



# Internal Audit Department

**MAYOR**

Oscar Leeser

**DATE:** December 8, 2023**TO:** Nicole Cote, Director of Office Management & Budget**CITY COUNCIL****District 1**

Brian Kennedy

**FROM:** Daryl Olson, CIA, CGAP, Audit Manager**SUBJECT:** City Council & City Manager's Office – P-Card & Travel Review**District 2**

Alexandra Anello

**District 3**

Cassandra Hernandez

**District 4**

Joe Molinar

**District 5**

Isabel Salcido

**District 6**

Art Fierro

**District 7**

Henry Rivera

**District 8**

Chris Canales

**INTERIM  
CITY MANAGER**

Cary Westin

The Internal Audit Department has completed its City Council and City Manager's Office P-Card and Travel Review. This engagement was accepted based on the engagement's potential to improve management of risks, add value, and/or improve the organization's operations (IIA 2010.C1). The work performed does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAS 1.16). The Observations and Conclusions that are reported in this memorandum do not require Management Responses.

**Objectives:**

The objectives of our review were to:

- Obtain an understanding of the City of El Paso's City Council and City Manager's Office Travel Request approval process and Procurement Card (P-Card) Program.
- Determine if the current City Council and City Manager's Office P-Card primary approvers and reconcilers are properly reviewing and monitoring the expenditures related to the respective purchases.
- Determine if Travel Requests are properly approved and reconciled.
- Determine if P-Card transactions are for proper expenditures to include travel. (Travel paid by using the P-Card or a voucher).
- Verify that original receipts properly support travel expenditures and P-Card transactions.
- Identify if Texas Sales Tax was paid using the P-Card.
- Determine if purchase limits on P-Card transactions have been followed.

**Scope:**

The review included City Council and City Manager's staff P-Card transactions for the period of January 1, 2020 to April 30, 2023. It also included thirty (30) Travel Requests related to PeopleSoft Travel Vouchers for the period of January 1, 2020 to May 31, 2023.

**Results and Conclusion:**

Our review identified five (5) Observations regarding P-Card and Travel compliance. The following is a description of the Observations:





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**OBSERVATION 1**

**P-Card Transaction Reports**

The City of El Paso’s Procurement Card Policy dated July 2020, August 2022 & September 2022; state:

- **Section 14.3.2 Department P-Card Approver responsibilities:** *“All Commercial Card Expense Reporting (CCER) statements will be sent electronically to the Department P-Card Approver for review and approval. It is the Approver’s responsibility, immediately upon receipt of the email from CCER, to sign on and review the statement(s) online. The Approver shall verify that all expense coding is correct, all receipts are matched to the statements and all information in each field box is complete for each purchase.”*

The City Council and City Manager’s Office made the following number of P-Card transactions for each calendar year listed. There were instances where the corresponding Account Number, the Transaction Description or both were not entered in the Wells Fargo P-Card System.

Calendar Year	Total Number of P-Card Transactions for the City Manager’s Office	Number of P-Card Transactions with NO Account Number entered in the P-Card System	Number of P-Card Transactions that did NOT have a Description entered in the P-Card System	Number of P-Card Transactions that did NOT have both the Account Number and the Description entered in the P-Card System
2020	750	71 (9.47%)	55 (7.33%)	55 (7.33%)
2021	733	105 (14.33%)	70 (9.55%)	69 (9.41%)
2022	747	142 (19.00%)	169 (22.62%)	119 (15.93%)
2023 (Jan. – April 30)	291	3 (1.03%)	4 (1.38%)	3 (1.03%)
Totals	2,521	321 (12.73%)	298 (11.82%)	246 (9.76%)





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Calendar Year	Total Number of P-Card Transactions for City Council	Number of P-Card Transactions with NO Account Number entered in the P-Card System	Number of P-Card Transactions that did NOT have a Description entered in the P-Card System	Number of P-Card Transactions that did NOT have both the Account Number and the Description entered in the P-Card System
2020	327	147 (44.95%)	63 (19.27%)	63 (19.27%)
2021	672	187 (27.83%)	87 (12.95%)	72 (10.71%)
2022	864	391 (45.25%)	113 (13.08%)	110 (12.73%)
2023 (Jan. – April 30)	286	52 (18.18%)	5 (1.75%)	0 (0.00%)
Totals	2,149	777 (36.16%)	268 (12.47%)	245 (11.40%)

**Recommendation**  
 We recommend adherence to the City of El Paso P-Card Policy by:

- Entering Account Numbers and Purchase Descriptions in the Wells Fargo P-Card System during the P-Card reconciliation process.

**OBSERVATION 2**

**Travel Policy**

The City of El Paso’s Travel Manual dated December 2019, November 2021, September 2022; state:

- **Section 4.0 Principles and General Travel Guidelines:**
  - “All travel requests shall be approved in advance of travel.”
  - “All travel requests will be signed off by the Department Director prior to the travel and after the travel (reconciliations).”
  - “A travel request checklist form is to be followed to have the required documentation of cost estimates.”
- **Section 5.1 P-Card:** “The City’s P-card program is the preferred method of payment for travel expenses. A personal credit card should not be used for any bookings.”
- **Section 7.2 After Travel:** “After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel.”





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- **Section 17.1 Individually-Managed Travel:** *“Only after approval has been obtained, should a traveler proceed with incurring actual costs for the trip.”*

### Travel Request Approval

During our review of thirty (30) Travel Request Forms for the period of January 1, 2020 to May 31, 2023, the following exceptions were identified:

- Five (5) out of 30 (17%) Travel Request Forms reviewed were never approved in advance of travel. No visible written approval could be identified in the Travel Request Form.
  - City Manager (former) two (2) times.
  - District 1 Representative (former) one (1) time.
  - District 2 Representative one (1) time.
  - District 6 Representative (former) one (1) time.
- Four (4) out of 30 (13%) Travel Request Forms reviewed were not approved after travel. No visible written approval could be identified in the Travel Request Form.
  - City Manager (former) two (2) times.
  - District 6 Representative (former) two (2) times.
- Seventeen (17) out of 30 (57%) Travel Request support documentation reviewed did not include the Travel Checklist as required by the Travel Policy.
  - City Manager (former) five (5) times.
  - District 1 Representative (former) eight (8) times.
  - District 3 Representative one (1) time.
  - District 5 Representative two (2) times.
  - District 6 Representative (former) one (1) time.

### Methods of Payment for Travel

- Six (6) out of 30 (20%) Travel Request Forms reviewed had a personal credit card reimbursement. Expenses incurred with a personal credit card total \$3,575.63.
  - City Manager (former) three (3) times. The total is \$2,676.01.
    - Reimbursement for hotel \$890.05.
    - Reimbursement for airfare purchased with airline points \$1,457.00.
    - Reimbursement for airfare purchased with Southwest Airlines Travel Fund vouchers \$328.96
  - District 1 Representative (former) two (2) times totaling \$777.68.
    - Reimbursement for airfare \$734.80
    - Reimbursement for ground transportation \$42.88



# Internal Audit Department

## MAYOR

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## CITY COUNCIL

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## CITY MANAGER

Cary Westin

- District 5 Representative one (1) time totaling \$121.94.
  - Reimbursement for ground transportation \$29.99
  - Reimbursement for ground transportation \$33.45
  - Reimbursement for hotel late checkout \$58.50

### Travel Request Reconciliation

- Twelve (12) out of 30 (40%) Travel Request Forms reviewed were not reconciled within five business days after the conclusion of the travel.
  - City Manager (former) seven (7) times.
  - District 1 Representative (former) three (3) times.
  - District 6 Representative (former) two (2) times.
- Twenty-one (21) out of 30 (70%) of Travel Request Forms reviewed incurred travel expenses before the Travel Requests were approved. The total for expenses incurred before approval is \$8,897.99.

City Manager / District Representative	Number of Purchases Made Before Travel Request Form Approval	Total of Expenses Incurred Before Travel Request Form Approval
City Manager (former)	8	\$4,287.40
District 1 (former)	5	\$1,477.78
District 2 (current)	5	\$1,966.06
District 3 (current)	2	\$777.92
District 6 (former)	1	\$388.80
<b>Totals</b>	<b>21</b>	<b>\$8,897.96</b>

### Recommendation

As required by the Travel Policy, the City Council and City Manager should ensure:

- Travel Requests are approved before travel.
- Travel Requests signed off by the appropriate party before and after travel.
- Travel Request Checklist is included in the travel documentation.
- The City Council and City Manager should not use a personal credit card to pay for travel related expenses.
- The City Council and City Manager should reconcile travel expenses within five business days after the conclusion of the travel.
- The City Council and City Manager should not incur in travel expenses before obtaining travel approvals.



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**OBSERVATION 3**

**Early Bird Check-In**

The City of El Paso’s Travel Policy dated September 2022:

- **Section 10.1 Commercial Air Transportation – Subsection F:** *“Extra fees such as early check-ins, upgrades, reserved seating, etc. are not allowed, unless an exception is provided by the respective authority approving the travel.”*

The City of El Paso’s Procurement Card Policy dated August 2022:

- **Section 13.1** Unauthorized purchases – *“The following are items that are strictly prohibited to purchase:”*
  - *Airline Early Bird Fee*

There were 24 purchases made by the City Manager’s Office for Early Bird Boarding on Southwest Airlines totaling \$360.00 in Calendar Year 2022.

- 21 purchases were made by an Assistant 1 – City Manager’s Office with P-Card ending #6049 totaling \$315.00. Six (6) purchases were for the former City Manager and the remaining fifteen (15) were for various City Staff.
  - One (1) purchase was credited back to the City from the Per Diem owed to a City Employee.
- 3 purchases were made by another Assistant 1 – City Managers’ Office with P-Card ending #8822 totaling \$45.00. The three (3) purchases were for the former City Manager.

The 24 Early Bird Boarding purchases were subject to 2 Policies listed below and the exceptions are as follows:

- 17 of the 24 purchases were subject to the Travel Policy dated September 2022. No documented written exceptions by the respective authority approving the travel were identified.
- 7 of the 24 purchases were subject to the Procurement Card Policy dated August 2022, where it states purchase of Early Bird Boarding is strictly prohibited.

**Recommendation**

We recommend adherence to the applicable City of El Paso’s Travel Policy. City Employees should ensure extra fees such as Early Bird Boarding are not being incurred unless an exception is provided by the respective authority approving the travel as required by the City of El Paso Travel Policy dated September 2022.





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**OBSERVATION 4**

**P-Card Support Documentation**

The City of El Paso’s Procurement Card Policy dated July 2020, August 2022 & September 2022; state:

- **Section 4.1 Purchase:** *“The authorized cardholder uses the P-Card to purchase needed goods and services and submits the vendor original itemized receipt and any other required supporting documentation to the Reconciler.”*
- **Section 14.1 Receipt Retention:** *“It is a requirement of the program that a Cardholder keep all receipts for goods and services purchased on the P-Card...It is extremely important to request and retain purchase receipts, as this is the only original documentation. **If receipts are absent, an individual is held personally liable for the purchase(s) and will be required to reimburse the City.**”*
- **Section 17.0 Sales and Use Tax:** *“Merchants are required by tax authorities to include the applicable sales or use tax at the time of purchase. **The City’s Tax-Exempt number is listed on each P-Card.** The authorized user should make sure that sales tax is not assessed at the time the purchase is made.”*

The former District 6 Representative had 41 transactions conducted during Calendar Year 2022 totaling \$12,629.75.

- 36 out of the 41 (87.81%) of P-Card transactions conducted did **not** have a Purchase Description entered in the Wells Fargo P-Card System.
- 40 out of the 41 (97.56%) P-Card transactions reviewed did **not** have an Account number entered in the Wells Fargo P-Card System.

The former Representative for District 6 made eight (8) purchases for a total \$7,556.48 on October 13, 2022. The Internal Audit Department was unable to locate the original receipts for the purchases within City of El Paso records.

- Seven (7) out of 8 (87.50%) of the purchases were made at Wal-Mart. The 7 transactions made totaled \$6,563.28.
  - The Former Representative for District 6 paid Texas Sales Tax on one of the Wal-Mart purchases. The amount of Sales Tax paid was \$75.96.
- An 8<sup>th</sup> transaction was made at Target. The transaction totaled \$993.20.

**Recommendation**

We recommend adherence to the City of El Paso P-Card Policy by:

- Entering Account Numbers and Descriptions in the Wells Fargo P-Card System during the P-Card reconciliation process.
- Submitting all receipts so purchases are properly documented.
- Ensuring that Texas Sales Tax is not incurred on P-Card purchases.
- We recommend the City of El Paso invoice the former District 6 Representative for the Sales Tax amount of \$75.96.





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**INTERIM CITY MANAGER**  
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**OBSERVATION 5**

**Travel Policy**

The City of El Paso Travel Manual Dated December 2019, Travel Policy dated November 2021 & September 2022:

- **15.0 Travel Request Preparation and Reconciliation:** *“The most important procedure related to travel is the Travel Request, its preparation and the expense reconciliation.”*

**City Manager Travel**

Reconciliation of the former City Manager’s travel identified an amount of \$680.72 is due to the City.

Item #	Date	Destination	Amount Owed to the City	Amount Owed to City Manager	Notes
1	4/2/2022	Washington, DC	\$1,477.00	-	Airfare paid with personal rewards points and reimbursed by the City - \$1457.00. Overpaid Per Diem - \$20.00
2	8/13/2022	Las Vegas, NV	\$15.00	-	Early Bird Check-in.
3	9/13/2022	Dallas, TX	-	\$232.50	Per Diem minus valet parking and Early Bird Check-in.
4	10/11/2022	San Diego, CA	\$30.00	-	Early Bird Check-in.
5	10/18/2022	San Diego, CA	\$30.00	-	Early Bird Check-in.
6	10/31/2022	Dallas, TX	-	\$148.50	Per Diem minus valet parking.
7	5/14/2023	Dallas, TX	-	\$172.50	Reimburse for Per Diem only. No reimbursement for the use of Southwest Airlines Travel Vouchers.
<b>Totals</b>			<b>\$1,552.00</b>	<b>\$553.50</b>	

Difference: \$998.50 Amount Owed to the City.  
 Amount Paid: \$317.78 Amount Paid to the City via check on 8/1/2023.  
 Balance: \$680.72 Amount owed to the City.

**Recommendation**

The City of El Paso should invoice the former City Manager for travel expenses totaling \$680.72.







# Internal Audit Department

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**MAYOR**

Oscar Leeser

If you have, any questions please feel free to contact me at 212-1365.

cc: Financial Oversight and Audit Committee

Cary Westin, City Manager (Interim)

Robert Cortinas, Deputy City Manager of Support Services & Chief Financial Officer

Margarita Marin, Comptroller

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**CITY COUNCIL**

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**INTERIM**

**CITY MANAGER**

Cary Westin

**City Council & City Manager's P-  
Card & Travel Review P2023-06  
Management Responses**



# Office of Management & Budget

**MAYOR**  
Oscar Leeser

DATE: January 25, 2024

TO: Edmundo S. Calderon, Internal Auditor

**CITY COUNCIL**

FROM: Margarita Marin, Comptroller  
K. Nicole Cote, Managing Director

**District 1**  
Brian Kennedy

THRU: Robert Cortinas, Chief Financial Officer & DCM of Support Services

**District 2**  
Alexandra Annelo

SUBJECT: City Council and City Manager P-Card Review for the time period of January 1, 2020 to April 20, 2023 and Travel Review for the time period of January 1, 2020 to May 31, 2023.

**District 3**  
Cassandra Hernandez

This communication serves to provide feedback regarding the review of the draft report provided on January 16, 2024. Please find the feedback in numerical order based on the observations provided by the Office of Management and Budget (OMB) and the Office of the Comptroller (OTC):

**District 4**  
Joe Molinar

**Observation #1 – P-Card Transaction Report**

**District 5**  
Isabel Salcido

Feedback:

**District 6**  
Art Fierro

OMB

- Agreed with the recommendation. As part of the process improvements identified as part of the annual FY 2022 P-Card and Travel Audit, the City Manager’s Office hired administrative assistance that would assist with both p-card reconciliation and travel for the City Manager’s Office and City Council. This new position was filled on January 1, 2023. The impact of position is evident in dramatic reduction in number of P-Card transactions without account information or a description. She began also assisting City Council staff as part of their financial support and travel and we plan to see the same improvements into FY 2023 and FY 2024.

**District 7**  
Henry Rivera

**District 8**  
Chris Canales

OTC

- Agreed with the recommendation. Guidance has been provided citywide through on-demand trainings to ensure cardholders are reviewing their transactions as they occur, adding accounting string information, proper description of the expense and uploading the receipt. As defined in the roles section of the new policy, the cardholder or the delegate are responsible for reconciling the transactions in WOEM which can now be done as soon as the transaction takes place. All transactions posted to the clearing account must be reclassified to the proper accounting string by the next month before closing date. OTC has also implemented a review process in which random transactions are selected for review and if found out of compliance the cardholder will be notified and appropriate disciplinary action

**CITY MANAGER**  
Tommy Gonzalez





# Office of Management & Budget

**MAYOR**  
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will be applied. The new policy was deployed on September 1, 2023 and training is mandatory on an annual basis.

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## CITY COUNCIL

### Observation #2 – Travel Policy

**District 1**  
Brian Kennedy

Feedback:

**District 2**  
Alexsandra Anello

OTC

**District 3**  
Cassandra Hernandez

- Agreed with the recommendation. The new policy (9/1/23) includes specific guidelines in regards to these recommendations. On-demand training is also available for this policy. The new policy mandates the approval for travel to be done through the travel form unless the traveler is having an emergency travel in which approval through email notification is acceptable. The policy establishes guidelines for the methods of payment for travel and the checklist is embedded in the new Travel Request Form that can be found at [Travel-Request-Form NEW- 10-6-22.xlsx \(elpasotexas.gov\)](#)

**District 4**  
Joe Molinar

**District 5**  
Isabel Salcido

### Observation #3 – Early Bird Check-in

**District 6**  
Art Fierro

Feedback:

**District 7**  
Henry Rivera

OTC

**District 8**  
Chris Canales

- Agreed with the recommendation. As per the new travel policy the early bird option has been removed as of September 1, 2023. All travel must be made in the most economical manner.

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**CITY MANAGER**  
Tommy Gonzalez

### Observation #4 – P-Card Support Documentation

Feedback:

OTC

- Agreed with the recommendation. The new p-card policy includes the following statement under the cardholder role section 5.1: “The Cardholder is responsible for maintaining every original purchase receipt. The amount of any receipt lost or not uploaded into the WOEM system must be reimbursed by the Cardholder to the City via the City Cashier prior to the approval of the statement.” Also, under the delegate section 5.2: “If sales tax was charged, that amount must be repaid to the City by the Cardholder. Proof of reimbursement (i.e. Accela receipt) must be uploaded in WOEM.” An invoice will be sent to the former City Representative for District 6 upon acceptance of this report by the FOAC.

OMB



# Office of Management & Budget

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## MAYOR

Oscar Leeser

- Agreed with the recommendation. OMB provides a schedule for completing reconciliation and submitting the receipts both in WOEM (Wells Fargo) system and to [Council P-Card Receipts@elpasotexas.gov](mailto:Council P-Card Receipts@elpasotexas.gov) . We provide email reminder if the appropriate backup is not submitted on time.

## CITY COUNCIL

### District 1

Brian Kennedy

### Observation #5 – Travel Policy

Feedback:

### District 2

Alexsandra Annello

OTC

### District 3

Cassandra Hernandez

- Calculation to be revised by the Internal Auditor. We will invoice or reimburse the previous City Manager for any amount not previously paid.

### District 4

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## CITY MANAGER

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