



**2024-2025
Annual Audit Plan
1st Quarter Update**

Issued by the
Internal Audit Department
As of November 30, 2024

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
1st Quarter 2024-2025 Audit Plan Update
As of November 30, 2024

INTRODUCTION

According to Domain III & IV of the *Global Internal Audit Standards*, Principle 8 - Standard 8.1 and Principle 9 - Standard 9.4 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 Audit 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 Department 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 Department's Activity
4. Annual Audit Plan Update

As required by the *Global Internal Audit Standards*, Standard 7.1, the City of El Paso's Internal Audit Department continues to maintain its independence. Per the City Charter amended May 6, 2023, the Chief Internal Auditor reports operationally to the Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the FOAC. The FOAC reviews and recommends for approval by City Council 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 City Council. Standard 8.3 requires the Internal Audit Department ensure conformance with the *Global Internal Audit Standards*, to include the Ethics and Professionalism Domain II. The Ethics and Professionalism Domain Principles includes Integrity, Objectivity, Confidentiality, Competency, and Due Professional Care. Any non-conformance will be reported.

We conduct audits in accordance with both *Generally Accepted Government Auditing Standards* and the *Global Internal Audit Standards*.

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 1st Quarter of the 2024-2025 Annual Audit Plan. Please see the Internal Audit Department's webpage for a copy of the Audit Reports listed below.

1. Planning and Inspections – Permit Review Audit (Report dated October 22, 2024)

The objectives of this audit were to determine if the Planning and Inspections Department issued Permits, charged customers and closed out Permits per City Policy and Ordinance.

Based on the results of the Audit, one (1) Finding was identified. The Finding consisted of:

1. The Policies and Procedures (P&Ps) established for the Department's Plan Review Division are outdated and vague. The Policies and Procedures were last updated in Calendar Year 2010 and lack comprehensive guidelines for managing areas of the Permitting process.

2. Pension Office Digitization and Cybersecurity Review Project (Memo dated October 30, 2024)

The objectives of this review were to perform an assessment of the City Of El Paso-Employee Retirement Trust's (CERT) processes to digitize retiree records and evaluate cybersecurity controls for changes to retiree records.

Based on our review, we identified two (2) Observations. We identified that:

1. CERT has step by step procedures to ensure the accurate completion and approval of Retirement Applications and Refund Applications. CERT has documented processes for digitizing retiree's records into to the Pension Technology Group (PTG) System.
2. We reviewed the accuracy of digitized hardcopy retiree's records stored in the PTG System. The following two reviews were conducted to determine accuracy.
 - We reviewed a sample of 30 retiree's records found in the PTG System. This analysis resulted in 30 out of 30 (100%) digitized hardcopy records uploaded into the PTG System corresponded to the correct retiree.
 - We reviewed a sample of 15 hardcopy retiree's records to determine if they had been accurately digitized and uploaded into the PTG System. This analysis resulted in 15 out of 15 (100%) hardcopy retiree's records were accurately scanned into the PTG System and matched to the correct retiree.

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3. City of El Paso Employee Hotline (As of November 30, 2024)

During the 1st Quarter of the 2024-2025 Fiscal Year, the City of El Paso Employee Hotline received 8 calls and 1 remained open as of November 30, 2024. The investigations were conducted either by the Internal Audit Department or by the Human Resources Department.

4. Tax Office Refund Review Project

During the 1st Quarter, the Internal Audit Department conducted 21 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 Department as of the end of the 1st Quarter. A brief synopsis is provided on the scope and objective of the Audit or Project.

1. Accounts Receivable – Hotel Occupancy Tax Review

The objectives of this Review are to ensure that the City of El Paso’s Office of the Comptroller is properly collecting the Hotel Occupancy Tax (HOT) revenues owed to the City and adhering to the City of El Paso Accounts Receivable Policy.

2. Parks and Recreation Department – Park Usage Permit Audit

The objectives of the Park Usage Permit Audit are to determine if the Parks and Recreation Department:

- Has an established process for the issuance of Park Usage Permits.
- Has established criteria for the need of a Park Usage Permit.
- Has documented Policies and Procedures for the issuance of Park Usage Permits.
- Is charging the correct Permit Fees as determines by Schedule C or other fee schedule.
- Follows-up and enforces the use of Park Usage Permits.

3. El Paso International Airport – Accounts Payable Audit

The audit objectives for the El Paso International Airport – Accounts Payable Audit are to:

- Determine if Accounts Payable transactions are processed in accordance with the *City of El Paso Accounts Payable Policy* and the Texas Prompt Payment Act.
- Determine if appropriate documentation is in place to support Accounts Payable transactions.
- Determine if transactions are properly reviewed and approved for payment by authorized personnel.
- Determine if there are unallowable purchases (e.g., food and alcohol).
- Determine if the El Paso International Airport operates within budgetary limits.
- Determine if the El Paso International Airport has implemented adequate internal controls to limit exposure to unauthorized or inappropriate Accounts Payable transactions.

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4. Capital Improvement On-Call Services Agreement Audit

An Audit is being conducted at the Capital Improvement Department (CID) to review the On-Call Agreement process. The objective of the Audit is to determine if the department:

- Determine how the on-call contracting process is administered.
- Identify how CID determines when on-call contracting is the preferred contract arrangement and determine when specific vendors are used.
- Determine if CID has proper internal controls in place to monitor and ensure that on-call consultants are compliant with the terms of their *On-Call Agreements for Professional Services*.
- Determine if Accounts Payable transactions for on-call services are processed in accordance with the applicable *City of El Paso Accounts Payable Policy*.

5. Department of Public Health – Internal Control Review

A Review is being conducted of the internal controls within the Department of Public Health. The objective of this Review is to determine if cash handling procedures at the Department of Public Health are consistent with the City of El Paso Cash Handling Policies and Procedures.

6. Sun Metro Money Room – Internal Control Review

A Review is being conducted of the internal controls within the Sun Metro Money Room. The objectives of the Review is to determine if cash handling procedures used in the Money Room are consistent with Department Policies and Procedures, the City of El Paso Cash Management Policy and a proper system of internal controls.

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FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)

The FOAC met on November 14, 2024 to discuss the 4th Quarter Audit Plan Update of Fiscal Year 2023-2024 Annual Audit Plan and the Fiscal Year 2024-2025 Annual Internal Audit Plan.

- Minutes for the Financial Oversight and Audit Committee meeting on September 17, 2024 were approved.
- Discussion on Results of External Quality Assurance Review (Peer Review) dated March 16, 2023.
- Discussion and Action on FY 2023-2024 Audit Plan 4th Quarter Updates.
- Discussion and Action on FY 2024-2025 Annual Internal Audit Plan.
- Discussion and Action on the 4th Quarter Hotline Calls.
- Discussion on Client Surveys.

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MISCELLANEOUS ITEMS

This section provides the Financial Oversight and Audit Committee and the City Manager with miscellaneous information regarding the Internal Audit Department'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 Department staff participates in Continuing Professional Education (CPE) trainings and webinars to help maintain our competency and skill sets. As of the 1st Quarter, staff have earned the following number of CPE hours. Staff with professional certifications are required to earn 40 CPE hours per calendar year.

Name	Position	CPE Hours
Edmundo Calderon	Chief Internal Auditor	63.0
Mike Montiel	Auditor IV	61.0
Liz De La O	Auditor IV	81.5
Martha Vargas	Auditor IV	116.5
Miguel Ortega	Auditor III	55.4
Sergio Carrillo	Auditor II	56.5
Esmeralda Herrera	Auditor II	75.0
Christian Castro	Auditor I	49.5
Miguel Olivas	Auditor I	90.1

SERVICE TO THE PROFESSION

- I. Association of Government Accountants – El Paso Chapter
Edmundo Calderon volunteered as a Board Member.

- II. Institute of Internal Auditors – El Paso Chapter
Esmeralda Herrera volunteered as a Board Member.
Martha Vargas volunteered as a Committee Member.

- III. Association of Certified Fraud Examiners – El Paso Chapter
Miguel Montiel and Liz De La O volunteered as Board Members.

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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 2024-2025 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 Department's resources are being used.

	BUDGETED HOURS	YTD as of 11/30/24
First Quarter	-	-
(CarryFwds) Pension Office Digitization and Cybersecurity Review (P2023-07)	50.00	172.00
(CarryFwds) Sun Metro Money Room Internal Control Review (P2024-01)	50.00	109.50
(CarryFwds) Water Parks Follow Up Audit (A2024-09)	50.00	43.50
(CarryFwds) U-Matter Card Program Review (P2024-02)	50.00	26.25
(CarryFwds) Sun Bowl Game Audit (A2024-04)	50.00	16.75
(CarryFwds) Accounts Receivable Program Follow Up Audit (A2024-07)	100.00	18.25
(CarryFwds) Planning and Inspections - Permit Review Audit (A2024-03)	100.00	60.25
(CarryFwds) SAM - Cyber Security Assessment Follow Up Audit (A2024-10)	100.00	35.00
(CarryFwds) Health Department - Internal Control Review (P2024-03)	250.00	233.25
(CarryFwds) Accounts Receivable - Hotel Occupancy Tax Audits	250.00	79.50
(CarryFwds) On-Call Services Agreement Audit (A2024-08)	300.00	208.25
(CarryFwds) El Paso International Airport- Accounts Payable Audit	500.00	30.00
Citywide Sales Tax Analysis - Clearview	40.00	1.50
Hotel Occupancy Tax Audits - Administration	50.00	172.50
Franchise Fee Audits (Spectrum) - Administration	50.00	13.25
TX Sales Tax Discovery - Administration	50.00	14.75
City Employee Hotline	75.00	73.75
Tax Office Refund Review Project	100.00	94.00
Longevity Project	100.00	8.00
Cyber Audits - Administration	300.00	60.75
Contingency Hours	404.00	-
Audit Plan	-	543.75
Consulting	-	20.00
Division of Veteran and Military Affairs – Travel and Accounts Payable Audit	-	23.25
Economic Development – 380 Agreement Monitoring Audit	-	2.25
P-Card Reviews: City Council & City Manager's Office – P-Card & Travel Review	-	19.00
Vehicle Allowance Analysis	-	3.00
Weaver	-	5.00
Administrative Duties - Chief Internal Auditor	225.00	219.00
Administrative Duties – Audit Manager	90.00	120.25
Administrative Duties - Staff Auditors	560.00	612.50

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	BUDGETED HOURS	YTD as of 11/30/24
First Quarter (Continued)		
Auditor Training	135.00	499.50
Vacation/Sick Leave/Holiday	651.00	875.50
Total	4,680.00	4,413.75
Second Quarter		
Take Home Cars & Use of City Vehicles Project	250.00	63.75
Executive Vacation Requests & Sick Leave Project	250.00	4.00
Follow Up Audit: Streets & Maintenance - Permits Review Audit	250.00	-
Parks Department - Permit Audit	500.00	104.50
Budget Transfer Audit	500.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	504.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Audit Manager	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
Total	4,680.00	172.25
Third Quarter		
Yellow Book Self-Assessment	250.00	32.00
Red Book Self-Assessment	250.00	87.25
El Paso Zoo - Memberships, Fund-Raising Activities, Attendance, & Ticket Sales Audit	500.00	-
Animal Services Facilities Upgrade, Change Orders, & Construction Compliance Audit	500.00	-
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	250.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	500.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	504.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Audit Manager	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-

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Third Quarter (Continued)	BUDGETED HOURS	YTD as of 11/30/24
Vacation/Sick Leave/Holiday	651.00	-
Total	4,680.00	119.25
Fourth Quarter	-	-
Follow Up Audit: Division of Military Affairs - Travel & Acc. Payable Audit	250.00	-
Follow Up Audit: Economic Development - 380 Agreement Monitoring Audit	250.00	-
CID - Davis-Bacon Act Compliance & Certified Payroll Audit	500.00	-
Emergency Solutions Grant (ESG) Program Audit	500.00	-
SAM - Facility Maintenance Audit	500.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	254.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
Total	4,680.00	0.00
Totals for 1st, 2nd, 3rd & 4th Quarters	18,720.00	4,700.25

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CONCLUSION

The 1th Quarter of the 2024-2025 Audit Plan was another productive quarter for the Internal Audit Department. During the 1st Quarter a total of 4 Audits/Projects were completed by the staff and 6 Audits/Projects are in various stages of planning or completion.

The Internal Audit Department staff made a strong effort to complete as many Audits and Projects as possible during the 1st 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 Department staff continues to strive for excellence in meeting our departmental motto, "Exceeding our Client's Expectations."

Respectfully Submitted



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Chief Internal Auditor
City of El Paso

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Financial Oversight and Audit Committee

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