



# Internal Audit Office

**MAYOR**

Oscar Leeser

**CITY COUNCIL****District 1**

Peter Svarzbein

**District 2**

Alexandra Anello

**District 3**

Cassandra Hernandez

**District 4**

Joe Molinar

**District 5**

Isabel Salcido

**District 6**

Claudia L. Rodriguez

**District 7**

Henry Rivera

**District 8**

Cissy Lizarraga

**CITY MANAGER**

Tommy Gonzalez

**DATE:** May 12, 2022

**TO:** Nicole Cote, Interim Managing Director of Budget & Strategic Sourcing

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

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

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.

**Objectives:**

The objectives of our review were to:

- Obtain an understanding of City of El Paso's P-Card Program and Travel Request approval process.
- Determine if the current City Council and City Manager's Office P-Card primary approvers and reconcilers are properly reviewing and monitoring expenditures made with P-Cards.
- Determine if Travel Requests are properly approved and reconciled.
- Determine if P-Card transactions are for proper expenditures to include travel.
- Determine if travel expenses paid via voucher are for proper expenditures.
- Verify that original receipts properly support P-Card transactions and travel expenditures.
- Identify if Texas Sales Tax was paid using the P-Card.
- Determine if spending limits on P-Card transactions have been followed.

**Scope:**

The review included P-Card transactions and related travel expenditures that occurred from September 1, 2020 to August 31, 2021.

**Edmundo S. Calderon, CIA, CGAP, CRMA – Chief Internal Auditor**

Internal Audit Office | 218 N. Campbell | El Paso, TX 79901

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## Results:

Our review identified four (4) Observations regarding P-Card, Travel and Food & Beverage Policy compliance. The following is a description of the Observations:

### OBSERVATION 1

#### P-Card Limits

The City of El Paso's P-Card Policy dated July 2020:

- **Section 10.1:** *"Purchases should not exceed \$3,500 for a particular commodity per department within the fiscal year. In no way should it be used to circumvent the Purchasing Policies and Procedures."*  
*"In addition to the single transaction limit, every cardholder has a 'total monthly dollar limit' assigned to his/her account. As limitations vary by cardholder, discuss the limit with the Approver."*

As of March 1, 2022, a P-Card holder with assigned P-Card No. xxxx-xxxx-xxxx-6049 had a monthly purchase limit of \$50,000.00. The increase in monthly limit was made in order to purchase large quantities of U-Matter Gift Cards. The increased P-Card limit has been communicated to the Chief Financial Officer for review of appropriateness.

#### Recommendation

We recommend a reduction in the purchase limit for the cardholder for a reasonable amount.

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## OBSERVATION 2

### Travel Requests

The City of El Paso's Travel Policy dated July 2020:

- **Section 7.2:** *"After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel."*

Two Travel Requests reconciliations were not approved within five business days after travel.

- A Travel Request for the Senior Deputy City Manager was approved 19 days after the conclusion of travel. Travel was completed July 2021.
- A Travel Request for the Representative for District 6 was not approved within five days after the completion of travel. Travel was completed June 2021. The Travel Request has not been approved as of April 21, 2022.

### Recommendation

We recommend adherence to the Travel Policy dated July 2020 by:

- Ensuring Travel Requests are approved after travel expenses are incurred.

## OBSERVATION 3

### Food Receipts

The City of El Paso's Food & Beverage Policy dated August 3, 2007:

- **Section IV – Other Issues:** *"Adequate documentation must support all expenses, regardless of method of payment (i.e. P-Card, voucher or petty cash reimbursement). An adequate description must be written on the face of every receipt to ensure that it may be easily identifiable as a City-related business purpose. For example, a description of the meeting date, purpose and attendees should be written on the face of the receipt. Any P-Card purchases without sufficient documentation will be deemed disallowable and the provisions of Section III-Non-compliance will apply."*

Three (3) P-Card transactions for meal purchases totaling \$267.60 did not have the list of attendees or purpose on the face of the receipts. We were able to determine the purpose of each meal purchase from the descriptions listed in the Wells Fargo P – Card system.

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**Recommendation**

We recommend adherence to the Food and Beverage Policy by:

- Submitting receipts with adequate descriptions (meeting date, purpose and attendees) on the face of every Food & Beverage receipt.

**OBSERVATION 4**

**Receipt Retention**

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

- **Section 4.1:** *“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 14.1:** *“It is a requirement of the program that a Cardholder keep all receipts for goods and services purchased on the PCard. For orders placed via phone, fax or mail, request a receipt, detailing merchandise price, sales/use tax, freight, etc. be included with the goods mailed/shipped. Ask for the receipt via fax and/or email directly to purchaser. Do this prior to the shipment of goods to ensure a receipt for statement reconciliation is available. Note: a merchant should not reject this request, as it is a VISA policy. 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.”*

30 transactions were selected for review. Five (5) receipts were not found/provided to the Internal Audit Office. The 5 receipts that were not provided totaled \$895.49.

Merchant Name	Transaction Date	Amount
Food At Podium Finish	7/30/2021	\$ 57.25
El Paso Inc	10/27/2020	\$ 420.00
Bestbuycom806457954654	5/22/2021	\$ 299.99
Wm Supercenter #512	2/18/2021	\$ 52.01
House Of Pizza Downtow	6/17/2021	\$ 66.24
	<b>Total</b>	<b>\$ 895.49</b>

Three (3) additional receipts were provided, but were not itemized as required by the P-Card Policy. The 3 receipts totaled \$10,804.75.

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Merchant Name	Transaction Date	Amount
Sq Organiza Eventos Aka	8/17/2021	\$ 357.75
Quality Texas Foundation	9/2/2020	\$ 10,400.00
Block Table & Tap	4/21/2021	\$ 47.00
	<b>Total</b>	<b>\$ 10,804.75</b>

**Recommendation**  
 We recommend all receipts be safeguarded and properly documented. P-Card holders should reach out to merchants for copies of itemized receipts.

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

cc: Financial Oversight and Audit Committee

Tomas Gonzalez, City Manager

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

Margarita Muñoz, Comptroller

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**City Council & City Manager's P-  
Card & Travel Review P2022-04  
Management Responses**



## Office of Management and Budget

**MAYOR**  
Oscar Leeser

TO: Edmundo Calderon, Internal Auditor

FROM: K. Nicole Cote, Interim Managing Director of Budget & Strategic Sourcing

**CITY COUNCIL**

SUBJECT: City Council & City Manager's Office Response to P-Card & Travel Review

**District 1**  
Peter Svarzbein

This memorandum is to provide an update to the actions taken in response to the four observations made by Internal Audit as part of the annual audit conducted on Travel and P-Card charges by Members of Council and the City Manager's Office in FY 2021.

**District 2**  
Alexandra Anello

### **Observation 1 – P-Card Limits**

**District 3**  
Cassandra Hernandez

A review of all P-Card limits for City Council, staff and the City Manager's Office has been conducted and revised as appropriate.

**District 4**  
Joe Molinar

### **Observation 2 – Travel Requests**

**District 5**  
Isabel Salcido

A mandatory refresher training has been conducted on June 30, 2022 and will be conducted on July 20, 2022 for both Members of City Council and staff and the City Manager's Office. This training will help to ensure that we adhere to the policy and reconcile travel within five business days after the conclusion of travel.

**District 6**  
Claudia L. Rodriguez

The travel request for the Representative for District 6 was reconciled and completed on July 18, 2022.

**District 7**  
Henry Rivera

### **Observation 3 – Food Receipts**

**District 8**  
Cissy Lizarraga

A mandatory refresher training has been conducted on June 30, 2022 and will be conducted on July 20, 2022 for both Members of City Council and the City Manager's Office. This training will help to ensure that we adhere to the policy and adhere to the Food and Beverage Policy.

**CITY MANAGER**  
Tommy Gonzalez

### **Observation 4 – Receipt Retention**

The mandatory refresher training mentioned above will ensure that the itemized receipt and any other supporting documentation is provided to the reconciler.

These annual audits provide an opportunity for improvement and ensure that members of City Council and the City Manager's Office set the standard for all to follow by adhering to our policies and procedures.

