



2024-2025
Annual Audit Plan
3rd Quarter Update

Issued by the
Internal Audit Department
As of May 31, 2025

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
3rd Quarter 2024-2025 Audit Plan Update
As of May 31, 2025

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 three critical areas required in the management of an internal audit activity. The three critical areas are:

1. Pending Audits and Projects
2. Miscellaneous Items affecting the Internal Audit Department's Activity
3. 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.

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 3rd Quarter. A brief synopsis is provided on the scope and objective of the Audit or Project.

1. Hotel Occupancy Tax Audits – Round 9

The objectives of this Audit are to determine if 20 El Paso area hotels are compliant on paying Hotel Occupancy Taxes due to the City of El Paso.

2. Capital Improvement On-Call Services Agreement Audit

The objectives of the Audit are to:

- Determine how the on-call contracting process is administered.
- Identify how CID determines when to use on-call contracting.
- Determine if CID has controls in place to monitor compliance.
- Determine if Accounts Payable transactions are processed according to *City of El Paso Accounts Payable Policy*.

3. Vehicle Allowance and Take Home Cars Project

The objectives of the Review are to assess Vehicle Allowance payments and Take Home Cars. To achieve the project objectives, the Internal Audit Department will:

- Review Vehicle Allowance payments for compliance with the *Vehicle Allowance Program Policy*.
- Determine if City employees who receive a Vehicle Allowance are not assigned a Take-Home Car.
- Review Policies for the use and assignment of Take-Home Cars.
- Determine if departments monitor the usage of Take-Home Cars.

4. Police Department – Cyber Security Audit

The objectives of the Audit are to determine if City-owned applications managed by the Police Department meet National Institute of Standards and Technology (NIST) cyber security standards. The NIST cyber security standards help organizations manage and reduce cyber security risks.

5. Budget Transfer Audit

The objectives of the Audit are to determine if the Office of Management and Budget:

- Has comprehensive written Policies and Procedures for Budget Transfers.
- Is properly communicating and providing feedback to City departments.
- Is enforcing established Budget Transfer limits and approvals.
- Is ensuring City Departments are submitting proper documentation for Budget Transfers.
- Has processes in place to ensure the accuracy and timeliness of Budget Transfers.

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6. Follow-Up Audit – Streets & Maintenance (SAM) – Permits Review

The objectives of this Follow-Up Audit are to determine whether the findings and recommendations identified in the original Audit Report dated July 10, 2023 have been adequately addressed. Specifically, the following three items:

- Policies and Procedures have been created specific to the Permitting Function of SAM.
- City's Municipal Code has been updated to reflect current SAM operations in Permit issuance turnaround.
- An Aging Schedule or dashboard has been developed to keep track of sites that require inspections based off the Permit Issuance Date.

7. El Paso Zoo – Financial Activity Audit

The objectives of this Audit are to perform a review of the El Paso Zoo's financial activity to ensure proper accounting and reporting. The audit will concentrate on the following areas:

- Ticket Sales,
- Zoo Memberships,
- Zoo Sponsorships,
- Zoo Fundraising Events,
- Identify discrepancies and document any areas where inefficiencies can be strengthened.

8. Franchise Fee Audit – El Paso Water Utility

The objectives of the Franchise Fee Audit will help identify any issues with the payment of the City Franchise Fee from the El Paso Water Utility.

9. 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 determined by Schedule C or other fee schedule.
- Follows-up and enforces the use of Park Usage Permits.

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FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)

1. The FOAC met on March 13, 2025 to discuss the following:

- Approval of Minutes for the Financial Oversight and Audit Committee meeting on February 12, 2025 were approved.
- Discussion and Action on the 2025 FOAC Meeting Calendar.
- Discussion on FY 2024-2025 Audit Plan 2nd Quarter Updates.
- Discussion and Action on the results of the Department of Public Health - Internal Control Review P2024-03.
- Discussion and Action on the results of the Sun Metro Money Room - Internal Control Review P2024-01.
- Discussion and Action on the results of the Division of Military Affairs - Travel and Accounts Payable Audit Report A2024-02.
- Discussion and Action on the results of the Sun Bowl Game Audit Report A2024-04.
- Discussion and Action on the results of the Vehicle Allowance Program Analysis.
- Discussion and Action on proposed amendments to the FY 2024-2025 Audit Plan to be sent to City Council for Final Approval at the April 1, 2025 Regular Council Meeting.

2. The FOAC met on April 10, 2025 to discuss the following:

- Approval of Minutes for the Financial Oversight and Audit Committee meeting on March 13, 2025 were approved.
- Discussion on Types of Engagements.
- Discussion and Action on the FY 2024-2025 Annual Audit Plan Replacement Audits.

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

3. The FOAC met on May 8, 2025 to discuss the following:
- Approval of Minutes for the Financial Oversight and Audit Committee meeting on April 10, 2025 were approved.
 - Discussion and Action on the results of the Parks and Recreation Department – Park Usage Permit Audit A2025-01.
 - Discussion and Action on the results of the Accounts Receivable – Hotel Occupancy Tax Review P2025-01.

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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 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.

Name	Position	CPE Hours
Edmundo Calderon	Chief Internal Auditor	42.30
Liz De La O	Deputy Chief Internal Auditor	27.30
Mike Montiel	Audit Manager	34.50
Martha Vargas	Auditor IV	39.30
Miguel Ortega	Auditor III	17.80
Sergio Carrillo	Auditor III	34.30
Esmeralda Herrera	Auditor II	42.50
Christian Castro	Auditor II	36.30
Miguel Olivas	Auditor I	32.30

SERVICE TO THE PROFESSION

- I. Association of Government Accountants – El Paso Chapter
 - Edmundo Calderon volunteered as a Board Member.
 - Martha Vargas volunteered as a Board Member. She participated in the AGA's Lead Conference during April 24-26, 2025.
- II. Institute of Internal Auditors – El Paso Chapter
 - Esmeralda Herrera volunteered as a Board Member. She participated in IIA's Leadership Academy during April 13-15, 2025.
 - Martha Vargas volunteered as a Board Member.
 - Edmundo, Martha and Esmeralda hosted a series of study sessions for Part I of the Certified Internal Auditor exam that benefited local Internal Auditors preparing for the exam.
- III. Association of Certified Fraud Examiners – El Paso Chapter
 - Liz De La O and Miguel Montiel volunteered as Board Members.
 - Both participated in establishing the Chapter's 1st Fraud Conference on April 22, 2025.
- IV. Association of Local Government Auditors
 - Sergio Carrillo participated in a Peer Review of City of Tallahassee, FL the week of May 5, 2025.
 - Edmundo Calderon, Miguel Montiel and Chris Castro participated in the 2025 ALGA Annual Conference during May 4-8, 2025.

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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 05/31/25
First Quarter	-	-
(CarryFwds) Pension Office Digitization and Cybersecurity Review (P2023-07)	50.00	220.00
(CarryFwds) Sun Metro Money Room Internal Control Review (P2024-01)	50.00	201.25
(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	28.50
(CarryFwds) Planning and Inspections - Permit Review Audit (A2024-03)	100.00	101.75
(CarryFwds) SAM - Cyber Security Assessment Follow Up Audit (A2024-10)	100.00	35.75
(CarryFwds) Health Department - Internal Control Review (P2024-03)	250.00	323.50
(CarryFwds) Accounts Receivable - Hotel Occupancy Tax Audits	250.00	268.00
(CarryFwds) On-Call Services Agreement Audit (A2024-08)	300.00	305.75
(CarryFwds) El Paso International Airport- Accounts Payable Audit	500.00	482.00
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	-	3.50
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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First Quarter (Continued)	BUDGETED HOURS	YTD as of 05/31/25
Auditor Training	135.00	499.50
Vacation/Sick Leave/Holiday	651.00	875.50
Total	4,680.00	5,435.50
Second Quarter	-	-
Take Home Cars & Use of City Vehicles Project	250.00	220.25
Executive Vacation Requests & Sick Leave Project (Cancelled per FOAC Meeting of 03/13/2025)	250.00	288.00
Follow Up Audit: Streets & Maintenance - Permits Review Audit	250.00	115.50
Parks Department - Permit Audit	500.00	456.00
Budget Transfer Audit	500.00	347.75
Citywide Sales Tax Analysis - Clearview	40.00	4.50
Hotel Occupancy Tax Audits - Administration	50.00	143.50
Franchise Fee Audits (Spectrum) - Administration	50.00	9.00
TX Sales Tax Discovery - Administration	50.00	5.50
City Employee Hotline	75.00	45.25
Tax Office Refund Review Project	100.00	93.00
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	74.50
Contingency Hours	504.00	-
Audit Plan	-	251.00
Consulting	-	82.00
FOAC	-	225.00
Weaver	-	229.50
Administrative Duties - Chief Internal Auditor	225.00	191.50
Administrative Duties -Deputy Chief Internal Auditor & Audit Manager	170.00	173.50
Administrative Duties - Staff Auditors	480.00	329.75
Auditor Training	135.00	246.25
Vacation/Sick Leave/Holiday	651.00	812.25
Total	4,680.00	4,343.50
Third Quarter	-	-
Yellow Book Self-Assessment	250.00	75.00
Red Book Self-Assessment	250.00	151.50
El Paso Zoo - Memberships, Fund-Raising Activities, Attendance, & Ticket Sales Audit (Financial Activity Audit)	500.00	186.00
Animal Services Facilities Upgrade, Change Orders, & Construction Compliance Audit	500.00	126.75
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review (Cancelled per FOAC Meeting of 03/13/2025)	250.00	146.00
Citywide Sales Tax Analysis - Clearview	40.00	6.50
Hotel Occupancy Tax Audits - Administration	50.00	239.25
Franchise Fee Audits (Spectrum) - Administration	500.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	51.50
Tax Office Refund Review Project	100.00	153.50
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	247.75

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Third Quarter (Continued)	BUDGETED HOURS	YTD as of 05/31/25
Contingency Hours	504.00	-
Audit Plan	-	383.75
Consulting	-	0.50
Code Enforcement Audit	-	37.50
FOAC Prep	-	530.50
Weaver	-	42.25
Administrative Duties - Chief Internal Auditor	225.00	166.00
Administrative Duties -Deputy Chief Internal Auditor & Audit Manager	170.00	240.25
Administrative Duties - Staff Auditors	480.00	331.50
Auditor Training	135.00	371.75
Vacation/Sick Leave/Holiday	651.00	464.75
Total	4,680.00	3,952.50
Fourth Quarter	-	-
Follow Up Audit: Division of Military Affairs - Travel & Acc. Payable Audit	250.00	217.25
Follow Up Audit: Economic Development - 380 Agreement Monitoring Audit	250.00	110.25
CID - Davis-Bacon Act Compliance & Certified Payroll Audit	500.00	-
Emergency Solutions Grant (ESG) Program Audit	500.00	1.25
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 -Deputy Chief Internal Auditor & Audit Manager	170.00	-
Administrative Duties - Staff Auditors	480.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
Total	4,680.00	328.75
Totals for 1st, 2nd, 3rd & 4th Quarters	18,720.00	14,060.25

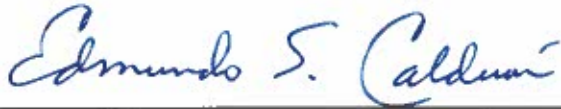
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CONCLUSION

The 3rd Quarter of the 2024-2025 Audit Plan was another productive quarter for the Internal Audit Department. During the 3rd Quarter, 9 Audits/Projects are in various stages of planning or completion.

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



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

Distribution:

Financial Oversight and Audit Committee

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