



**Zoo Department – 2012 Quality of Life
Bond Projects
Audit Report A2018-14**

Issued by the
Internal Audit Office
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**City of El Paso
Internal Audit Office
Zoo Department – 2012 Quality of Life Bond Projects Audit A2018-14**

EXECUTIVE SUMMARY

The Internal Audit Office has concluded the Zoo Department – 2012 Quality of Life Bond Projects Audit. Based on the results of the audit, one finding was identified. The finding was considered significant in nature.

Listed below is a summary of the finding identified in this report:

1. The Zoo Inspector is not completing the “*Construction Inspector’s Daily Job Report*” to record and justify construction activities as required by the Capital Improvement Department’s Project Delivery Manual.
 - No “*Construction Inspector’s Daily Job Reports*” were prepared from December 30, 2017 to June 30, 2018 (6 months) for 2012 Quality of Life Bond Project – “*Asia Gateway & Carousel Site Development*”. The last completed “*Construction Inspector’s Daily Job Report*” on file was dated December 29, 2017.

For a detailed explanation of the findings, please refer to the individual finding contained in the body of this Audit Report.

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BACKGROUND

In 2012, the City of El Paso voters approved a Quality of Life (QOL) Bond of \$473.2 million for quality of life improvement projects. The 2012 QOL Bond included a \$50 million allocation for Zoo Projects. According to the City’s “*Fiscal Year 2018 – Five Year Capital Improvement Program*”, the City estimates using \$9,807,562 to fund ten Zoo QOL Projects in Fiscal Year 2018 and \$11,310,497 to fund thirteen Zoo QOL Projects in Fiscal Year 2019. The Zoo Department’s goal is to complete these projects at/or under budget.

The Zoo Department manages three types of projects; 2012 Quality of Life Bond Projects, projects funded and donated by the El Paso Zoological Society, and maintenance/repair Capital Projects funded with entry fees, commissions, and/or educational programs. The 2012 Quality of Life Bond Projects are managed and executed by the Zoo’s Capital Improvement Project Administrator under the direction and supervision of the City’s Capital Improvement Department. The Capital Improvement Department is responsible for overseeing all the 2012 Quality of Life Bond Projects and their funding.

Below is a list of the 2012 Quality of Life Bond Projects allocated for the Zoo Department:

#	Zoo Project	Project Budget
1	Chihuahuan Desert Exhibit	\$16,708,484
2	Support Elements Zoo Wide	\$6,497,643
3	K Dragon Red Panda Exhibit Rehab	\$4,323,900
4	Penguin Exhibit	\$3,766,750
5	Event Tent & Restrooms	\$2,034,432
6	Wildlife Theater Stadium	\$1,934,614
7	Carousel Site Development	\$1,295,868
8	Owners Representative Admin	\$1,203,685
9	Touch Tank Installation	\$735,150
10	End Species Breeding Center	\$712,800
11	Alligator Exhibit	\$699,400
12	Africa Wetlands River Hog Exhibit	\$693,236
13	Reptile Building Completion	\$690,402
14	Project Management Firm	\$677,735
15	Sea Lion Exhibit Upgrade	\$676,082
16	Zoo Plaza Improvements	\$577,500
17	Education Animal Hold Area & Facility	\$574,375
18	Galapagos Exhibit	\$573,029
19	Elephant Rhino Exhibit Rehab	\$565,500

* Data as of August 31, 2018.

#	Zoo Project	Project Budget
20	Squirrel Monkey Exhibit Repair	\$534,000
21	Africa Wild Dog Exhibit	\$460,273
22	Animal Holding Building 1 Improvements	\$403,988
23	Animal Management	\$386,600
24	South America's Aviary Exhibit Repair	\$378,405
25	Leopard Exhibit Renovation	\$339,300
26	Shaded Concessions	\$322,800
27	Animal Holding Building 2 Improvements	\$315,000
28	Africa Bird Indoor Hold Area	\$300,000
29	South America Pavilion Restrooms	\$269,000
30	Admin Building Expand Improvements	\$251,644
31	Africa Exhibit Public Restroom	\$250,000
32	South American Pavilion Repair	\$220,600
33	Tapir Yard Holding Facility	\$161,400
34	Kalahari Discovery Center	\$123,192
35	Canal Landscape Improvements	\$101,990
36	Education Discovery Center	\$100,100
37	Asia Discovery Center	\$100,000
38	Andean Bear Exhibit	\$41,123

Total \$50,000,000

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AUDIT OBJECTIVES

The objective of the audit was to perform a review of the El Paso Zoo Department’s processes for managing and executing 2012 Quality of Life Bond Projects to include:

- Zoo Department’s Policies and Procedures,
- Construction Change Orders and Inspections,
- Appropriate Project Expenditures,
- Supporting Documentation and Proper Approval.

AUDIT SCOPE

The audit period covered the operations of Fiscal Year 2017 – 2018.

AUDIT METHODOLOGY

In order to achieve the audit objectives, we:

- Conducted interviews with management and staff of the Zoo Department and the Capital Improvement Department.
- Determined if the Zoo Department had adequate and efficient Policies and Procedures for managing and executing 2012 Quality of Life Bond Projects.
- Reviewed if Construction Change Orders for 2012 Quality of Life Bond Projects were properly managed and executed.
- Reviewed inspection documentation prepared by the Zoo Inspector for 2012 Quality of Life Bond Projects.
- Determined if Zoo expenditures associated with 2012 Quality of Life Bond Projects were appropriate, well supported, approved, and submitted on time for payment processing.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT’S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

Finding 1

Daily Construction Inspection Reports

City of El Paso Strategic Plan 2017:

- *Goal 6.13 Maintain systems integrity, compliance, and business continuity.*

Capital Improvement Department’s Project Delivery Manual – August, 2017:

- *Section 17.5 – Inspection Reports (Paragraph 1, 2, &3): Project records and inspection reports are a legal record of the activities that take place on a construction site in the order they happen. Keeping accurate and complete records and reports is an important function of the Inspector. The inspector ensures that each inspector assigned to the project completes daily records of the inspections made and of the jobsite activities. Each Inspector working on the project shall complete the Construction Inspector’s Daily Job Report and/or the Project General Log for each day they are on the project.*
- *Section 17.5 – Inspection Reports (Paragraph 4): When completing project documentation, the Inspector shall adhere to the following:*
 - *All documentation and/or job records shall be completed on approved forms,*
 - *All entries shall state activities and/or events as they occurred,*
 - *Entries shall be as brief as possible, but include all pertinent information,*
 - *The reports shall be signed and filed chronologically.*

The Zoo Inspector is not completing the “*Construction Inspector’s Daily Job Report*” to record and justify construction activities as required by the Capital Improvement Department’s Project Delivery Manual. A review of the Zoo Department’s inspection documentation for 2012 Quality of Life Bond Project – “*Asia Gateway & Carousel Site Development*” for the period of May 1, 2018 to June 30, 2018 identified the following:

- No “*Construction Inspector’s Daily Job Reports*” were prepared from December 30, 2017 to June 30, 2018 (6 months).
 - The last completed “*Construction Inspector’s Daily Job Report*” on file was dated December 29, 2017.
 - Construction began on September 2017 and still in progress pending final acceptance.

Recommendation

- The Zoo Inspector should complete a “*Construction Inspector’s Daily Job Report*” on a daily basis to record the construction activities for the 2012 Quality of Life Bond Projects.
- The Capital Improvement Department should implement a review process to ensure “*Construction Inspector’s Daily Job Reports*” are prepared and maintained according to the Capital Improvement Department’s Project Delivery Manual.

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Management’s Response

The completion of the inspection reports in the required format were not properly prioritized. Daily Inspector’s handwritten notes were not transcribed and filed as per the procedures. An internal procedure will be implemented at the Zoo Department that requires a weekly review and sign-off by the Zoo Capital Improvement Project (CIP) Administrator or their designee of the completed Inspector’s Forms.

Responsible Party

- Lili Gutierrez is the CIP Administrator for the Zoo Department and responsible for ensuring that procedures for City CID Projects are followed, including the new internal procedural step.
- Juan Anaya is the Construction Inspector on the Zoo Bond Projects and is responsible for completing and filing these reports.

Implementation Date

March 1, 2019

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit, which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our work on the objectives of the Zoo Department – 2012 Quality of Life Bond Projects Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the Zoo Department met the objectives of this audit. Based on our audit work, we have determined that:

1. The Zoo Department met the audit objectives in the following areas:
 - Implementing adequate and efficient Policies and Procedures for managing and executing 2012 Quality of Life Bond Projects.
 - Managing and executing Construction Change Orders for 2012 Quality of Life Bond Projects.
 - Processing appropriate and on-time expenditures for 2012 Quality of Life Bond Projects.
2. The Zoo Department did not meet the audit objectives in the following area:
 - Completing and maintaining “*Construction Inspector’s Daily Job Reports*” as required by the Capital Improvement Department’s Project Delivery Manual. During December 30, 2017 to June 30, 2018 (6 months), no “*Construction Inspector’s Daily Job Reports*” were completed for 2012 Quality of Life Bond Project – “*Asia Gateway & Carousel Site Development*”.

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The “*Construction Inspector’s Daily Job Reports*” are essential for recording and justifying the daily construction activities of a project. Implementing the recommendations listed on this Audit Report, will improve and strengthen the inspection documentation maintained for the 2012 Quality of Life Bond Projects.

We want to thank the El Paso Zoo Department and the Capital Improvement Department for their assistance and numerous courtesies extended during the completion of this audit.

Signature on File

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