



CITY OF EL PASO

Preparation of the FY 2025-2026 Annual Audit Plan

Preparation of the Annual Audit Plan

- Prior to the start of the Fiscal Year, Internal Audit meets with key City stakeholders. The purpose is to gather input on **auditable risk areas** and concerns. Slide #6.
- A “long-list” is created to capture all stakeholder input. Each risk-area is mapped to the **City’s Strategic Plan**.
- Similar topics are combined into **unified risk areas**. Non-auditable topics/concerns are identified and set aside.
- Each auditable-risk area is evaluated using a 9-factor Risk Matrix. Each factor is scored from 1 to 5 points.

9-factors x 5 points = up to 45 points per risk area

- Up to 5 additional points may be added for adjustments based on unique risk considerations. Slides #7 & 8.

Preparation of the Annual Audit Plan

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- In order to calculate how many audits can be scheduled for the Fiscal Year, the Internal Audit Department calculates the number of **Available Audit Hours**. Slide #9.
- Total annual work hours are reduced by:
 - **Vacation & Sick Leave**
 - **Observed Holidays**
 - **Training Time**
 - **Administrative Time** (for departmental management)
- The remaining hours are the **Available Audit Hours**.
- These hours are **allocated by Quarter** across the Fiscal Year.

Preparation of the Annual Audit Plan

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- Using the **Available Audit Hours**, the Department calculates the number of open slots for new audits. We take into account:
 - **Carry-over audits** from the prior Fiscal Year.
 - **Recurring audits** that are scheduled annually or periodically.
- Slides #9 to 11.

Preparation of the Annual Audit Plan

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FOAC Review and Approval

- The draft of the Annual Audit Plan is presented to the Financial Oversight and Audit Committee (FOAC).
- FOAC members review, discuss, and approve the proposed Plan.

City Council Approval

- After FOAC approval, the Annual Audit Plan is presented to City Council for final approval.

Public Accessibility

- Once approved, the Annual Audit Plan is posted on the Internal Audit Department's webpage.
- Made accessible to City staff and the general public.

Stakeholders Input Interviews

- Individual meetings are scheduled with key City stakeholders to gather input on potential auditable risk areas.
- Stakeholders interviewed include:
 - FOAC members,
 - City Manager,
 - City Attorney,
 - Deputy City Managers (6),
 - Deputy CFO,
 - A sample of Department Heads and Staff.

This collaborative approach ensures the Audit Plan reflects a broad range of perspectives across City leadership and operations.

9 Risk Areas

1. Management Interest
2. Budget Risk
3. Strategic Risk
4. Reputation Risk
5. Compliance Risk
6. High Level of Decentralization
7. Legal Claims
8. Time Last Audited
9. Change in Management

Each auditable-risk area is evaluated using a 9-factor Risk Matrix. Each factor is scored from 1 to 5 points.

Risk Scoring

- 5 Point Scoring Method
 - 9 Risk Areas x 5 points each = 45 points
 - 45 points + 5 points for weighting = 50 points maximum
- Historically, the average number of points needed to be considered for an audit is **38 to 42 points**.

Auditable risks are scored by assigning up to 5 points to each Risk Area.

Up to 5 additional points may be added for adjustments based on unique risk considerations.

Available Audit Hours – Calculation Methodology for FY2026

(Ex: Staff Auditor – Less than 5yrs employment w/City)

Base Work Hours per Auditor

- 261 workdays x 8hrs/day = 2,088 hours/year per Staff Auditor (Slide #10)

Standard Time Deductions

- Vacation (96hrs), Holidays (96hrs), Sick Leave (60hrs), Training (50hrs), and Office Admin Time (250hrs). Total Deductions = 552hrs
- 2,088 hours – 552 hours = **1,536 hours per Staff Auditor***

* Note: Available hours may vary by Auditor based on **Years of Service**, which affects **vacation accrual**. Higher accrued vacation per year may decrease available audit hours for the Auditor.

- Total Available Audit Hours for the Department: **12,780hrs** (Slide #11)

Calculation of # of Working Days and Hours for Fiscal Year

of days for Fiscal Year = 261 days

Workdays									
1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total Hrs/ Employee	
September	21 Days	December	22 Days	March	21 Days	June	21 Days		
October	23 Days	January	20 Days	April	22 Days	July	22 Days		
November	17 Days	February	20 Days	May	20 Days	August	20 Days		
Total Qtr.	61 Days	Total Qtr.	62 Days	Total Qtr.	63 Days	Total Qtr.	63 Days		
61 Workdays x 8 Hrs =		488 Hrs.	62 Workdays x 8 Hrs =	496 Hrs.	63 Workdays x 8 Hrs =	504 Hrs.	62 Workdays x 8 Hrs =	504 Hrs.	1,992 Hrs.

Holidays									
1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Holiday Hrs/ Emp	
September	1 Day	December	1 Day	March	1 Days	June	1 Days	12 Days	
October	0 Days	January	2 Days	April	0 Days	July	1 Day		
November	3 Days	February	0 Days	May	1 Day	August	1 Days		
Total Qtr.	4 Days	Total Qtr.	3 Days	Total Qtr.	2 Day	Total Qtr.	3 Day		
4 Holidays x 8Hrs =		32 Hrs	3 Holidays x 8Hrs =	24 Hrs	2 Holidays x 8Hrs =	16 Hrs	2 Holidays x 8Hrs = *Birthday Holiday =	16 Hrs 8 Hrs	96 Hrs
Work + Holiday Hrs		520 Hrs	Work + Holiday Hrs		520 Hrs	Work + Holiday Hrs		528 Hrs	TOTAL 2,088 Hrs

261 Days available per Fiscal Year.
2,088 Hours available per staff member.

* Calculations based on 8-hour workdays.

Observed Holidays:

- | | |
|--------------------------------|---|
| 1 - New Year's Day | 7 - Labor Day |
| 2 - Martin Luther King Holiday | 8 - Veteran's Day |
| 3 - Cesar Chavez Day | 9 - Thanksgiving Day |
| 4 - Memorial Day | 10 - Day After Thanksgiving |
| 5 - Juneteenth | 11 - Christmas Day |
| 6 - Independence Day | 12 - Employee's Birthday (reflected in the month of August) |

Source: Observed Holidays list obtained from CoEP Employee Handbook dated March 2025.

Calculation of Available Audit Hours per Staff Member

Total hours available for audits = 12,780 total hours available for audits)

	Chief Internal Auditor ¹		Deputy CIA ¹		Audit Manager ¹		6 Staff Members ²		Total	
	Hours	Percent	Hours	Percent	Hours	Percent	Hours	Percent	Hours	Percent
Audit and Project Work	964	61.6%	1,372	65.7%	1,372	65.7%	9,072	72.4%	12,780	70.0%
General Administration ³	375	23.9%	350	16.8%	350	16.8%	1,500	12.0%	2,575	14.1%
Training & CPE ⁴	38	2.4%	50	2.4%	50	2.4%	300	2.4%	438	2.4%
Holidays ⁵	72	4.6%	96	4.6%	96	4.6%	576	4.6%	840	4.6%
Vacation & Sick Leave ⁶	117	7.5%	220	10.5%	220	10.5%	1,080	8.6%	1,637	9.0%
	<u>1,566</u>	100.0%	<u>2,088</u>	100.0%	<u>2,088</u>	100.0%	<u>12,528</u>	100.0%	<u>18,270</u>	100.0%

1-CIA, Deputy CIA, & A/M are each budgeted at 2,088 hours x 2.75 positions =

5,742

2-Staff Members are each budgeted at 2,088 hours x 6 positions =

12,528

TOTAL HOURS 18,270 for 8.75 fulltime staff members *

* - As of 08/31/2025, the Internal Audit Office has 2 vacancies - a CIA position & an Auditor I position.

- The hours for the vacant CIA position have been accounted for as 0.75 in the above calculations. The position is not planned to be filled during the 1st Qtr of the Fiscal Year (0.25). The position should be filled for the remaining 3/4's of the Fiscal Year (0.75).

-The hours for the vacant Auditor I position have not been accounted for in the above calculations.

3-Admin Hours are allocated at: (500hrs - CIA), (350hrs - Deputy CIA and A/M), (250hrs - Auditors) per Fiscal Year.

4-Training is allocated at 50 hours for Certified Staff & Non-Certified Staff Members.

5-Holidays include 96hrs of Observed Holidays including the Birthday Holiday.

6-Vacation is allocated at max. hours earned per FY. Sick Leave is allocated at 50% hours earned per FY.

Leave Entitlement per Staff		
Member w/less than 5 years (3.75 staff)		
	Days	Hours
Vacation	12	96
Sick leave	15	120
Holidays	12	96
Totals	<u>39</u>	<u>312</u>

Leave Entitlement per Staff		
Member w/5 to 14 years (2 staff)		
	Days	Hours
Vacation	17	136
Sick leave	15	120
Holidays	12	96
Totals	<u>44</u>	<u>352</u>

Leave Entitlement per Staff		
Member w/15+ years (3 staff)		
	Days	Hours
Vacation	20	160
Sick leave	15	120
Holidays	12	96
Totals	<u>47</u>	<u>376</u>

Calculations based on 8-hour days. As of 08/31/2025.

Audit Engagement Time Estimates

Audit Type	Estimated Hours
Full Audits	500 – 600 hours
Follow-Up Audits	100 – 250 hours
Recurring Audits <ul style="list-style-type: none">• City Employee Hotline• FOAC meetings-prep time• Tax Office Refund Reviews• HOT Audits• Franchise Fee Audits• Sales Tax Monitoring• Cybersecurity Audits	Hours vary by type

Scheduling

- Which quarter do the engagements go?
 - Engagements are scheduled into Fiscal Year Quarters based on Available Audit Hours, Priority of the Engagement, Carry-Over and Recurring Audits.
- Who gets the assignment?
 - Based on the Auditor's skill level, subject matter expertise, and workload balance for the Fiscal Year.
- Team members involved?
 - Junior level Auditors are often assigned with experienced Auditors to support mentoring, promote cross-training, build technical and soft skills.
- Intangibles (e.g., auditor resigns, goes on sick leave, or auditor skill sets/experience increases)
 - Engagements are sometimes reassigned due to unforeseen circumstances.