



Museum of Art – Change in Management Audit A2021-05

Issued by the
Internal Audit Office
September 13, 2021

EXECUTIVE SUMMARY

The Internal Audit Office has concluded the Museum of Art – Change in Management Audit. Based on the results of the audit, no significant findings were identified in our review of the operations and management of the El Paso Museum of Art.

The Audit identified that the El Paso Museum of Art:

- Has proper measures in place to safeguard Museum Assets.
- Follows City Policies and Procedures for making Procurement Card purchases.
- Has appropriate internal controls over revenue collections.
- Maintains an accurate and updated inventory of art pieces and store merchandise.

An immaterial series of untimely deposits were identified during our review. The deposits were low dollar amounts and the delay was due to the City’s Work Schedule during the COVID-19 Pandemic. The results are outlined below:

A judgmental sample of six payments received by mail during the period of June 1, 2021 to July 31, 2021 identified that:

- Six out of six (100%) payments were not deposited one business day after its receipt as required by the City’s Cash Management Manual dated April 10, 2018.
 - The six payments totaled \$1,160.00 and were deposited 1 to 14 days after the deposit deadline. The payments were kept in a safe while waiting deposit.
 - Due to the COVID-19 Pandemic, the Accounting Clerk assigned to depositing funds worked from home and occasionally worked on-site at the El Paso Museum of Art. This work schedule delayed the deposit of funds.

For a detailed explanation of the finding, please refer to the body of this report.

BACKGROUND

At the request of the Deputy City Manager of Quality of Life, the Internal Audit Office conducted a Change in Management Audit to review the operations and the management of the El Paso Museum of Art (EPMA).

The EPMA is municipally funded and is under the jurisdiction of the City of El Paso. EPMA, the only accredited Art Museum within a 250-mile radius, is located both in the heart of downtown El Paso and blocks away from the U.S.-Mexico border. It serves approximately 100,000 visitors per year. Aside from its permanent collections and special exhibitions, the EPMA also offers art classes and other educational programs for children, teens, and adults.

The EPMA is under the Museum and Cultural Affairs Department (MCAD), follows MCAD's Policies and Procedures, and operates in accordance with the National Standards of the American Alliance of Museums Accreditation. The EPMA has a collection of more than 7,000 works of art, including major works by Botticelli, Canaletto, Van Dyck, Zurbaran, and other masters. The EPMA's mission is to collect, preserve, interpret, and exhibit works of art that support and illuminate the Museum's permanent collection of American, European, and Mexican Art.

AUDIT OBJECTIVES

The objectives of the Museum of Art – Change in Management Audit were to determine if:

- The Museum of Art has proper measures in place to safeguard Museum's assets.
- The Museum of Art is following City Policies and Procedures for making Procurement Card purchases.
- The Museum of Art has appropriate internal controls over revenue collections.
- The Museum of Art has an accurate and updated inventory of the art work and the store merchandise.

AUDIT SCOPE

The audit focused on the El Paso Museum of Art operations during the period of Fiscal Years 2019 – 2021.

AUDIT METHODOLOGY

In order to achieve the audit objectives, we:

- Conducted interviews with the Museum and Cultural Affairs Administrative Staff and the El Paso Museum of Art Management and Staff.
- Reviewed the City and El Paso Museum of Art Policies and Procedures.
- Observed and reviewed security measures at the El Paso Museum of Art.
- Confirmed that the art pieces were insured.
- Reviewed who had access to Procurement Cards (P-Cards) and selected a sample of P-Card transactions to review for proper use.
- Reviewed the Art Collection inventory and the Art Store merchandise.
- Reviewed processes for collecting and depositing revenues.
- Reviewed procedures for the donation box and who had access to the safes.
- Reviewed a sample of mail payments for proper depositing and posting into the PeopleSoft Financials.

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.

REGULAR FINDING & RECOMMENDATION

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

City of El Paso Strategic Plan:

- Goal 6.6 stated; *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*

City of El Paso Cash Management Manual dated April 10, 2018

- Section 5.1 states; *In accordance with City Charter, Section 7.7 – all monies received by any person in any department, in connection with the business of the City, shall be deposited promptly into a City depository account within one business day after its receipt.*

Our overall review of the operations and the management of the El Paso Museum of Art identified no significant findings. Our review identified that the El Paso Museum of Art:

- Has proper measures in place to safeguard Museum Assets.
- Follows City Policies and Procedures for making Procurement Card purchases.
- Has appropriate internal controls over revenue collections.
- Maintains an accurate and updated inventory of art pieces and the store merchandise.

An immaterial series of untimely deposits were identified during our review. The deposits were low dollar amounts and the delay was due to the City’s Work Schedule during the COVID-19 Pandemic. The results are outlined below:

A judgmental sample of six payments received by mail at the El Paso Museum of Art during the period of June 1, 2021 to July 31, 2021 identified that:

- Six out of six (100%) payments were not deposited one business day after its receipt as required by the City’s Cash Management Manual dated April 10, 2018.
 - The six payments totaled \$1,160.00 and were deposited 1 to 14 days after the deposit deadline. The payments were kept in a safe while waiting deposit.
 - Due to the COVID-19 Pandemic, the Accounting Clerk assigned to depositing funds worked from home and occasionally worked on-site at the El Paso Museum of Art. This work schedule delayed the deposit of funds.

Recommendation

The El Paso Museum of Art’s Staff should ensure that mailed-in payments are deposited within one business day after its receipt as outlined on the City of El Paso’s Cash Management Manual dated April 10, 2018.

**City of El Paso
Internal Audit Office
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Management's Response

None required due to the immateriality of the Finding.

Responsible Party

Implementation Date

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 Museum of Art – Change in Management 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 El Paso Museum of Art met the objectives of this audit. Based on our audit work, we have determined that:

1. The El Paso Museum of Art met the objectives of the audit in the following areas:
 - Proper security measures are in place to safeguard the Museum’s assets.
 - Following City Policies and Procedures for making Procurement Card purchases.
 - Internal controls over revenue collections are appropriate.
 - An accurate and updated inventory of the art pieces and the store merchandise is maintained.
2. An immaterial series of mailed-in payments were not deposited one business day after its receipt as required by the City’s Cash Management Manual dated April 10, 2018. The El Paso Museum of Art’s Staff should ensure that mailed-in payments are deposited promptly as required by the City’s Cash Management Manual dated April 10, 2018.

We wish to thank the El Paso Museum of Art Staff for their assistance and numerous courtesies extended during the completion of this audit.

Signature on File
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