



**2023-2024**  
**Annual Audit Plan**  
**4<sup>th</sup> Quarter Update**

Issued by the  
Internal Audit Department  
As of August 31, 2024

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
4<sup>th</sup> Quarter 2023-2024 Audit Plan Update  
As of August 31, 2024

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### **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.

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## **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 4<sup>th</sup> Quarter of the 2023-2024 Annual Audit Plan. Please see the Internal Audit Department's webpage for a copy of the audit reports listed below.*

### **1. Division of Military Affairs – Travel and Accounts Payable Audit Report (Report dated June 10, 2024)**

The objectives of this audit were to determine if the Division of Military Affairs Travel and Accounts Payable transactions followed applicable City of El Paso Policies and Procedures. The review period was September 1, 2022 to January 23, 2024.

Based on the results of the Audit, (2) two Findings were identified. The Findings consisted of the following:

1. Ten (10) out of 10 (100%) vouchers reviewed included invoices with no evidence that mathematical accuracy of quantities and dollar amounts paid.
  - Four (4) out of 10 (40%) vouchers reviewed included invoices that were not paid within 30 calendar days of receiving the invoice.
2. A sample of eight (8) business trips conducted by the Division of Veteran and Military Affairs were reviewed for compliance with the City of El Paso Travel Policy dated September 2022.
  - Three (3) out of 8 (38%) business trips reviewed had a Travel Request Form that was not reconciled within five (5) working days after the completion of the travel.
  - One (1) out of 8 (13%) business trips reviewed was missing the After-Travel Approval signature required on the Travel Request Form.
  - One (1) out of 8 (13%) business trips reviewed included a \$36.00 overpayment of per diem paid to the Military Program Administrator for meal expenses.

### **2. Sun Bowl Game Audit Report (Report dated June 26, 2024)**

The objectives of the Sun Bowl Game Audit were to perform an audit of the Agreement between the City of El Paso and the Sun Bowl Association to determine if the Sun Bowl Association is compliant with the following requirements:

- Using the Motor Vehicle Rental Tax only for Qualified Expenses,
- Required quarterly and annual financial reports are provided to the City on a timely basis,
- Securing personnel at its own expense,
- Proper insurance coverage is maintained.
- Document any "considerations" made between the City and the Sun Bowl Association outside the Agreement.

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Based on the results of the Audit, (2) two Findings were identified:

1. The following reporting requirements are contained in the Agreement:
  - The Office of the Comptroller is providing reports to the Sun Bowl Association detailing the amount of Motor Vehicle Rental Tax Revenue collected. The reports are not constructed in a user-friendly format.
  - The Sun Bowl Association is submitting one annual payment requests versus quarterly as required by the Agreement.
2. A review of the City's Motor Vehicle Tax Venue "Project Fund" and the Sun Bowl Association's Consolidated Financial Statements identified a total of \$8,740,836.13 is available for Sun Bowl Game Team Payments and authorized expenses:
  - As of April 30, 2024, a balance of \$4,214,836.93 is maintained in the City of El Paso's Treasury.
  - As of December 31, 2023, an escrow account of \$4,525,999.20 is on deposit with WestStar Bank in a Certificate of Deposit.

**3. Vehicle Allowance Program Analysis Memo (Memo dated July 8, 2024)**

The objective of this engagement was to perform an analysis of City employees and elected Municipal Court Judges receiving a Vehicle Allowance payment in their payroll check.

Based on our analysis, we have identified 4 Observations:

1. The City's Fiscal Year 2024 Budget Resolution does not address Vehicle Allowances for Municipal Court Judges as stated by the *Vehicle Allowance Program Policy* dated August 31, 2015.
2. As of April 30, 2024, the Human Resources Department is tracking 96 employees for an annual Vehicle Allowance payment of \$367,766.88.
3. The analysis identified 61 of 96 (63.5%) recipients are receiving a monthly Vehicle Allowance payment as required by the Vehicle Allowance Program Policy or by an Employee Contract. The remaining 35 of 96 recipients (36.5%) are receiving Vehicle Allowance payments not identified by the Vehicle Allowance Program Policy.
4. The analysis identified 33 City Departments' staff receiving a Vehicle Allowance payment totaling \$367,766.88.

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**4. Water Parks Financial Review Follow-Up Audit Report (Report dated July 22, 2024)**

A Follow-Up Audit was conducted of the original *Water Parks Financial Review Audit Report* dated August 16, 2022, which identified 2 Findings. The objective of this Follow-Up Audit was to determine if the recommendations to the two Findings were implemented.

Based on the results of the Follow-Up Audit, we determined the status of the recommendations:

- Finding #1 as “In-Progress”. Destination El Paso is working with the City of El Paso to formalize an amendment to designate a change in the Point of Sale system and methodology for calculating and adjusting rates.
- Finding #2 as “Implemented”. Destination El Paso’s Management has implemented a process requiring the Water Park Managers to document the reason why a sales discount was given.

**5. U-Matter Cards Review Memo (Memo dated July 30, 2024)**

The objectives of this review were to ensure that U-Matter Gift Cards are properly accounted for and properly safeguarded. Based on our review, we have identified 4 Observations:

- Observation #1:
  - U-Matter Gift Cards are accounted for and tracked accordingly when awarded to a City employee.
  - Procedures are in place to document when U-Matter Gift Cards are stored or removed from the safe by using the In/Out Safe Log.
  - Procedures are in place to document the award of U-Matter Gift Cards to City employees by signing a Recipient Log.
  - Fiscal Year 2024, 83 out of 83 (100%) U-Matter Gift Cards awarded were signed by employees as proof of receipt.
- Observation #2
  - A review of the U-Matter Gift Cards Program Policies and Procedures Manual was last updated on July 11, 2019 (5 years ago). A review of the Policy is needed.
- Observation #3
  - The Internal Audit Department performed a reconciliation of U-Matter Gift Cards awarded and on-hand:
    - 9 U-Matter Gift Cards were not included in the initial reconciliation.
    - 64 U-Matter Gift Cards information was not properly transferred from last year’s Inventory Log dated June 5, 2023 to the current Inventory Log dated June 7, 2024.
    - 24 U-Matter Gift Cards were issued the same Assigned Number as another 24 cards. The cards were identifiable as they were of different denominations; \$25 and \$50.
    - As of July 10, 2024, 182 U-Matter Gift Cards remain in the safe with a value of \$9,597.40.
- Observation #4
  - U-Matter gift cards are not issued in sequential order.
  - The process of having a second employee initial the Safe Log is not applied consistently.

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**6. Accounts Receivable Follow-Up Audit Report (Report dated July 31, 2024)**

A Follow-Up Audit was conducted of the original *Accounts Receivable Program Audit Report* dated August 11, 2022. which identified 3 Findings. The objective of this Follow-Up Audit was to determine if the recommendations were implemented.

Based on the results of the Follow-Up Audit, we determined the status of the recommendations:

- Finding #1 as “In-Progress”. The Office of the Comptroller is in the process of updating the *City of El Paso Accounts Receivable Policy* to include specific billing procedures. The *Policy* should include procedures on how to reconcile Accounts Receivable payments posted in PeopleSoft. The updated *Policy* is set to deploy on September 1, 2024.
- Finding #2 as “In-Progress”. The Office of the Comptroller is in the process of updating the of *City of El Paso Accounts Receivable Policy* to include guidance for the collection and account management of past-due accounts. The collection process is set to deploy on September 1, 2024.
- Finding #3 as “In-Progress”. The Office of the Comptroller (OTC) should continue to assist City Departments record and track all billable activities, invoice customers within 30 days of the date of service, and inform OTC when a payment is posted to an incorrect account.

**7. Hotel Occupancy Tax (HOT) Audits - Final Report (Report dated August 12, 2024)**

The City of El Paso contracted Avenu Insights & Analytics to conduct Hotel Occupancy Tax (HOT) Audits in accordance with Contract No. 2020-780R. The objectives of the audit were to determine if a sample of 19 El Paso area hotels are compliant under the City of El Paso HOT guidelines. The time period reviewed was from January 1, 2020 through December 31, 2023.

Based on the results of the Audits, the report identified:

- Five (5) hotels had no findings.
- Fourteen (14) hotels owe additional City Hotel Occupancy Tax of \$1,073,001.83.

**8. Sun Metro Money Room – Internal Control Review Project Memo (Memo dated August 12, 2024)**

The objectives of the Sun Metro Money Room – Internal Control Review Project was 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.

Based on the results of the review, we identified 2 Observations:

Observation #1 - A review of the *Sun Metro – Mass Transit Accounting Manual* updated January 2023, identified:

- Sun Metro staff are not using pocketless uniforms as required.
- There are no documented procedures when Farebox Revenues do not balance with the amounts counted and deposited.

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Observation #2 – A review of the Ticket Vending Machines and Bus Farebox Revenues identified the following:

- Overages and shortages of \$10.00 should be tracked in a log.
- Ticket Vending Machine (TVM) Revenue should be deposited within one business day of its receipt.
- Avoid taking monies out of the Bus Farebox deposit to replenish the Ticket Vending Machines Change Bin.
- Ensure that Farebox Revenue is reconciled to Revenue Reports.
- Ensure the Money Room coin counter performs counts correctly.

**9. SAM – Transportation Management Division – Cyber Security Assessment Follow-Up Audit Report (Report dated August 20, 2024)**

A Follow-Up Audit was conducted of the original *SAM – Transportation Management Division – Cyber Security Assessment Report* dated August 13, 2019, which identified 2 Findings. The objective was to determine if the recommendations to the two Findings were implemented.

Based on the results of the Follow-Up Audit, we determined the following:

- Finding #1 as “In-Progress”. Streets and Maintenance Department is updating the following:
  1. *Continuity of Operations Plan*
  2. *Access Control Policy*
  3. *Contingency Plan (Cyber Incident Response & Business Continuity)*
- Finding #2 as “In-Progress”. Streets and Maintenance Department continues to identify a back-up site to relocate main Traffic Management Center in case of a Cyber Attack.

**10. City of El Paso Employee Hotline (As of August 31, 2024)**

As of the 4<sup>th</sup> Quarter of the 2023-2024 Fiscal Year, the City of El Paso Employee Hotline received 10 calls and 1 remains open as of August 31, 2024. No calls are open from prior periods. The investigations were conducted either by the Internal Audit Department or by the Human Resources Department.

**11. Tax Office Refund Review Project**

During the 4<sup>th</sup> Quarter, the Internal Audit Department conducted 36 Tax Office Refund reviews. For each review, memos were issued to the City Manager (Interim), 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 4<sup>th</sup> Quarter. A brief synopsis is provided on the scope and objective of the audit or project.*

### **1. Planning and Inspections – Permit Review Audit**

An Audit is being conducted at the Planning and Inspections Department to review the Permit Issuance Process. The objective of the Audit is to determine if the department:

- Has comprehensive written Policies and Procedures for the issuance of Permits.
- Is properly issuing Permits 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.

### **2. 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.

### **3. 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*.

### **4. Pension Office – Digitization and Cybersecurity Review**

At the request of the Executive Director of City of El Paso Retirement Trust (CERT), the Internal Audit Department is conducting a review of their process to digitize retiree records and evaluate cybersecurity controls regarding changes to retiree records.



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

The FOAC met on September 17, 2024 to discuss the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter Audit Plan Updates of the Fiscal Year 2023-2024 Annual Audit Plan.

- Minutes for the Financial Oversight and Audit Committee meeting on May 1, 2024 were approved.
- Discussion and Action on the results of the City Council & City Manager’s Office P-Card and Travel Review - Years 2020, 2021, 2022 and 2023.
- Discussion and Action on directing staff to review the Internal Audit Charter for any proposed revisions.
- Discussion and Action on FY 2023-2024 Audit Plan 2nd Quarter Updates.
- Discussion and Action on the Sun Metro - Parking Garage Contract Review Audit A2023-03 Report.
- Discussion and Action on the Economic Development - 380 Agreement Monitoring Audit Report A2023-07.
- Discussion and Action on the Sun Bowl Game Audit Report A2024-04.
- Discussion and Action on FY 2023-2024 Audit Plan 3rd Quarter Updates.
- Discussion and Action on the 3rd Quarter Hotline Calls.
- 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 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 4<sup>th</sup> 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	60.0
Mike Montiel	Audit Manager	54.0
Liz De La O	Auditor IV	74.5
Martha Vargas	Auditor IV	99.5
Miguel Ortega	Auditor III	49.4
Sergio Carrillo	Auditor II	52.0
Esmeralda Herrera	Auditor II	67.0
Christian Castro	Auditor I	39.5
Miguel Olivas	Auditor I	81.1

**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 2023-2024 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.*

	<b>BUDGETED HOURS</b>	<b>YTD as of 08/31/2024</b>
<b>First Quarter</b>	-	-
(Carry Fwds) Streets and Maintenance - Permits Review Audit (A2023-02)	50.00	22.00
(Carry Fwds) Property Control IT Scope Review Audit (A2023-06)	300.00	245.25
(Carry Fwds) Sun Metro - Parking Garage Contract Review Audit (A2023-03)	100.00	445.00
(Carry Fwds) Ford Parts & Service Solicitation Process Review (P2023-08)	50.00	31.75
(Carry Fwds) Follow-Up Audit: SAM - Transportation Management Division - Cyber Security Assessment	250.00	159.00
(Carry Fwds) Planning and Inspections - Permit Review Audit	500.00	359.75
(Carry Fwds) Sun Metro Money Room - Internal Control Review	400.00	560.25
City Council Special Audit Request - Scope & Objectives	200.00	99.25
Longevity Project	50.00	32.50
Hotel Occupancy Tax Audits - Administration	50.00	35.00
Servicemembers Civil Relief Act Project	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	1.50
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	4.50
Tax Office Refund Review Project	100.00	63.50
City Employee Hotline	75.00	80.00
Contingency Hours	556.00	-
Audit Plan	-	385.75
Consulting	-	29.75
Migrant Crisis	-	32.50
P-Card Council	-	611.25
Administrative Duties - Chief Internal Auditor	225.00	304.00
Administrative Duties - Audit Manager	90.00	133.50
Administrative Duties - Staff Auditors	480.00	587.25
Auditor Training	120.00	340.75
Vacation/Sick Leave/Holiday	390.00	601.00
<b>Total</b>	<b>4,176.00</b>	<b>5,165.00</b>

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	BUDGETED HOURS	YTD as of 08/31/2024
<b>Second Quarter</b>	-	-
(Carry Fwds) Pension Office Digitization and Cybersecurity Review Project (P2023-07)	200.00	152.75
2 <sup>nd</sup> Follow-Up Audit: Fire Department - Billing Audit	250.00	62.25
Follow-Up Audit: Water Parks Financial Review Audit	250.00	145.50
El Paso Zoological Society Agreement Audit	500.00	637.50
Economic Development - 380 Agreement Monitoring Audit	500.00	528.25
Follow-Up Audit: Accounts Receivable Program Audit	250.00	142.25
Longevity Project	50.00	-
Hotel Occupancy Tax Audits - Administration	50.00	82.25
Servicemembers Civil Relief Act Project	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	6.75
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	1.50
Tax Office Refund Review Project	100.00	117.75
City Employee Hotline	75.00	22.50
Contingency Hours	456.00	-
Audit Plan	-	253.75
Consulting	-	11.75
Sun Bowl Game Audit	-	526.00
Administrative Duties - Chief Internal Auditor	225.00	281.50
Administrative Duties - Auditor IV	90.00	162.50
Administrative Duties - Staff Auditors	480.00	599.25
Auditor Training	120.00	310.75
Vacation/Sick Leave/Holiday	390.00	657.00
<b>Total</b>	<b>4,176.00</b>	<b>4,702.25</b>
<b>Third Quarter</b>	-	-
Follow-Up Audit: Human Resources - Employee Insurance Benefit Review Audit	250.00	91.75
Division of Veteran & Military Affairs - Travel and Accounts Payable Audit	500.00	500.50
El Paso International Airport - Accounts Payable Audit	500.00	-
Cyber Security - Administration	250.00	86.50
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	400.00	-
Longevity Project	50.00	1.25
Hotel Occupancy Tax Audits - Administration	50.00	44.25
Servicemembers Civil Relief Act Project	50.00	14.75
Franchise Fee Audits (Spectrum) - Administration	50.00	0.50
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	2.00
Tax Office Refund Review Project	100.00	108.50
City Employee Hotline	75.00	41.25
Contingency Hours	506.00	-
Audit Plan	-	253.75
Consulting	-	39.25

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<b>Third Quarter (continued)</b>	<b>BUDGETED HOURS</b>	<b>YTD as of 08/31/2024</b>
Vehicle Allowance Analysis	-	46.00
Administrative Duties - Chief Internal Auditor	225.00	285.00
Administrative Duties - Auditor IV	90.00	191.25
Administrative Duties - Staff Auditors	480.00	595.50
Auditor Training	120.00	601.50
Vacation/Sick Leave/Holiday	390.00	471.25
<b>Total</b>	<b>4,176.00</b>	<b>3,374.75</b>
<b>Fourth Quarter</b>		
Department of Public Health- Internal Control Review	250.00	169.25
Parkland Dedication Fees Audit	500.00	-
U-Matter Card Program Review	250.00	162.50
Accounts Receivable - Hotel Occupancy Tax Audits	250.00	33.75
Grants Administration Division - Sub-Recipient Monitoring Project	250.00	-
On Call Services Agreement Audit	500.00	268.00
Longevity Project	50.00	2.75
Hotel Occupancy Tax Audits - Administration	50.00	105.50
Servicemembers Civil Relief Act Project	50.00	3.50
Franchise Fee Audits (Spectrum) - Administration	50.00	27.00
TX Sales Tax Discovery - Administration	50.00	15.75
Citywide Sales Tax Analysis - Clearview	40.00	1.00
Tax Office Refund Review Project	100.00	153.75
City Employee Hotline	75.00	30.25
Contingency Hours	406.00	-
Audit Plan	-	354.75
Consulting	-	163.75
Administrative Duties - Chief Internal Auditor	225.00	263.50
Administrative Duties - Audit Manager	90.00	119.25
Administrative Duties - Staff Auditors	480.00	751.00
Auditor Training	120.00	417.25
Vacation/Sick Leave/Holiday	390.00	397.50
<b>Total</b>	<b>4,176.00</b>	<b>3,440.00</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>16,682.00</b>

## **FISCAL YEAR-END RECAP**

As required by the *Global Internal Audit Standards*, Standard 9.3 & 12.1, the City of El Paso's Internal Audit Department performs ongoing internal assessments in order to monitor the performance of the internal audit activity. Standard 5.44 of the *Generally Accepted Government Auditing Standards* requires the Internal Audit Department to analyze and summarize the results of its monitoring process at least annually. Internal assessments include supervision, review and measurement of the internal audit activity. All engagements are properly supervised, files are peer reviewed by someone not involved in the engagement, time budgets are established, and customer surveys are sent out to gauge the performance of the Internal Audit Department. The Internal Audit Department monitors measurements of the internal audit activity. Any non-conformance will be identified and reported. The following section will provide the Financial Oversight and Audit Committee and the City Manager with a synopsis of various measurements taken of Audits, Follow-Ups, and Projects conducted by the Internal Audit Department during the Fiscal Year.

## **FY 2024 NOTEWORTHY AUDITS & PROJECTS**

### **Economic Development – 380 Agreement Monitoring Audit Report**

The Internal Audit Department conducted an audit of the Economic Development – 380 Agreement Monitoring Program. Five (5) Findings were identified.

1. Revisions have been made to the 2021 City of El Paso Economic Incentives Policy that have a significant effect on the evaluation of Incentive Agreement applicants and the reporting of incentives to City Council.
2. Economic & International Development (ED) is not performing a financial analysis of all 380 Agreement Incentive applicants.
3. ED is not providing City Council with a true representation of the dollar amount of all incentives provided to 380 Agreement Recipients and not reporting on actual job counts for each project.
4. ED is not adhering to the Economic & International Development Department Incentive Agreement Contract Compliance Policies and Procedures.
5. An analysis of 115 Incentive Agreements closed as of January 24, 2024, identified four (4) 380 Agreements that received incentive payments without completing the terms of their Agreement.

### **Sun Bowl Game Audit Report**

The Internal Audit Department conducted an audit of the Sun Bowl Game Agreement. A review of the Motor Vehicle Tax Venue "Project Fund" and the Sun Bowl Association's Consolidated Financial Statements identified that the Sun Bowl Association has \$8,740,836.13 available for Sun Bowl Game Team Payments and authorized expenses:

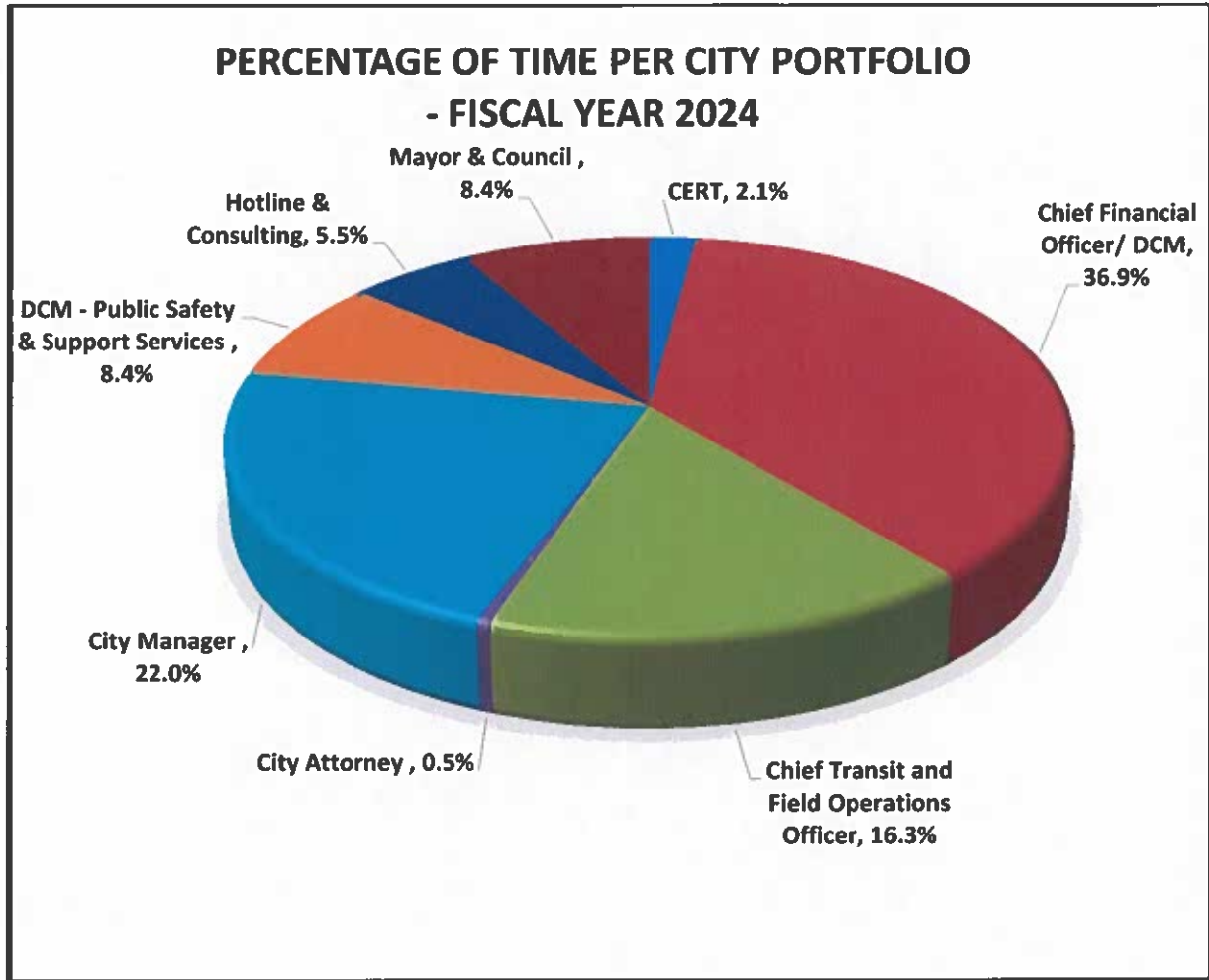
- As of April 30, 2024, the Motor Vehicle Tax Venue Project Fund had a balance of \$4,214,836.93 maintained in the City of El Paso Treasury.
- As of December 31, 2023, the escrow account of \$4,525,999.20 is on deposit with WestStar Bank in a Certificate of Deposit.

### **Hotel Occupancy Taxes (HOT)**

The Internal Audit Department has a contract with Avenu Insights & Analytics to conduct Hotel Occupancy Tax Audits. Based on the results of the audits, additional Hotel Occupancy Taxes identified as being due to the City of El Paso from fourteen (14) hotels with deficiencies totaling \$1,073,001.83.

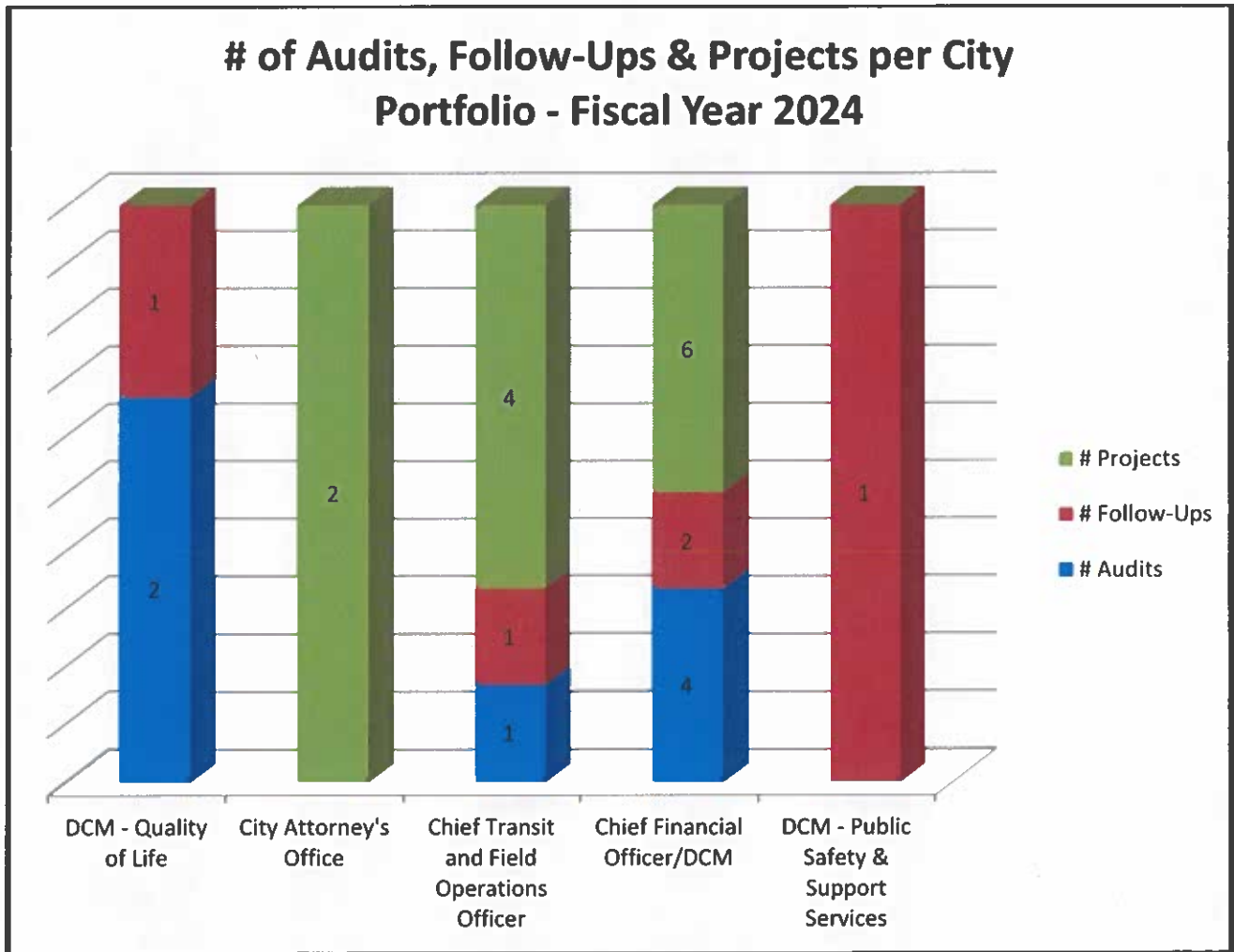
**AUDIT TIME PER CITY PORTFOLIO**

The chart below shows the percentage of audit-hours incurred in each City Portfolio during Fiscal Year 2023-2024.



**AUDITS, FOLLOW-UP'S & PROJECTS PER CITY PORTOLIO**

This chart shows the number of audit assignments completed per City Portfolio during Fiscal Year 2023-2024.





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**FOLLOW-UP RECOMMENDATION STATUS**

The Internal Audit Department performs Follow-Up Audits on all Audit Reports that contain findings and recommendations. Our objective is to inform City Management that corrective action has been implemented. The table below lists the Follow-Up Audits conducted during Fiscal Year 2023-2024 and whether the recommendations have been:

- *Implemented,*
- *In-Progress,*
- *Not Applicable or,*
- *Not Implemented.*

Follow-Up Audit Status				Recommendations			
No	Follow-Up Audit Name	Follow-Up Report Date	Original Report Date	Implemented	In Progress	Not Applicable	Not Implemented
1	Fire Department – Billing 2 <sup>nd</sup> Follow-Up Audit No. A2024-05	February 21, 2024	August 06, 2019	-	1		
2	Human Resources – Employee Insurance Benefit Review Follow-Up Audit	March 19, 2024	December 21, 2022	-	1	-	-
3	Water Parks Financial Review Follow-Up Audit No. A2024-09	July 22, 2024	August 16, 2022	1	1	-	-
4	Accounts Receivable Program Follow-Up Audit No. A2024-07	July 31, 2024	August 11, 2022	-	3	-	-
5	SAM – Transportation Management Division – Cybersecurity Assessment Follow-Up Audit No. A2024-10	August 20, 2024	August 13, 2019	-	2	-	-
Recommendation Totals				1	8	-	-

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**QUALITY SURVEY RESULTS**

The Internal Audit Department performs a quality survey after the completion of each Audit or Follow-Up Audit in order to gauge the quality of service delivered. The table below lists the surveys administered during Fiscal Year 2023-2024. Our survey rating scale ranges from 1 (Poor) to 4 (Excellent).

No	Quality Surveys Audit Name	# of Surveys Sent	# of Responses Received	% Responses Received	* Average Score Received
1	Ford Parts & Service Solicitation Process Review P2023-08	2	1	50%	3.09
2	Sun Metro – Parking Garage Contract Review Audit A2023-03	2	1	50%	3.09
3	El Paso Zoological Society Agreement Audit A2024-01	3	2	67%	3.86
4	Fire Department - Billing 2nd Follow-Up Audit A2024-05	3	1	33%	3.73
5	Human Resources - Employee Insurance Benefit Review Follow-Up Audit A2024-06	2	1	50%	4.00
6	Property Control IT Scope Review Audit A2023-06	2	2	100%	3.50
7	Economic Development - 380 Agreement Monitoring Audit A2023-07	2	1	50%	3.20
8	Division of Military Affairs - Travel and Accounts Payable Audit A2024-02	1	1	100%	3.91
9	Water Parks Financial Review Follow-Up Audit A2024-09	2	2	100%	3.91
10	Accounts Receivable Program Follow-Up Audit A2024-07	1	1	100%	2.82
	<b>Totals</b>	<b>20</b>	<b>13</b>	<b>65%</b>	<b>3.51</b>

* Rating	Score
Excellent	4
Good	3
Fair	2
Poor	1

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**CONCLUSION**

The 4<sup>th</sup> Quarter of the 2023-2024 Audit Plan was another productive quarter for the Internal Audit Department. During the 4<sup>th</sup> Quarter, a total of 11 Audits/Projects were completed by the staff and 4 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 4<sup>th</sup> 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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Edmundo S. Calderon, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor  
City of El Paso

Distribution:

Financial Oversight and Audit Committee

Dionne Mack, City Manager

Robert Cortinas, Deputy City Manager/Chief Financial Officer