



**2022-2023**  
**Annual Audit Plan**  
**3<sup>rd</sup> Quarter Update**

Issued by the  
Internal Audit Office  
As of May 31, 2023

## **INTRODUCTION**

According to Performance Standards 2020 & 2060 of the *International Standards for the Professional Practice of Internal Auditing* as issued by the Institute of Internal Auditors, the Chief Internal Auditor must report periodically to the Financial Oversight and Audit Committee and Senior Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. The Chief Internal Auditor is also responsible for reporting significant risk exposures, control issues, fraud risks, governance issues, and other matters needed or requested by the Financial Oversight and Audit Committee and Senior Management.

In addition, by periodically reporting to the Financial Oversight and Audit Committee and Senior Management, the Internal Audit Office helps support the City of El Paso's *Strategic Plan Goals* 6.6 and 6.8;

- Goal 6.6: *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.8: *Support transparent and inclusive government.*

The Chief Internal Auditor is also responsible to communicate the internal audit activity's plans and resource requirements, including significant interim changes, to the Financial Oversight and Audit Committee for review and approval. The Chief Internal Auditor must also communicate the impact of any resource limitations.

Based on this requirement, this Annual Audit Plan Update is being provided to the Financial Oversight and Audit Committee. The Chief Internal Auditor will provide an update on the following four critical areas required in the management of an internal audit activity. The four critical areas are:

1. Completed Audits and Projects
2. Pending Audits and Projects
3. Miscellaneous Items affecting the Internal Audit Office's Activity
4. Annual Audit Plan Update

As required by the *International Standards for the Professional Practice of Internal Auditing*, Standard 1110, the City of El Paso's Internal Audit Office continues to maintain its independence. The Chief Internal Auditor reports operationally to the Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the FOAC. The FOAC approves the Internal Audit Charter and annual risk-based Audit Plan. The FOAC also receives quarterly updates to the Annual Audit Plan from the Chief Internal Auditor. The City Manager shall be responsible for the implementation of any audit recommendations for changes to City administrative procedures and operations as requested by Council. Standard 2060 requires the Internal Audit Office ensure conformance with the Code of Ethics and the *Standards*. The Code of Ethics Principles includes Integrity, Objectivity, Confidentiality and Competency. Any non-conformance will be reported.

We conduct audits in accordance with both *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*.

## **COMPLETED AUDITS & PROJECTS**

*This section will provide the Financial Oversight and Audit Committee and the City Manager a short synopsis of every audit and project completed during the 3<sup>rd</sup> Quarter of the 2022-2023 Annual Audit Plan. Please see the Internal Audit Office's webpage for a copy of the audit reports listed below.*

### **MV Transportation Follow-Up Audit (Report dated March 16, 2023)**

The Internal Audit Office conducted a Follow-Up Audit of the *MV Transportation, Inc. Audit Report* dated April 18, 2022. The original Audit Report contained (3) three Findings. The objectives of the Follow-Up Audit were to determine if Recommendations to the (3) three Findings have been implemented.

Based on the results of the Follow-Up Audit;

1. The status of Finding #1 is *Implemented*. Sun Metro staff are reviewing the Quarterly Performance Measures contained in the Quarterly Paratransit Service Reports to ensure the accuracy of the reports.
2. The status of Finding #2 is *In Progress*. Sun Metro Department Management will assume the risk of replacing the LIFT Revenue Vehicles as contractually required. Vehicle manufacturers continue to experience delays in fulfilling vehicle orders. No further Follow-Up will be necessary.
3. The status of Finding #3 is *In Progress*. Sun Metro Department Management will assume the risk of complying with the Customer Trip Rating Requirement of contract #2019-607R. Sun Metro is not making the random selection of 400 unique ADA-eligible passenger trips to survey each month as required. Instead, the monthly Customer Trip Ratings are currently calculated by taking the average of all LIFT passenger trip surveys collected by MV Transportation for the month. No further Follow-Up will be necessary.

The results were communicated to the City Manager, Chief Transit and Field Operations Officer and the General Manager of MV Transportation, Inc. An electronic copy and a hardcopy of the Audit Report was distributed to the Mayor and City Representatives.

### **Fire Department – Billing Follow-Up Audit (Report dated March 22, 2023)**

The Internal Audit Office conducted a Follow-Up Audit of the *Fire Department – Billing Audit Report* dated August 6, 2019. The original Audit Report contained (3) three Findings. The objectives of the Follow-Up Audit were to determine if Recommendations to the (3) three Findings have been implemented.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

---

Based on the results of the Follow-Up Audit;

1. The status of Finding #1 is *In Progress*. The El Paso Fire Department (EPFD) does not have a 3<sup>rd</sup> Party Collection Agency in place to collect accounts that are in default. El Paso Fire Department Management should continue to work with the Purchasing Department to issue a Request for Proposal (RFP) for the collection of delinquent EMS accounts. A 2<sup>nd</sup> Follow-Up Audit will be conducted in the future to ensure that management has properly addressed the audit's recommendations.
2. The status of Finding #2 is *Implemented*. EPFD is annually verifying the exclusion status of all current EPFD employees and contracted vendors from the List of Excluded Individuals and Entities (LEIE) Database.
3. The status of Finding #3 is *Implemented*. EPFD is reconciling Digitech's Patient Payment Deposit Reports to the City of El Paso's Wells Fargo account and to Digitech's monthly billing invoices to ensure the accuracy of the amounts reported by Digitech.

The results were communicated to the City Manager, Deputy City Manager of Public Safety and Support Services and the Fire Chief. An electronic copy and a hardcopy of the Audit Report was distributed to the Mayor and City Representatives.

**City Council & City Manager's Commercial Fuel Card Review for Calendar Year 2022 (Memo dated May 1, 2023)**

The Internal Audit Office conducted a review of Fuel Card Purchases. This review was conducted independent of the P-Card Purchases and Travel Expenses since only members of City Council have City Fuel Cards. The objectives of this review were to evaluate the adequacy of controls in effect over Fuel Card purchases and to determine if they comply with the City of El Paso's Policies and Procedures.

Based on the results of the review, three (3) Observations were identified. They are as follows:

1. The *Commercial Fuel Card Policy & Use Procedure (ALON)* dated June 21, 2022 is deficient in identifying the use of Fuel Cards by Members of the City Council.
2. For Calendar Year 2022, City Council District 3 purchased 1,943.97 gallons of fuel with 112 transactions at a cost of \$6,691.49.
3. For Calendar Year 2022, City Council District 6 purchased 1,458.96 gallons of fuel with 86 transactions at a cost of \$5,293.94.

The results were communicated to the City Manager, Chief Transition Officer, Chief Transit & Field Operations Officer, Director of the Streets and Maintenance Department and the City Comptroller. An electronic copy and a hardcopy of the Audit Report was distributed to the Mayor and City Representatives.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

---

**City Council & City Manager's P-Card and Travel Review (Memo dated May 1, 2023)**

The Internal Audit Office conducted a review of Procurement Card (P-Card) transactions, and Travel expenses incurred by the Mayor's Office, City Council, and the City Manager's Office. The objectives of this review were to determine if the P-Card Administrators responsible for the Mayor's Office, City Council and City Manager's Office are properly reviewing and monitoring expenditures. In addition, determine if proper purchasing and travel procedures have been followed. The review period included September 1, 2021 to December 31, 2022.

Based on the results of the review five (5) Observations were identified. They are as follows:

1. The City Council and City Manager's Office conducted 2,309 P-Card transactions totaling \$543,571.61 during the review period.
2. A sales tax review of the 25 transactions identified Texas sales tax was paid on five (5) of the receipts totaling \$61.90.
3. A review of 5 Travel Requests related to P-Card purchases during the review period identified that the Travel Requests were not properly approved.
4. The review of the 5 Travel Requests also identified that the Travel Requests were not properly reconciled.
5. There were four (4) P-Cards with a delayed inactivation:

The results were communicated to the City Manager, Chief Transition Officer, Deputy City Manager of Support Services & Chief Financial Officer and the City Comptroller. An electronic copy and a hardcopy of the Audit Report was distributed to the Mayor and City Representatives.

**City of El Paso Employee Hotline (As of May 31, 2023)**

As of the 3<sup>rd</sup> Quarter of the 2022-2023 Fiscal Year, the City of El Paso Employee Hotline received 20 calls and 4 remain open as of May 31, 2023. The investigations were conducted either by the Internal Audit Office or by the Human Resources Department.

The Human Resources Department provides City of El Paso Employee Hotline outreach materials to participants of New Employee Orientation Trainings.

**Tax Office Refund Review Project**

During the 3<sup>rd</sup> Quarter, the Internal Audit Office conducted 31 Tax Office Refund reviews. For each review, memos were issued to the City Manager, Deputy City Manager/Chief Financial Officer, and the Tax Assessor Collector documenting our review.

This project continues on a recurring basis of conducting reviews of Tax Office Refunds as required by State Statute. Procedures have been designed to properly review refunds for approvals and timely processing of refund checks issued to Taxpayers.

## **PENDING AUDITS & PROJECTS**

*This section will provide the Financial Oversight and Audit Committee and the City Manager a short synopsis of the pending audits and projects currently being completed by the staff of the Internal Audit Office as of the end of the 3<sup>rd</sup> Quarter. A brief synopsis is provided on the scope and objective of the audit or project.*

### **Sun Metro – Parking Garage Contract Review Audit**

An audit is being conducted of Solicitation No. 2017-1163R – *Property & Parking Garage Management Services* dated December 12, 2017 between the City of El Paso and ASM to manage 2 Parking Garages and 1 Surface Parking Lot. The objective of the audit is to perform a contract closeout assessment of Solicitation No. 2017-1163R to determine if terms and conditions between the City of El Paso and SMG were met.

### **Streets and Maintenance (SAM) – Permits Review Audit**

An audit is being conducted of the Permits Issuance Process within the Streets and Maintenance Department. The objectives of the Streets and Maintenance (SAM) – Permits Review Audit are to determine if Streets and Maintenance:

- Has documented Policies and Procedures for the issuance of Permits,
- Is issuing Permits in a timely manner as required by City Policy or Ordinance,
- Is charging the correct Permit Fees as determined by Schedule C,
- Is properly conducting inspections to close out Permits.

### **Office of Management and Budget (OMB) – Migrant Emergency Expenditures Review**

A review of the expenditures made in connection with the Migrant Humanitarian Crisis is being conducted. The objectives of the Migrant Emergency Expenditure Review are to:

- Verify the costs incurred are properly recorded and in compliance with the Emergency Food and Shelter Program's (EFSP) Humanitarian Relief Funding Guidance FY 2022.
- Determine if the City's operations regarding the Migrant Humanitarian Crisis have proper supporting documentation to justify all expenditures incurred.
- Verify reimbursements received to date from FEMA are accounted for and recorded.

### **City Attorney – Servicemembers Civil Relief Act Project**

At the request of the Office of the City Attorney a review is being conducted of Servicemember vehicles sold at auction by the El Paso Municipal Vehicle Storage Facility.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

---

**City Council & City Manager's Office – P-Card and Travel Review - Calendar Years 2020, 2021 and 2023**

At the request of the FOAC, the Internal Audit Office is conducting a review of Procurement Card (P-Card) and Travel transactions made by the Mayor's Office, City Council, and the City Manager's Office. The objectives of this review are to determine if the P-Card Program Administrators responsible for the Mayor's Office, City Council and City Manager's Office are properly reviewing and monitoring expenditures. In addition, to ascertain if proper purchasing and travel procedures have been followed.

**City Council Commercial Fuel Card Review - Calendar Years 2020, 2021 and 2023**

At the request of FOAC, the Internal Audit Office is conducting a review of the Commercial Fuel Card usage by Members of the City Council for Calendar Years 2020, 2021 and 2023. The objectives of this review are to evaluate the adequacy of controls in effect over Fuel Card purchases and to determine if they comply with the City of El Paso's Policies and Procedures.

**Ford Parts & Service Solicitation Process Review**

At the request of the FOAC, the Internal Audit Office is conducting a review of the Purchasing and Strategic Sourcing Department's processes to solicit bids for two specific contracts. Contract #2023-0239 is for Ford Proprietary Parts and Service and Contract #2023-0165 is for Police Motorcycle Parts, Service and Maintenance. The two Contracts were approved by City Council on January 31, 2023 and are considered as Non-Competitive, Service Contracts.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

---

**FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)**

The FOAC met on May 4, 2023 to discuss the results of Project P2023-06 City Council & City Manager Office P-Card, Travel, and Fuel Card Review.

- Approval of Minutes for the Financial Oversight and Audit Committee meeting on March 6, 2023.
- Discussion and Action on the results of Project P2023-06 City Council & City Manager Office P-Card, Travel, and Fuel Card Review.

The FOAC met on May 17, 2023 to discuss the 2<sup>nd</sup> Quarter Audit Plan Update of Fiscal Year 2022-2023 Annual Audit Plan.

- Approval of Minutes for the Financial Oversight and Audit Committee meeting of May 4, 2023.
- Discussion and Action on the City of El Paso Internal Audit Charter.
- Discussion on Results of External Quality Assurance Review (Peer Review).
- Discussion on the City of El Paso Employee Hotline.
- Discussion and Action to schedule an audit or review of the following:
  - o 380 Agreements
  - o On-Call Service Agreements
- Discussion and Action on Fiscal Year 2022-2023 Audit Plan 2<sup>nd</sup> Quarter Updates.
- Discussion on Client Surveys.



**MISCELLANEOUS ITEMS**

*This section provides the Financial Oversight and Audit Committee and the City Manager with miscellaneous information regarding the Internal Audit Office’s activities. These activities can vary from community service activities, training sessions attended, Professional Certification Examinations attempted with result, and Internal Audit Profession news and updates.*

**Training Sessions**

*The Internal Audit Office staff participates in Continuing Professional Education (CPE) trainings and webinars to help maintain our competency and skill sets. As of the 3rd Quarter, staff have earned the following number of CPE hours. Staff with professional certifications are required to earn 40 CPE hours per calendar year.*

<b>Name</b>	<b>Position</b>	<b>CPE Hours</b>
Edmundo Calderon	Chief Internal Auditor	15.0
Daryl Olson	Audit Manager	10.0
Mike Montiel	Auditor IV	24.6
Liz De La O	Auditor IV	60.2
Miguel Ortega	Auditor III	19.0
Sergio Carrillo	Auditor II	43.8
John Monzon	Auditor I	24.6
Kay Gamboa	Auditor I	25.6
Esmeralda Herrera	Auditor I	41.1

**Community Service**

**Association of Government Accountants – El Paso Chapter**

Edmundo Calderon volunteered as a Board Member.

**Institute of Internal Auditors – El Paso Chapter**

Sergio Carrillo volunteered as a Board Member.

**Association of Certified Fraud Examiners – El Paso Chapter**

Miguel Montiel and Liz De La O volunteered as Board Members.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

**AUDIT PLAN UPDATE**

*This section will provide the Financial Oversight and Audit Committee and the City Manager with an update on the progress of the 2022-2023 Annual Audit Plan. An analysis is provided listing the Audits/Projects scheduled by quarter with their associated budgeted hours. The actual audit hours worked per Audit/Project is provided. This analysis is a great management tool to demonstrate how the Internal Audit Office's resources are being used.*

	BUDGETED HOURS	YTD as of 05/31/23
<b>First Quarter</b>	-	-
(Carry Fwds) Follow-Up Audit: Parks Department - 2012 CIP Bond Audit (A2022-08)	50.00	33.50
(CarryFwds) Follow-Up Audit: SAM Fuel Card Audit (A2022-07)	50.00	16.50
(CarryFwds) Accounts Receivable Program Audit (A2022-04)	50.00	99.00
(CarryFwds) Water Parks Financial Review Audit (A2022-05)	50.00	54.25
(CarryFwds) Follow-Up Audit: EPPD - Municipal Vehicle Storage Facility Audit (A2022-10)	100.00	56.25
(CarryFwds) Follow-Up Audit: El Paso Children's Museum - Accounts Payable Audit (A2022-11)	250.00	160.25
(CarryFwds) Municipal Court - Internal Control Review (P2022-06)	300.00	125.25
(CarryFwds) Human Resources – Employee Insurance Benefit Review Audit (A2022-09)	250.00	126.00
Civil Service Appeals Review	500.00	340.75
Peer Review Program - Red Book Standards Self-Assessment	250.00	167.25
Peer Review Program - Yellow Book Standards Self-Assessment	100.00	43.00
Longevity Project	100.00	-
Hotel Occupancy Tax Audits - Administration	50.00	47.50
Franchise Fee Audits (Spectrum) - Administration	50.00	15.50
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	7.00
Tax Office Refund Review Project	100.00	71.00
City Employee Hotline	75.00	21.75
Contingency Hours	248.00	-
Audit Plan	-	344.00
Consulting	-	152.50
Fire Department Medicare Compliance Review	-	4.75
Administrative Duties - Chief Internal Auditor	225.00	218.50
Administrative Duties – Audit Supervisor	90.00	133.75
Administrative Duties - Staff Auditor	480.00	558.25
Auditor Training	120.00	315.75
Vacation/Sick Leave/Holiday	582.00	607.00
<b>Total</b>	<b>4,160.00</b>	<b>3,719.25</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

	BUDGETED HOURS	YTD as of 05/31/23
<b>Second Quarter</b>	-	-
Migrant Emergency Expenditures Review	500.00	618.00
Follow-Up Audit: SAM - Transportation Management Division - Cyber Security Assessment (A2019-06)	250.00	18.25
Sun Metro - Parking Garages Contract Review Audit	500.00	282.00
Peer Review of the Internal Audit Office	500.00	240.25
Longevity Project	100.00	13.50
Hotel Occupancy Tax Audits - Administration	50.00	125.50
Franchise Fee Audits (Spectrum) - Administration	50.00	21.75
TX Sales Tax Discovery - Administration	50.00	2.50
Citywide Sales Tax Analysis - Clearview	40.00	1.00
Tax Office Refund Review Project	100.00	89.25
City Employee Hotline	75.00	17.25
Contingency Hours	384.00	-
Audit Plan	-	257.50
Consulting	-	35.75
Ford Parts and Service Contract	-	202.75
Service Member Civil Relief Act	-	108.75
Administrative Duties - Chief Internal Auditor	225.00	298.50
Administrative Duties - Auditor IV	90.00	119.50
Administrative Duties - Staff Auditors	480.00	789.75
Auditor Training	120.00	612.25
Vacation/Sick Leave/Holiday	582.00	590.50
<b>Total</b>	<b>4,096.00</b>	<b>4,444.50</b>
<b>Third Quarter</b>	-	-
(CarryFwds) Follow-Up Audit: Fire Department Billing Audit	250.00	164.75
Tax Office - Internal Control Review	400.00	220.75
Sun Metro Money Room - Internal Control Review	400.00	-
Follow-Up Audit: MV Transportation, Inc Audit (A2022-02)	250.00	225.00
Street and Maintenance - Permit Review Audit	500.00	456.25
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	250.00	1,156.50
Longevity Project	100.00	2.25
Hotel Occupancy Tax Audits - Administration	50.00	70.75
Franchise Fee Audits (Spectrum) - Administration	50.00	9.50
TX Sales Tax Discovery - Administration	50.00	4.50
Citywide Sales Tax Analysis - Clearview	40.00	2.00
Tax Office Refund Review Project	100.00	100.00
City Employee Hotline	75.00	32.75
Contingency Hours	212.00	-
Audit Plan		440.00
Consulting		70.50
Administrative Duties - Chief Internal Auditor	225.00	189.00
Administrative Duties - Auditor IV	90.00	305.00
Administrative Duties - Staff Auditors	480.00	539.75
Auditor Training	120.00	473.50
Vacation/Sick Leave/Holiday	582.00	420.25
<b>Total</b>	<b>4,224.00</b>	<b>4,883.00</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

	<b>BUDGETED HOURS</b>	<b>YTD as of 05/31/23</b>
<b>Fourth Quarter</b>	-	-
Pension Office Disaster Recovery Plan Review Audit (NIST Framework)	500.00	107.75
Planning & Inspections - Permit Review Audit	500.00	-
Employee Vehicle Allowance Review	400.00	69.00
Property Control IT Scope Review	400.00	17.75
Longevity Project	100.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Tax Office Refund Review Project	100.00	-
City Employee Hotline	75.00	-
Contingency Hours	462.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	480.00	-
Auditor Training	120.00	-
Vacation/Sick Leave/Holiday	582.00	-
<b>Total</b>	<b>4,224.00</b>	<b>194.50</b>
<b>Totals for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> &amp; 4<sup>th</sup> Quarters</b>	<b>16,704.00</b>	<b>13,241.25</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
3<sup>rd</sup> Quarter 2022-2023 Audit Plan Update  
As of May 31, 2023

---

**CONCLUSION**

The 3rd Quarter of the 2022-2023 Audit Plan was another productive quarter for the Internal Audit Office. During the 3rd Quarter a total of 6 audits/projects were completed by the staff and 7 audits/projects are in various stages of planning or completion.

The Internal Audit Office staff made a strong effort to complete as many audits and projects as possible during the 3rd Quarter.

It continues to be a pleasure serving the Mayor and City Council, the Financial Oversight and Audit Committee, the City Manager, the Deputy City Managers, and the Managing Directors. The Internal Audit Office staff continues to strive for excellence in meeting our departmental motto, "Exceeding our Client's Expectations."

Respectfully Submitted



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Edmundo S. Calderon, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor  
City of El Paso

Distribution:  
Financial Oversight and Audit Committee  
Tommy Gonzalez, City Manager