vendor original itemized receipt, and any other required supporting documentation to the Reconciler.”*
- **Section 13.1 Unauthorized purchases:** *“Computer hardware and software are not to be purchased without prior approval and backup documentation from IT.”*
- **Section 14.1 Receipt Retention:** *“It is a requirement of the program that a Cardholder keep all receipts for goods and services purchased on the PCard... It is extremely important to request and retain purchase receipts, as this is the only original documentation. If receipts are absent, an individual is held personally liable for the purchase(s) and will be required to reimburse the City.”*

The City Council and City Manager’s Office conducted 2,309 transactions totaling \$543,571.61 during the review period of September 1, 2021 to December 31, 2022.

- 334 out of 2,309 (14.47%) P-Card transactions totaling \$67,595.52 did not have a description in the Description Field in the Wells Fargo Commercial Card Expense Reporting System (CCER).

A review of 25 P-Card transactions from September 1, 2021 to December 31, 2022 identified the following:

- Two (2) receipts were not found/provided to the Internal Audit Office. The 2 receipts that were not provided totaled \$320.06.

| City Department | Merchant Name | Transaction Date | Amount |
|-----------------|-----------------------|------------------|------------------|
| District 6 | Dick’s Sporting Goods | 7/28/2022 | \$ 293.00 |
| District 6 | Sheraton Ft Worth | 5/23/2022 | \$ 27.06 |
| | Total | | \$ 320.06 |

- One P-Card transaction totaling \$1,706.85 included the purchase of a computer priced at \$899.99. The supporting documentation for the transaction did not include a Technology Purchase Request (TPR) form. The computer was purchased due to an emergency with City of El Paso livestreaming.

| City Department | Merchant Name | Transaction Date | Amount |
|---------------------------|---------------|------------------|-----------|
| Public Information Office | Best Buy | 6/9/2022 | \$ 899.99 |

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Recommendation

We recommend adherence to the City of El Paso P-Card Policy by:

- Having all receipts safeguarded and properly documented.
- Acquiring an approved Technology Purchase Request Form from DoITS prior to the purchase of computer hardware and software.
- Completing all fields during the P-Card reconciliation process in the Wells Fargo Commercial Card Expense Reporting System.

OBSERVATION 2

Sales Tax Charged

The City of El Paso’s Procurement Card Policy dated July 2020:

- **Section 17.0 Sales and Use Tax:** *“Merchants are required by tax authorities to include the applicable sales or use tax at the time of purchase. The City’s Tax Exempt number is listed on each card. The authorized user should make sure that sales tax is not assessed at the time that the purchase is made.”*

25 transactions were selected for review. Five (5) receipts paid sales tax. The 5 transactions that paid sales tax totaled \$839.28.

| City Department | Merchant Name | Transaction Date | Amount | Amount of Sales Tax |
|-----------------------|-------------------------|------------------|------------------|---------------------|
| City Manager’s Office | House of Pizza Downtown | 3/24/2022 | \$ 85.88 | \$ 5.48 |
| | 501 Bar and Bistro | 6/2/2022 | \$ 31.14 | \$ 2.14 |
| | Ripe Eatery | 4/12/2022 | \$ 60.07 | \$ 3.82 |
| District 5 | Overstock.com | 11/1/2021 | \$ 251.95 | \$ 19.20 |
| | Best Buy | 5/6/2022 | \$ 410.24 | \$ 31.26 |
| | | Total | \$ 839.28 | \$ 61.90 |

Recommendation

We recommend P-Card holders ensure that sales tax is not incurred on P-Card purchases.

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OBSERVATION 3

Travel Request Approval

The City of El Paso's Travel Policy dated November 2021:

- **Section 4.0 Principles and General Travel Guidelines:** *"It is recommended that anyone traveling fill out a Travel Request at least ten business days prior to the travel date."*
- **Section 7.1 Prior to Travel:** *"A Travel Request must be submitted in advance of the travel. All Travel should be booked at least ten business days in advance of the travel date in order to minimize the cost of the airfare."*
- **Section 7.2 After Travel:** *"After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel."*
- **Section 17.1 Individually-Managed Travel:** *"Only after approval has been obtained, should a traveler proceed with incurring actual costs for the trip."*

A review of 5 Travel Requests related to P-Card purchases during the review period of September 1, 2021 to December 31, 2022 identified that the Travel Requests were not properly approved.

- One Travel Request reviewed was not approved at least 10 business days prior to travel.
 - A Travel Request for the Representative from District 1 was submitted 6 business days prior to travel with no approval signature.
- Two Travel Requests reviewed were not properly approved after travel for:
 - An employee from the Performance Office.
 - The Representative from District 1.
- Three Travel Requests reviewed incurred travel expenses before the Travel Requests were approved.
 - A Travel Request for an employee from the Performance Office incurred expenses totaling \$1,595.00 before the Travel Request was approved.
 - A Travel Request for the City Manager incurred expenses totaling \$361.68 before the Travel Request was approved.
 - A Travel Request the Representative for District 2 incurred expenses totaling \$158.90 before the Travel Request was approved.

Recommendation

The City Council and City Manager's Office should ensure that:

- Travel Requests are submitted at least 10 business days in advance of travel.
- Travel Requests are approved before expenses are incurred.
- Travel Requests are approved after returning from travel.

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OBSERVATION 4

Travel Request Reconciliation

The City of El Paso's Travel Policy dated November 2021:

- **Section 7.2 After Travel:** "After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel."
- **Section 10.1 Commercial Air Transportation:** "Extra fees such as early check-ins, upgrades, reserved seating, etc. are not allowed."

The City of El Paso's Travel Manual dated September 2021:

Appendix A: Travel Forms: B. Travel Request Form

A review of 5 Travel Requests related to P-Card purchases during the review period of September 1, 2021 to December 31, 2022 identified that the Travel Requests were not properly reconciled.

- Three Travel Requests reconciliations were not performed within five business days after the conclusion of travel.
 - A Travel Request for an employee from the Performance Office was not reconciled after the conclusion of travel.
 - A Travel Request for the Representative from District 1 was reconciled 7 business days after the conclusion of travel.
 - A Travel Request for the City Manager was reconciled 11 business days after the conclusion of travel.
- One Travel Request for the City Manager's Office contained a travel expense for an early bird check-in fee of \$15.00.
- One Travel Request used the incorrect Travel Request form. The correct Travel Request form was revised as of 7/22/21.

Recommendation

The City Council and City Manager's Office should ensure:

- Travel Requests are reconciled after the conclusion of travel.
- Extra fees such as early check-in fees are not incurred.
- The use of the correct Travel Request Form.

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OBSERVATION 5

Closed P-Card

The City of El Paso’s Procurement Card Policy dated September 2022:

- **Section 7.1 General Guidelines:** “Once an employee has separated from the City, their credit card will be cancelled.”
- **Section 7.4 Issuance Duties of the Department P-Card Approver:** “In the event of termination or transfer to another department of an authorized user, the Approver will be responsible for filling out the same form, PCM-1, collecting the issued PCard and submitting the card and forms to the PCard Administrator in the Fiscal Operations Division immediately.”

There were four (4) P-Cards with a delayed inactivation:

| City Department | Card Number | Termination/ Transfer Date | Date Credit Limit Reduced to \$1.00 | Disable Date | # of Calendar Days |
|---|---------------------|----------------------------|-------------------------------------|--------------|--------------------|
| District 1 | XXXX-XXXX-XXXX-2992 | 1/2/2023 | 1/20/2023 | 4/17/2023 | 105 |
| District 6 | XXXX-XXXX-XXXX-2826 | 1/2/2023 | 3/7/2023 | 4/17/2023 | 105 |
| District 8 | XXXX-XXXX-XXXX-7701 | 1/2/2023 | 3/7/2023 | 4/17/2023 | 105 |
| PIO to Fire Department - Communications | XXXX-XXXX-XXXX-9717 | 3/20/2022 | N/A | 11/2/2022 | 227 |

Credit limits were reduced to \$1.00 to allowing pending transactions to be processed. No transactions were conducted after the termination date.

Recommendation

We recommend a periodic active P-Card holder analysis be conducted to ensure that all active P-Card holders are current employees.

If you have, any questions please feel free to contact me at 212-1365.

cc: Financial Oversight and Audit Committee

Tomas Gonzalez, City Manager

Cary Westin, Chief Transition Officer

Robert Cortinas, Deputy City Manager of Support Services & Chief Financial Officer

Margarita Marin, Comptroller

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**City Council & City Manager's
P-Card & Travel Review P2023-06
Management Responses**



Office of Management & Budget

MAYOR
Oscar Leeser

DATE: May 2, 2023

TO: Edmundo S. Calderon, Internal Auditor

CITY COUNCIL

FROM: K. Nicole Cote, Managing Director

District 1
Brian Kennedy

THRU: Robert Cortinas, Chief Financial Officer & DCM of Support Services

District 2
Alexandra Anello

SUBJECT: Annual P-Card and Travel Review for the time period
September 1, 2021 – December 31, 2022

District 3
Cassandra Hernandez

This communication serves to provide feedback regarding the review of the draft report provided on May 1, 2023. The feedback and comments correspond to the numbers assigned for the observations.

District 4
Joe Molinar

Thank you for the opportunity to review and provide feedback on this draft. Please find the feedback in numerical order:

District 5
Isabel Salcido

Observation #1 and #2

District 6
Art Fierro

Feedback:

District 7
Henry Rivera

- Refresher training will be given to all members of City Council and City Manager's office to reinforce the policy to include the following requirements to provide the description of the transaction in Wells Fargo, itemized receipts for all transactions, Technology Purchase Requests Forms, when applicable and reimburse the City for any sales tax paid. Also, a process will be developed to implement a re-training protocol if the policy is not followed.

District 8
Chris Canales

CITY MANAGER
Tommy Gonzalez

Observation #3 and #4

Feedback:

- OMB will coordinate a training session on the Travel Policy, for the Mayor and City Council and the City Manager's Office with the Office of the Comptroller (OTC). Also, a process will be developed to implement a re-training protocol if the policy is not followed.

Observations #5

Feedback:

- As part of the off-boarding process OMB will work with Human Resources and OTC to ensure that proper documentation is submitted timely and any personnel transfers include the P-Card between the two departments.

