



**2023-2024
Annual Audit Plan
1st Quarter Update**

Issued by the
Internal Audit Department
As of November 30, 2023

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 Senior Management 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 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 *International Standards for the Professional Practice of Internal Auditing*, Standard 1110, 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 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 2060 requires the Internal Audit Department 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.

We conduct audits in accordance with both *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*.

COMPLETED AUDITS & PROJECTS

This section will provide the Financial Oversight and Audit Committee and the City Manager a short synopsis of every audit and project completed during the 1st Quarter of the 2023-2024 Annual Audit Plan. Please see the Internal Audit Department's webpage for a copy of the audit reports listed below.

City Council & City Manager's Office P-Card and Travel Review - Calendar Years 2020, 2021 and 2023 (Memo dated December 8, 2023)

At the request of the FOAC, the Internal Audit Department conducted a review of Procurement Card (P-Card) and Travel transactions made by the City Council and the City Manager's Office. The objectives of this review were to determine if the P-Card Program Administrators responsible for the Mayor's Office, City Council and City Manager's Office were properly reviewing and monitoring expenditures. In addition, to ascertain if proper purchasing and travel procedures have been followed.

We are currently waiting for "Management Responses" from the Office of Management & Budget. Once we receive the "Management Responses", we will release the full details of our Audit. We will provide details in the following areas.

1. Data entered into the Wells Fargo P-Card System.
2. Issues identified with City's Travel Policy.
3. The use of Early Bird Check-in on Staff and Elected Official's travel.
4. P-Card Supporting Documentation.
5. Travel Requests Reconciliation

Sun Metro – Parking Garage Contract Audit (Report dated December 12, 2023)

The Internal Audit Department conducted an audit of Solicitation No. 2017-1163R – *Property & Parking Garage Management Services* dated December 12, 2017. The contract between the City of El Paso and ASM Global was to manage 2 Parking Garages and 1 Surface Parking Lot. The objective of the audit was to perform a contract closeout assessment of Solicitation No. 2017-1163R to determine if terms and conditions between the City of El Paso and ASM Global were met.

We are currently waiting for "Management Responses" from Sun Metro. Once we receive the "Management Responses", we will release the full details of our Audit. We will provide details in the following areas.

1. The discovery of an alternate document used in the calculation of payments to the Contractor.
2. The recalculation of payments due to the Contractor using the original Solicitation Terms and Conditions.

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City Council Special Audit Request – Solicitation #2024-0245R

The Internal Audit Department completed the specification requirements to advertise the Request for Qualifications (RFQ) regarding the City Council Special Audit Request. The RFQ was advertised on December 19, 2023. The contract is expected to be awarded by approximately April 9, 2024.

IT/Cybersecurity Audits – Solicitation # 2024-0244R

The Internal Audit Department completed the specification requirements to advertise the Request for Qualifications (RFQ) regarding the IT/Cybersecurity Audits. The RFQ was advertised on December 19, 2023. The contract is expected to be awarded by approximately April 9, 2024.

City of El Paso Employee Hotline (As of November 30, 2023)

During the 1st Quarter of the 2023-2024 Fiscal Year, the City of El Paso Employee Hotline received 8 calls and 4 remain open as of November 30, 2023. The investigations were conducted either by the Internal Audit Department or by the Human Resources Department.

Tax Office Refund Review Project

During the 1st Quarter, the Internal Audit Department conducted 16 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 1st Quarter. A brief synopsis is provided on the scope and objective of the audit or project.

City Attorney – Servicemembers Civil Relief Act Project

At the request of the Office of the City Attorney, a review is being conducted of Servicemember vehicles sold at auction by the El Paso Municipal Vehicle Storage Facility.

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.

Economic Development – 380 Agreement Monitoring Audit

An audit is being conducted of the Economic Development – 380 Agreement Monitoring Program. The objective of the audit is to determine if the Economic & International Development Department has established an effective monitoring program to ensure that businesses and the City of El Paso comply with:

- Chapter 380 of the Texas Local Government Code
- The City of El Paso Chapter 380 Economic Development Program guidelines
- 380 Agreement payout terms and deliverables

Also, evaluate the reporting mechanism used by 380 Agreement/Incentive recipients to report their deliverables or activities for each year.

El Paso Zoological Society Agreement Audit

An audit is being conducted of the El Paso Zoological Society Agreement. The audit objectives for the audit are to perform an assessment of the License Agreement between the City Of El Paso and the El Paso Zoological Society to:

- Determine if the Society is compliant with following the major requirements of the License Agreement.
- Determine if the City has proper internal controls in place to monitor and ensure the Society is complaint with the License Agreement.
- Evaluate the operational program performance trends of the Zoological Society.
- Document any “considerations” made between the Zoo and the Society outside the License Agreement.

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Property Control IT Scope Review Audit

An audit is being conducted of the Department of Information Technology Services (DoITS) property control. The objective of the audit is to confirm the physical existence and proper disposition of IT assets purchased by and belonging to the City of El Paso. To achieve the objectives, we will determine if:

- DoITS has Asset Management Policies that are National Institute of Standards and Technology (NIST) compliant.
- Proper inventory records are maintained.
- Internal controls exist to ensure assets are properly safeguarded.
- Proper procedures exist for equipment end-of-life disposal.

Veteran & Military Affairs – Travel and Accounts Payable Audit

An audit is being conducted at the Division of Military Affairs to review both Travel and Accounts Payable transactions. The objective of the audit is to determine if:

- Veteran & Military Affairs is adhering to the *City of El Paso Travel Policy* and *Procurement Card Policy*.
- Veteran & Military Affairs is adhering to the *City of El Paso Accounts Payable Policy*.
- The transactions had a Municipal Purpose.

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FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)

- I. The FOAC met on October 16, 2023 to discuss the Special Audit Requests, the 4th Quarter Audit Plan Update of Fiscal Year 2022-2023 Annual Audit Plan and the Fiscal Year 2023-2024 Annual Internal Audit Plan.
- Minutes for the Financial Oversight and Audit Committee meeting on July 20, 2023 were approved.
 - Discussion and Action was taken on the Special Audit Requests from the May 9th City Council Meeting.
 - Discussion and Action was taken on the Fiscal Year 2022-2023 Audit Plan 4th Quarter Updates.
 - Discussion and Action was taken on the Fiscal Year 2023-2024 Annual Audit Plan.
 - Discussion on Client Surveys was conducted.

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MISCELLANEOUS ITEMS

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

TRAINING SESSIONS

The Internal Audit Department staff participates in Continuing Professional Education (CPE) trainings and webinars to help maintain our competency and skill sets. As of the 1st Quarter, staff have earned the following number of CPE hours. Staff with professional certifications are required to earn 40 CPE hours per calendar year.

Name	Position	CPE Hours
Edmundo Calderon	Chief Internal Auditor	49.50
Daryl Olson	Audit Manager	57.70
Mike Montiel	Auditor IV	56.60
Liz De La O	Auditor IV	83.70
Miguel Ortega	Auditor III	54.50
Sergio Carrillo	Auditor II	90.30
Esmeralda Herrera	Auditor II	97.60
Christian Castro	Auditor I	67.50

COMMUNITY SERVICE

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

- II. Institute of Internal Auditors – El Paso Chapter
Sergio Carrillo volunteered as a Board 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.

	BUDGETED HOURS	YTD as of 11/30/23
First Quarter	-	-
(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	85.25
(Carry Fwds) Sun Metro - Parking Garage Contract Review Audit (A2023-03)	100.00	351.50
(Carry Fwds) Ford Parts & Service Solicitation Process Review (P2023-08)	50.00	16.50
(Carry Fwds) Follow-Up Audit: SAM - Transportation Management Division - Cyber Security Assessment	250.00	-
(Carry Fwds) Planning and Inspections - Permit Review Audit	500.00	-
(Carry Fwds) Sun Metro Money Room - Internal Control Review	400.00	-
City Council Special Audit Request - Scope & Objectives	200.00	66.75
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		9.00
P-Card Council		431.25
Migrant Crisis		31.25
Administrative Duties - Chief Internal Auditor	225.00	304.00
Administrative Duties - Audit Supervisor	90.00	133.50
Administrative Duties - Staff Auditor	480.00	587.25
Auditor Training	120.00	340.75
Vacation/Sick Leave/Holiday	390.00	601.00
Total	4,176.00	3,582.75

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	BUDGETED HOURS	YTD as of 11/30/23
Second Quarter	-	-
(Carry Fwds) Pension Office Digitization and Cybersecurity Review Project (P2023-07)	200.00	47.25
2nd Follow-Up Audit: Fire Department - Billing Audit	250.00	-
Follow-Up Audit: Water Parks Financial Review Audit	250.00	-
El Paso Zoological Society Agreement Audit	500.00	223.00
Economic Development - 380 Agreement Monitoring Audit	500.00	231.25
Follow-Up Audit: Accounts Receivable Program Audit	250.00	-
Longevity Project	50.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Servicemembers Civil Relief Act Project	50.00	-
Franchise Fee Audits (Spectrum) - 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	456.00	-
Audit Plan	-	-
Consulting	-	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	480.00	-
Auditor Training	120.00	-
Vacation/Sick Leave/Holiday	390.00	-
Total	4,176.00	501.50
Third Quarter	-	-
Follow-Up Audit: Human Resources - Employee Insurance Benefit Review Audit	250.00	-
Division of Veteran & Military Affairs - Travel and Accounts Payable Audit	500.00	73.75
El Paso International Airport - Accounts Payable Audit	500.00	-
Cyber Security - Administration	250.00	-
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	400.00	-
Longevity Project	50.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Servicemembers Civil Relief Act Project	50.00	-
Franchise Fee Audits (Spectrum) - 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	506.00	-
Audit Plan	-	-
Consulting	-	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-

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Administrative Duties - Staff Auditors	480.00	-
Auditor Training	120.00	-
Vacation/Sick Leave/Holiday	390.00	-
Total	4,176.00	73.75
	BUDGETED HOURS	YTD as of 11/30/23
Fourth Quarter	-	-
Department of Public Health- Internal Control Review	250.00	-
Parkland Dedication Fees Audit	500.00	-
U-Matter Card Program Review	250.00	-
Accounts Receivable - Hotel Occupancy Tax Audits	250.00	-
Grants Administration Division - Sub-Recipient Monitoring Project	250.00	-
On Call Services Agreement Audit	500.00	-
Longevity Project	50.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Servicemembers Civil Relief Act Project	50.00	-
Franchise Fee Audits (Spectrum) - 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	406.00	-
Audit Plan		-
Consulting		-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	480.00	-
Auditor Training	120.00	-
Vacation/Sick Leave/Holiday	390.00	-
Total	4,176.00	-
Totals for 1st, 2nd, 3rd & 4th Quarters	16,704.00	4,158.00

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CONCLUSION

The 1th Quarter of the 2023-2024 Audit Plan was another productive quarter for the Internal Audit Department. During the 1st Quarter a total of 6 Audits/Projects were completed by the staff and 6 Audits/Projects are in various stages of planning or completion.

The Internal Audit Department staff made a strong effort to complete as many Audits and Projects as possible during the 1st Quarter.

It continues to be a pleasure serving the Mayor and City Council, the Financial Oversight and Audit Committee, the City Manager (Interim), 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

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Financial Oversight and Audit Committee

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