



**2021-2022**  
**Annual Audit Plan**  
**2<sup>nd</sup> Quarter Update**

Issued by the  
Internal Audit Office  
As of February 28, 2022

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

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**INTRODUCTION**

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

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

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

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

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

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

As required by the International Standards for the Professional Practice of Internal Auditing, Standard 1110, the City of El Paso's Internal Audit Office continues to maintain its independence by reporting functionally to the Financial Oversight and Audit Committee (FOAC). The Internal Audit Office also reports to the City Manager, administratively and operationally. The FOAC and City Manager approves the Internal Audit Charter and annual risk-based Audit Plan. The FOAC also receives quarterly updates to the Annual Audit Plan from the Chief Internal Auditor. Standard 2060 requires the Internal Audit Office ensure conformance with the Code of Ethics and the Standards. The Code of Ethics Principles includes Integrity, Objectivity, Confidentiality and Competency. Any non-conformance will be reported.

## **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 2<sup>nd</sup> Quarter of the 2021-2022 Annual Audit Plan. Please see the Internal Audit Office's webpage for a copy of the audit reports listed below.*

### **Human Resources Department – Hiring Practices Review (Memo dated December 16, 2021)**

The Internal Audit Office conducted an assessment of the City of El Paso's Human Resources Department – Hiring Practices. The objectives for the Human Resources Department – Hiring Practices Review were to:

- Review all aspects of personnel practices related to hiring, promotions, and transfers.
- Evaluate controls in place intended to ensure the fair, uniform, and transparent selection of the best employee for the position.
- Assess the efficiency, effectiveness, and compliance with rules, regulations, and agreements of the solicitation, evaluation and appointment processes.
- Evaluate the overall system providing such services and identify opportunities for business process improvement.

Based on the results of the review, (3) three Observations were identified.

Observation 1:

- There are no limits on applicant qualification deficits that can be approved by the Civil Service Commission when an applicant appeals to the Commission.

Observation 2:

- The Human Resources Department (HR) is not maintaining and updating the NEOGOV User's Guide.
- HR Staff are not consistently informed of NEOGOV software updates or revisions to recruiting procedures.

Observation 3:

- The Human Resources (HR) Department does not have a Quality Control or a Monitoring Process in place for the review of recruitment steps documented in NEOGOV.

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

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

**Public Art Program Review (Memo dated November 30, 2021)**

The Internal Audit Office conducted a review of the El Paso Public Art Program administered by the Museum and Cultural Affairs Department (MCAD). The objectives of the review were to:

- Review the Public Art Program Policies and Procedures/Ordinance No. 017424.
- Determine if 2% of the net proceeds of construction projects financed by General Obligation Bonds, Revenue Bonds or Certificates of Obligation are set aside for the Public Art Program.
- Determine if appropriate documentation is in place to support artwork expenses and if the artwork expenses are properly reviewed and approved.

Based on the results of the review, (1) one Observation was identified. Our review identified that payments made to the Artists are not paid on time as stipulated by the Public Art Agreements. Payments are made to Artists by MCAD at various stages of the Public Art Program Process. Each Artist has a Public Art Agreement with the City stipulating the various payment due dates.

The results were communicated to the City Manager, Deputy City Manager of Quality of Life, and the Director of Cultural Affairs & Recreation. An electronic copy and a hardcopy of the Audit was distributed to the Mayor and City Representatives.

**City of El Paso Employee Hotline (As of February 28, 2022)**

As of the 2<sup>nd</sup> Quarter of the 2021-2022 Fiscal Year, the City of El Paso Employee Hotline has received 5 calls. As of February 28, 2022, 5 calls remained open from the 2<sup>nd</sup> Quarter. The investigations were conducted either by the Internal Audit Office or by the Human Resources Department.

The outreach campaign continues with the Internal Audit Office staff conducting presentations to selected City Departments regarding the Employee Hotline.

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

**Tax Office Refund Review Project**

During the 2<sup>nd</sup> Quarter, the Internal Audit Office conducted 25 Tax Office Refund reviews. For each review, memos were issued to the Tax Assessor Collector, Deputy City Manager of Support Services & Chief Financial Officer, and City Manager documenting our review.

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

## **PENDING AUDITS & PROJECTS**

*This section will provide the Financial Oversight and Audit Committee and the City Manager a short synopsis of the pending audits and projects currently being completed by the staff of the Internal Audit Office as of the end of the 2<sup>nd</sup> Quarter. A brief synopsis is provided on the scope and objective of the audit or project.*

### **International Bridges – Money Room Internal Control Review**

A review is being conducted of the Internal Controls within the Money Room at the International Bridges Department. The objectives of the International Bridges – Money Room Internal Control Review are to:

- Conduct audit work related to the internal controls over the International Bridges Money Room in order to ascertain if procedures currently being utilized are operating as intended by management.
- Determine if cash handling procedures used in the Money Room are consistent with Departmental Policies and Procedures and the City of El Paso Cash Management Policy,
- Determine if the International Bridges Money Room is operating in a control conscious environment as it relates to Cash Handling procedures.
- Document areas where inefficiencies may exist and where internal controls may be strengthened.

### **Cash Count Project – One Stop Shop**

A review is being conducted of the Internal Controls within the One Stop Shop at the Planning and Inspections Department. The objectives of the Cash Count Project – One Stop Shop Review are to:

- Conduct audit work related to the internal controls over the One Stop Shop in order to ascertain if procedures currently being utilized are operating as intended by management.
- Determine if cash handling procedures used in the One Stop Shop are consistent with Departmental Policies and Procedures and the City of El Paso Cash Management Policy,
- Determine if the One Stop Shop is operating in a control conscious environment as it relates to Cash Handling procedures.
- Document areas where inefficiencies may exist and where internal controls may be strengthened.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

**MV Transportation, Inc. Audit**

An audit is being conducted of the Lift Paratransit Services Contract No. 2019-607R between the City of El Paso and MV Transportation Inc. The audit objectives for the MV Transportation, Inc. Audit are to determine whether MV Transportation, Inc. is adhering to the terms and conditions of the Paratransit Services Contract 2019-607R – *Contracted Service for Lift Paratransit*.

Testing will include, but is not limited to, determining whether MV Transportation, Inc. is providing quality Paratransit Services to Sun Metro. This will include evaluating the:

- Reliability and integrity of financial and operational information,
- Customer Satisfaction,
- Safety,
- Vehicle Reliability.

**Accounts Receivable Program Audit**

An audit is being conducted of the City of El Paso’s Accounts Receivable Program. The audit objectives for the Accounts Receivable Program Audit are to determine whether the City of El Paso has effective controls, systems, and personnel to ensure accounts receivable are properly:

- Accounted for – by determining if accounts receivable are accurately recorded and invoiced in a timely manner in accordance with the *City of El Paso Accounts Receivable Policy* dated September 2020,
- Collected – by determining if delinquent accounts are being collected in accordance with procedures and internal controls over billing and collection,
- Reported – by determining if the Accounts Receivable balances provided to and reported by the Office of the Comptroller are accurate.

**Parks Department – Rental of Park Facilities Follow-Up Audit**

A Follow-Up Audit is being conducted on the Original Audit Report titled *Parks and Recreation Department – Rental of Park Facilities* dated September 26, 2019. The Audit Report contained (2) two Findings. The objectives of the Follow-Up Audit are to determine if recommendations to the two Findings have been implemented.

The original Findings identified:

- 1) The Parks and Recreation Department’s Operating Guidelines did not have documented procedures for calculating facility rental rates, miscellaneous rental fees, or procedures for the review of invoices for the security and cleaning services of facility rentals.
- 2) Reservations for the rental and use of Parks Facilities were not being paid on time as required by the Parks and Recreation Department’s Operating Guidelines and the Rental Permit requirements.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

**Water Parks Financial Review Audit**

An audit is being conducted of the City of El Paso's four newly constructed El Paso Water Parks. The El Paso Water Parks are managed and operated by ASM Global – Destination El Paso for the City of El Paso under Solicitation No. 2020-680R – *Civic, Convention Center & Tourism Services*. The objective of this audit is to perform an assessment of the El Paso Water Park's operations and financial activities.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

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

The FOAC met on February 8, 2022 to discuss the 1<sup>st</sup> Quarter Audit Plan Update of the Fiscal Year 2021-2022 Annual Audit Plan.

- Approval of Minutes for the Financial Oversight and Audit Committee meeting of October 21, 2021.
- Discussion and Action on FY 2021-2022 Audit Plan 1<sup>st</sup> Quarter Updates.
- Discussion on Client Surveys.



City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

**MISCELLANEOUS ITEMS**

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

**Training Sessions**

The Internal Audit Office staff participates in Continuing Professional Education (CPE) trainings and webinars to help maintain our competency and skill sets. As of the 2<sup>nd</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.

<b>Name</b>	<b>Position</b>	<b>CPE Hours</b>
Edmundo Calderon	Chief Internal Auditor	10.0
Mike Montiel	Audit Manager	29.6
Liz De La O	Auditor IV	42.6
Daryl Olson	Auditor IV	9.8
Miguel Ortega	Auditor III	8.4
Sergio Carrillo	Auditor II	18.7
John Monzon	Auditor I	37.2
Kay Gamboa	Auditor I	37.2

Listed below are a few of the CPE webinars our staff participated in during the 2<sup>nd</sup> Quarter:

*LinkedIn Learning – Webinar – “Performing a technical Security Audit and Assessment” on January 11, 2022 (4.6 CPE Hours)*

*Institute of Internal Auditors – Webinar – “Internal Auditor’s Role in Fraud Risk Management” on January 18, 2022 (1.0 CPE Hour)*

*Institute of Internal Auditors – Webinar – “IIA Phoenix Data Privacy Seminar” on January 26, 2022 (4.0 CPE Hours)*

*Center for Excellence in Public Leadership – Webinar – “Preparing for Ransomware Attacks Targeting State and Local Government Agencies” on January 27, 2022 (1.0 CPE Hour)*

*LinkedIn Learning – Webinar – “Accounting Ethics” on February 09, 2022 (1.4 CPE Hours)*

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

**Community Service**

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

Sergio Carrillo continues to volunteer as a Board Member.

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

Miguel Montiel and Liz De La O continue to volunteer as Board Members.

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

Edmundo Calderon continues to volunteer as a Board Member.  
Kay Gamboa volunteered to assist the Board.

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

**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 2021-2022 Annual Audit Plan. An analysis is provided listing the Audits/Projects scheduled by quarter with their associated budgeted hours. The actual audit hours worked per Audit/Project is provided. This analysis is a great management tool to demonstrate how the Internal Audit Office's resources are being used.*

	BUDGETED HOURS	YTD as of 02/28/2022
<b>First Quarter</b>	-	-
(CarryFwds) Change in Management Audit – Museum of Art	300.00	96.50
(CarryFwds) Change in Management Audit – Museum of History	300.00	45.75
(CarryFwds) 2 <sup>nd</sup> Follow-Up Audit – Sun Metro Overtime Follow-Up Audit (A2019-01)	300.00	55.75
(CarryFwds) Human Resources Department – Hiring Practices	300.00	96.25
Follow-Up Audit - Parks and Recreation Department - Rental of Park Facilities Audit (A2019-08)	250.00	199.00
Longevity Project	100.00	8.75
Hotel Occupancy Tax Audits - Administration	50.00	82.50
Franchise Fee Audits - Administration	50.00	3.00
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	5.50
Fire Department Medicare Compliance Review	40.00	0.50
Tax Office Refund Review Project	100.00	52.00
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	250.00	-
City Employee Hotline	75.00	167.25
Contingency Hours	404.00	-
Audit Plan	-	333.00
CARES Act Audit	-	57.00
City Leases	-	37.00
Consulting	-	4.75
UETA Lease Review	-	254.00
Administrative Duties - Chief Internal Auditor	225.00	245.00
Administrative Duties – Audit Supervisor	90.00	208.75
Administrative Duties - Staff Auditor	480.00	597.50
Administrative Duties – Financial Research Assistant	434.00	-
Auditor Training	135.00	696.50
Vacation/Sick Leave/Holiday	707.00	593.50
<b>Total</b>	<b>4,680.00</b>	<b>3,840.25</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/2022</b>
<b>Second Quarter</b>	-	-
(CarryFwds) Pension Office – Retiree Confirmation Project	300.00	200.50
(CarryFwds) Cash Count Project - One Stop Shop	200.00	60.50
(CarryFwds) Public Art Program (2% for the Arts) Project	250.00	219.25
Water Park Financial Review	500.00	163.00
Follow-Up Audit: Fire Department - Billing Audit (A2019-05)	350.00	20.25
Longevity Project	100.00	25.00
Hotel Occupancy Tax Audits - Administration	50.00	17.00
Franchise Fee Audits - Administration	50.00	3.00
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	8.00
Tax Office Refund Review Project	100.00	86.25
City Employee Hotline	75.00	23.25
Contingency Hours	480.00	-
Audit Plan	-	267.75
Consulting	-	3.75
COVID-19	-	40.25
Administrative Duties - Chief Internal Auditor	225.00	298.00
Administrative Duties - Auditor IV	90.00	213.00
Administrative Duties - Staff Auditors	480.00	478.00
Administrative Duties - Financial Research Assistant	426.00	-
Auditor Training	135.00	980.00
Vacation/Sick Leave/Holiday	707.00	640.25
<b>Total</b>	<b>4,608.00</b>	<b>3,747.00</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

<b>Third Quarter</b>	-	-
(CarryFwds) Travel Reviews: Various City Departments	250.00	-
Sun Metro Lift Program	500.00	295.00
Human Resources - Health Benefit Audit	500.00	-
Streets and Maintenance Department - Street Reconstruction Audit	250.00	-
Follow-Up Audit - Parks Department - 2012 CIP Bond Audit (A2020-09)	250.00	-
Follow-Up Audit - Neighborhood Traffic Management Program (NTMP) Audit (A2021-02)	250.00	-
International Bridges - Money Room Internal Control Review	200.00	118.00
Longevity Project	100.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Fire Department Medicare Compliance Review	40.00	-
Tax Office Refund Review Project	100.00	-
City Employee Hotline	75.00	-
Contingency Hours	160.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	480.00	-
Administrative Duties - Financial Research Assistant	466.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	491.00	-
<b>Total</b>	<b>4,752.00</b>	<b>413.00</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

	BUDGETED HOURS	YTD as of 02/28/2022
<b>Fourth Quarter</b>	-	-
Accounts Receivable Program Audit	500.00	143.50
Municipal Court Financial Review	500.00	-
CARES Act - Rental & Utility Assistance Programs	500.00	-
Streets and Maintenance Department - Street Reconstruction Audit	250.00	-
Follow-Up Audit - Streets and Maintenance (SAM) Fuel Card Audit (A2020-08)	250.00	-
Longevity Project	100.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Tax Office Refund Review Project	100.00	-
City Employee Hotline	75.00	-
Contingency Hours	336.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	480.00	-
Administrative Duties - Financial Research Assistant	458.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	563.00	-
<b>Total</b>	<b>4,752.00</b>	<b>143.50</b>
<b>Totals for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> &amp; 4<sup>th</sup> Quarters</b>	<b>18,792.00</b>	<b>8,143.75</b>

City of El Paso  
Internal Audit Office  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2021-2022 Audit Plan Update  
As of February 28, 2022

---

**CONCLUSION**

The 2<sup>nd</sup> Quarter of the 2021-2022 Audit Plan was another productive quarter for the Internal Audit Office. During the 2<sup>nd</sup> 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 Office staff made a strong effort to complete as many audits and projects as possible during the 2<sup>nd</sup> Quarter.

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

Respectfully Submitted



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

**Distribution:**

Financial Oversight and Audit Committee  
Tomas Gonzalez, City Manager