



AGENDA FOR THE FINANCIAL OVERSIGHT AND AUDIT COMMITTEE

June 17, 2025

COUNCIL CHAMBERS, CITY HALL, 300 N. CAMPBELL - FIRST FLOOR

10:00 AM

Notice is hereby given that a meeting of the Financial Oversight and Audit Committee (FOAC) will be conducted on the above date and time.

Members of the public may view the meeting via the following means:

Via the City's website. <http://www.elpasotexas.gov/videos>

Via television on City15,

YouTube: <https://www.youtube.com/user/cityofelpasotx/videos>

In compliance with the requirement that the City provide two-way communication for members of the public, members of the public may communicate with the Financial Oversight and Audit Committee during public comment, and regarding agenda items by calling the following number:

1-915-213-4096 or Toll Free Number: 1-833-664-9267

At the prompt please enter the corresponding Conference ID: 347-224-882#

If you wish to sign up to speak please contact Miguel Montiel at MontielMA@elpasotexas.gov no later than two (2) hours prior to the meeting date and time. Please provide your name, phone number, email address and the agenda item(s) you wish to speak on.

A quorum of the Financial Oversight and Audit Committee must be present and participate in the meeting.

ROLL CALL

PLEDGE OF ALLEGIANCE

AGENDA

1. Approval of Minutes for the Financial Oversight and Audit Committee meeting of June 5, 2025. [Internal Audit, Edmundo Calderon, (915) 212-1365] [BC-796](#)
2. Presentation and discussion by Weaver and Tidwell, LLP on City of El Paso's Internal Audit Current State, Maturity, and Needs Assessment. [Weaver and Tidwell, Brandon Tanous, (832) 320-3275] [BC-797](#)

ADJOURN

CLOSED MEETING

The Financial Oversight and Audit Committee of the City of El Paso may retire into CLOSED MEETING pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Chapter 551, Subchapter D, to discuss any of the following: (The items listed below are matters of the sort routinely discussed in Closed Meeting, but the Financial Oversight and Audit Committee of the City of El Paso may move to Closed Meeting any of the items on this agenda, consistent with the terms of the Open Meetings Act.) The Financial Oversight and Audit Committee will return to open session to take any final action and may also, at any time during the meeting, bring forward any of the following items for public discussion, as appropriate.

Section 551.071 CONSULTATION WITH ATTORNEY

Section 551.072 DELIBERATION REGARDING REAL PROPERTY

Section 551.073 DELIBERATION REGARDING PROSPECTIVE GIFTS

Section 551.074 PERSONNEL MATTERS

Section 551.076 DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS

Section 551.087 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS

Section 551.089 DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS;
CLOSED MEETING

NOTICE TO THE PUBLIC

This is a meeting of the Financial Oversight and Audit Committee of the El Paso City Council. The committee ordinarily consists of 4 Council members for purposes of establishing a quorum and the voting membership on the committee. However, any other member of the City Council may, on an ad hoc basis, join the meeting and participate in the discussions.

Sign language interpreters will be provided for this meeting upon request. Requests must be made to Miguel Montiel at MontielMA@elpasotexas.gov a minimum of 48 hours prior to the date and time of this hearing.

If you need Spanish Translation Services, please email MontielMA@elpasotexas.gov at least 48 hours in advance of the meeting.

Posted this 13th day of June at 9:28 a.m., at City Hall, 300 N. Campbell Street by Sergio Carrillo.



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-796, Version: 1

**CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM**

AGENDA LANGUAGE:

This is the language that will be posted to the agenda. Please use ARIAL 11 Font.

Approval of Minutes for the Financial Oversight and Audit Committee meeting of June 5, 2025. [Internal Audit, Edmundo Calderon, (915) 212-1365]



FINANCIAL OVERSIGHT AND AUDIT COMMITTEE MINUTES

June 5, 2025

COUNCIL CHAMBERS, CITY HALL

2:00 PM

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The Financial and Oversight and Audit Committee members of the City of El Paso met at the above place and date. Meeting was called to order at 2:01 p.m. Committee Chair Dr. Josh Acevedo was present and presiding and the following Committee Members answered roll call: Dr. Josh Acevedo, Alejandra Chávez, Ivan Niño, Edmundo Calderón – Chief Internal Auditor, and Dionne Mack – City Manager. Committee Member Deanna Maldonado-Rocha asked to be excused from the meeting.

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PLEDGE OF ALLEGIANCE

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AGENDA

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1. Motion made by Committee member Niño, seconded by Committee member Chávez, and unanimously carried to **APPROVE** the Minutes for the Financial Oversight and Audit Committee meeting of May 8, 2025.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS:

None

ABSENT: Committee Member Deanna Maldonado-Rocha

-
2. **Discussion and Action on the results of the El Paso International Airport - Accounts Payable Audit A2025-02.**

Mr. Edmundo Calderón – Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

The following City staff members commented:

- Tony Nevarez, Director of Aviation.
- Debbie Olivas, Assistant Director of Business & Finance.
- Sergio Estrada, Deputy City Attorney.

Motion made by Committee Member Chávez, seconded by Committee Member Niño, and unanimously carried to **APPROVE** the results of the El Paso International Airport – Accounts Payable Audit A2025-02 and send to City Council for action.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS: None

ABSENT: Committee Member Maldonado-Rocha.

3. **Discussion and Action on the results of the Division of Veteran and Military Affairs – Travel and Accounts Payable Follow-Up Audit A2025-03.**

Mr. Edmundo Calderón - Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Ms. Dionne Mack, City Manager.

Motion made by Committee Member Niño, seconded by Committee Member Chávez, and unanimously carried to **ACCEPT** the results of the Division of Veteran and Military Affairs – Travel and Accounts Payable Follow-Up Audit A2025-03.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS: None

ABSENT: Committee Member Maldonado-Rocha.

4. **Discussion and Action on the Audit Scope and Objectives for the approved Code Compliance Audit.**

Mr. Edmundo Calderón - Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

Motion made by Committee Member Chávez, seconded by Committee Member Niño, and unanimously carried to **ACCEPT** the results of the Audit Scope and Objectives for the approved Code Compliance Audit.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS: None

ABSENT: Committee Member Maldonado-Rocha

5. **Discussion and Action on the Emergency Solutions Grant Audit Scope Change to Single-Family Owner-Occupied Renovation Program.**

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.

The following City staff member commented:

- Sergio Estrada, Deputy City Attorney.

Motion made by Committee Chair Member Acevedo, seconded by Committee Member Chávez, and unanimously carried to **TABLE** the request to change the Emergency Solutions Grant Audit Scope to the Single-Family Owner-Occupied Renovation Program.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS: None

ABSENT: Committee Member Maldonado-Rocha

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ADJOURN

Motion made by Committee Member Chávez seconded by Committee Member Niño and unanimously carried to **ADJOURN** the meeting at 3:01 p.m.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS: None

ABSENT: Committee Member Maldonado-Rocha

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APPROVED AS TO CONTENT:

Dr. Josh Acevedo – Committee Chair,
Financial Oversight and Audit Committee

Edmundo S. Calderon – Chief Internal Auditor,
Internal Audit Department



El Paso, TX

300 N. Campbell
El Paso, TX

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**CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM**

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Presentation and discussion by Weaver and Tidwell, LLP on City of El Paso's Internal Audit Current State, Maturity, and Needs Assessment. [Weaver and Tidwell, Brandon Tanous, (832) 320-3275]

City of El Paso

Internal Audit Current State,
Maturity, and Needs
Assessment – *Preliminary
Results*

June 2025

1. Approach and Procedures
2. Maturity Model and Scale
3. Preliminary Summary of Results
4. Results Overview
5. Engagement Team

Engagement Scope and Approach

The **scope** of the engagement was to assess the current structure, organization, roles, responsibilities, and practices implemented within the City's Internal Audit Department and coordinating activities to determine if they reflect best practices and have the tools, resources, and capabilities to address the needs of the City.

To effectively assess the scope, Weaver utilized a **customized** maturity model for the City of El Paso to **benchmark** current practices, which was informed by:

- Capability Maturity Model Framework (CMM)
- International Professional Practices Framework (IPPF) / Global Audit Standards
- Generally Accepted Government Auditing Standards (GAGAS)
- COSO Integrated Risk Management Framework

While El Paso's IA function has demonstrated necessary alignment with the above audit standards via required peer reviews, this assessment focused on the **current maturity level** of the City's Internal Audit function to provide a clear **roadmap** to support both **short** and **long-term** improvement initiatives aligned with leading internal audit practices.



Our assessment involved a comprehensive review of the Internal Audit function, including:

1. Evaluation against Standards

Evaluated the Internal Audit program against IIA Global Internal Audit Standards, the IPPF, GAGAS requirements, and recognized best practices across:

- **5 Key Elements:**
 - A. Ethics, independence, and professional judgment
 - B. Governance over the IA Function
 - C. Management of the IA Function
 - D. Engagement Level Planning and Execution
 - E. Communication, Reporting, and Monitoring
- **14 Components**
- **55 Evaluation Criteria**

2. Stakeholder Engagement and Future-State Alignment

Conducted document reviews and interviews with City management, the Mayor, Councilmembers, the Chief Audit Executive and Internal Audit managers, and other stakeholders to obtain insight on the current roles, responsibilities, function and collaboration with the IA Department and to establish a target maturity level aligned with future goals.

3. Peer Review Analysis and Benchmarking

Reviewed prior IA peer review results and supporting documentation to identify sufficiency of current practices and procedures against IIA and GAGAS standards. Sought additional recommendations and best practices for IA optimization from comparable peer audit functions

4. Workpaper Sampling

Sampled Internal Audit engagement files, including planning, analysis, review, and reporting documentation, to determine the level of support for each sampled report.

5. Policy and Procedure Review

Assessed Internal Audit policies, manuals, procedural guides, and directives including internal audit staff training plans and requirements.

6. Risk Assessment Process Review

Performed a detailed review of the IA function's risk assessment methodology and tools that are utilized to develop the internal audit plan.

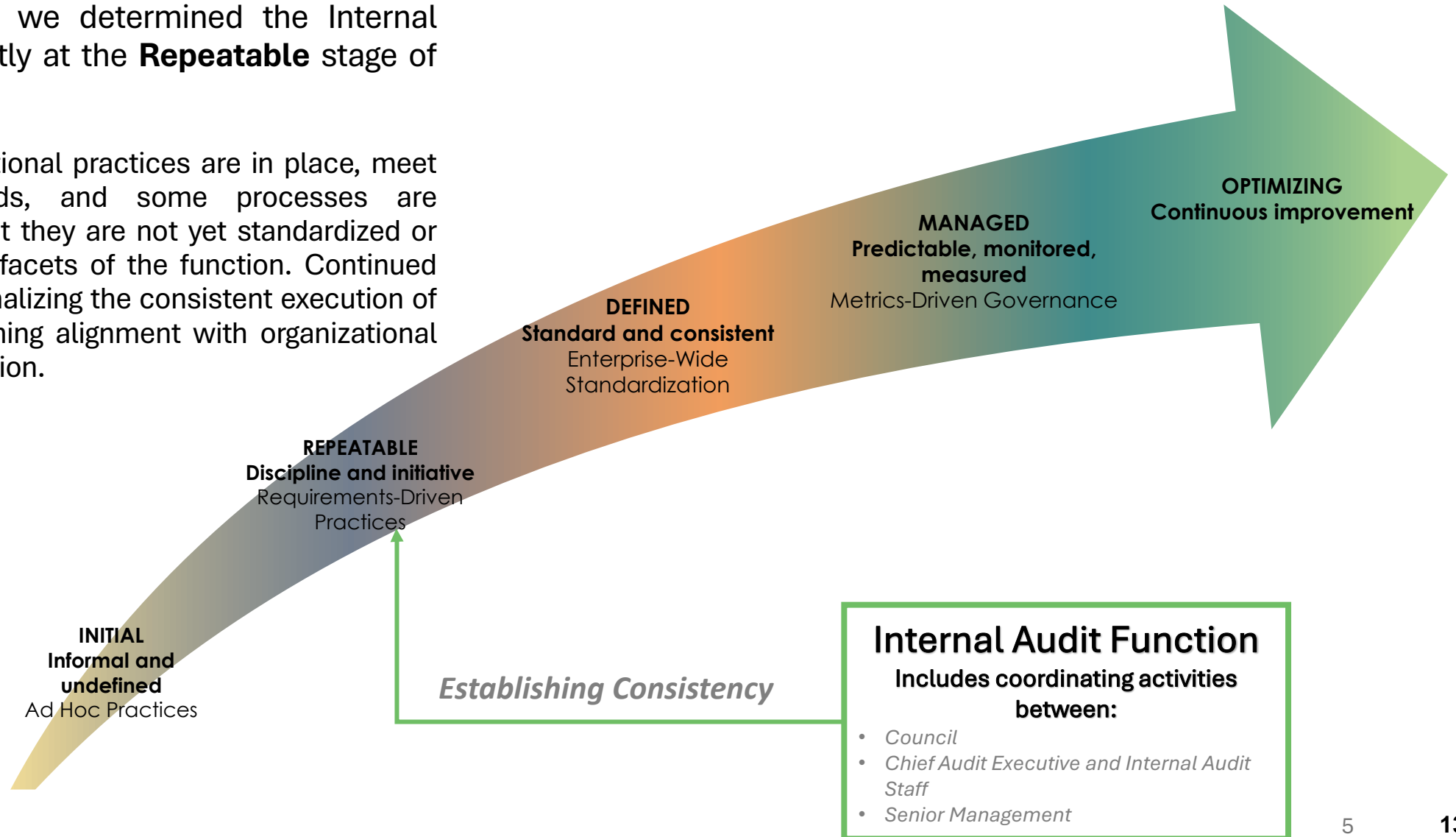
7. IA Charter Review

Evaluated the Internal Audit Charter for alignment with professional standards and current organizational expectations.

Current State Maturity Assessment

From our assessment, we determined the Internal Audit function is currently at the **Repeatable** stage of maturity.

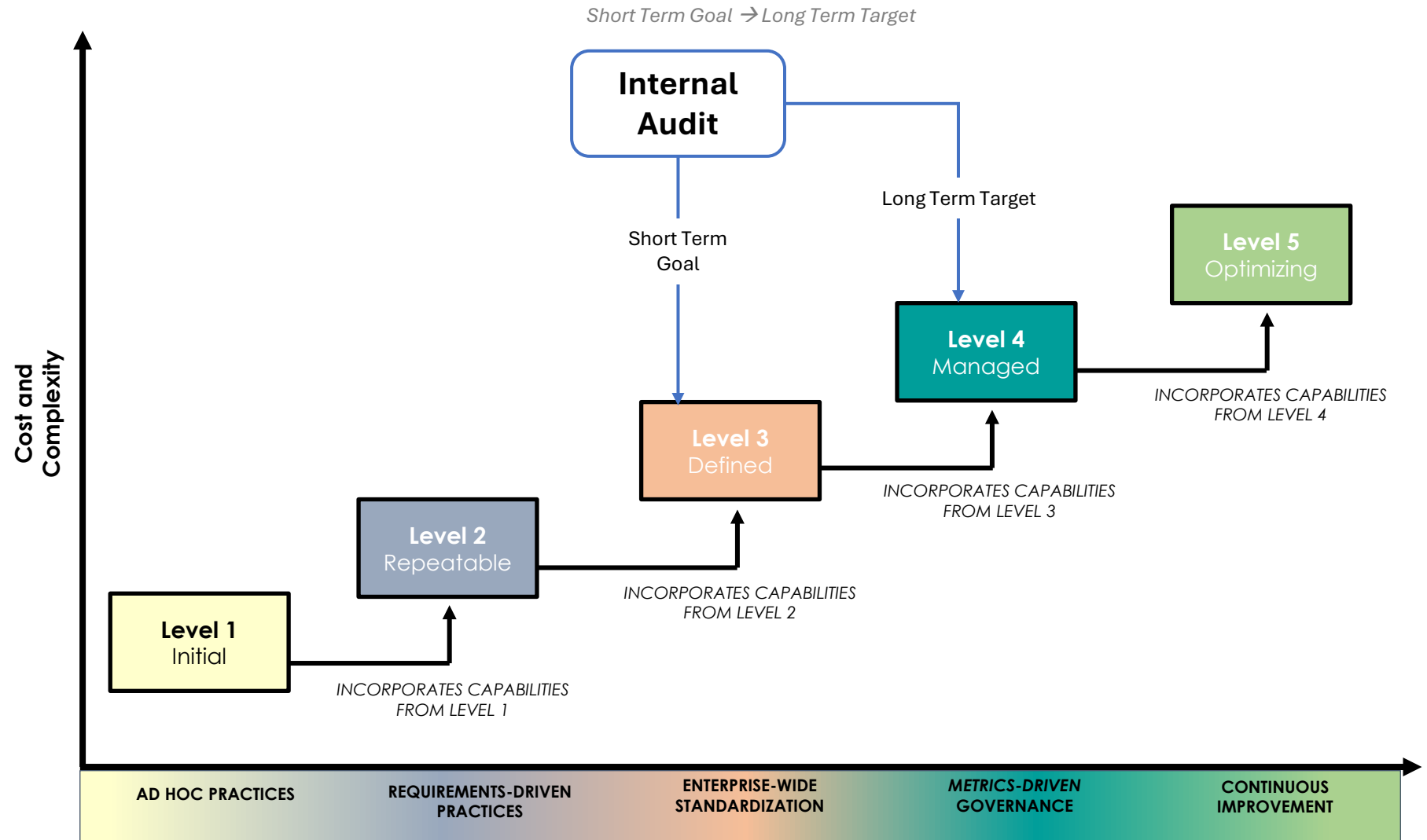
This indicates that foundational practices are in place, meet minimum audit standards, and some processes are performed consistently, but they are not yet standardized or fully integrated across all facets of the function. Continued progress will focus on formalizing the consistent execution of procedures and strengthening alignment with organizational objectives, strategy, and vision.



Internal Audit Maturity Goals

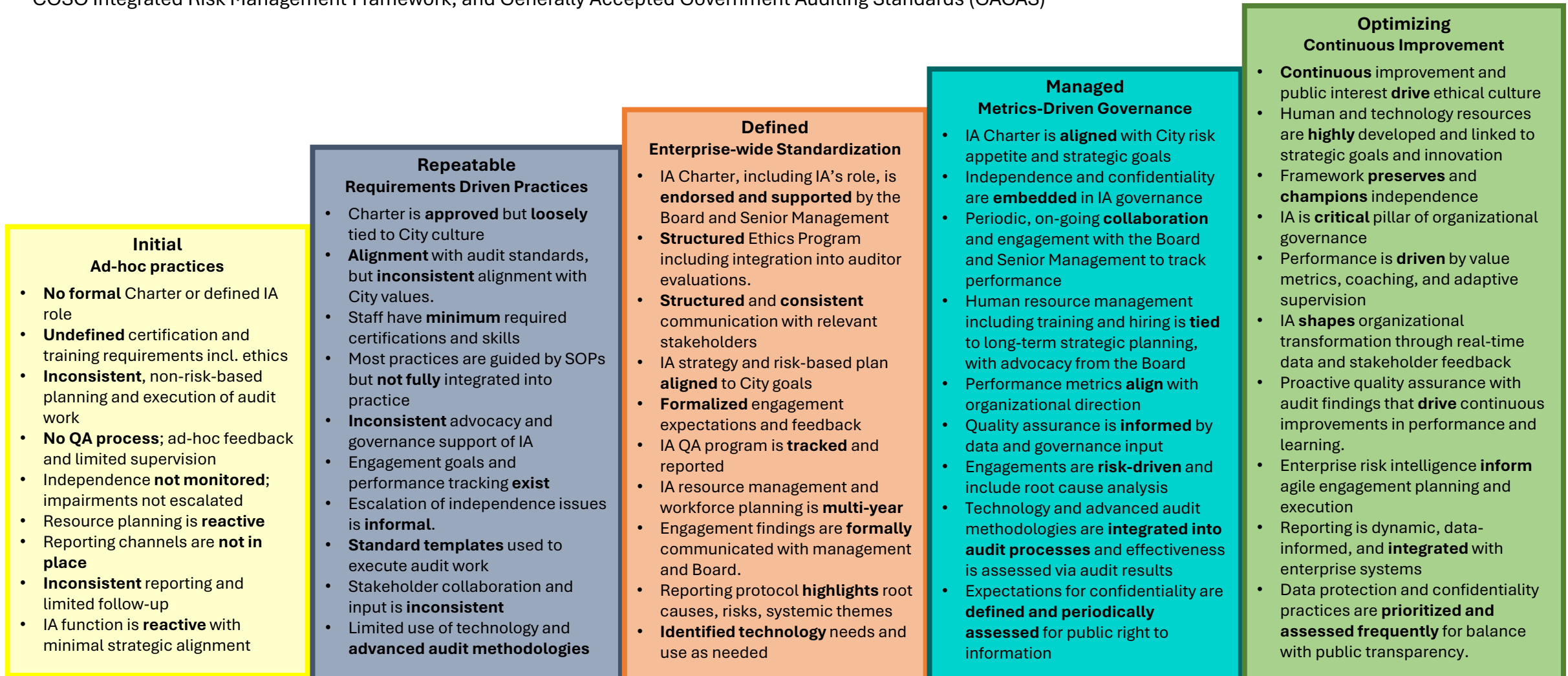
Organizations should expect that moving from each level of maturity includes additional components of:

- Cost
- Complexity
- Advanced Business Practices



Internal Audit Maturity Scales

The below scale provides the definitions used in the Internal Audit Assessment for the City of El Paso. It is modeled using the IIA Global Internal Audit Standards framework, COSO Integrated Risk Management Framework, and Generally Accepted Government Auditing Standards (GAGAS)



Internal Audit Maturity Model

Elements and Components

The Maturity Assessment for the City of El Paso’s Internal Audit function was based on both the Institute of Internal Auditors’ International Professional Practices Framework (IPPF)/Global Internal Audit Standards and the U.S. Government Accountability Office’s Generally Accepted Government Auditing Standards (GAGAS). These frameworks are principle-focused and provide a comprehensive foundation for performing, promoting, and continuously improving internal auditing in the public sector.

ELEMENTS							
Ethics, Independence, and Professional Judgment			Governance over the Internal Audit Function		Management of the Internal Audit Function		
COMPONENTS							
Ethics and Integrity	Internal Audit Professionalism	Structural Independence and Objectivity	Internal Audit Mandate	Authorization and Oversight of IA	Performance Management	Strategic and Organizational Alignment	Quality Management
CRITERIA							
Ethics Training Program	Professional Certifications	Audit Reporting Structure and Positioning	IA Mandate	Board oversight and monitoring	Engagement objectives and performance goals	IA Strategy	Defined QA Program and Objectives
Alignment to Organizational Ethics Objectives	Technical Competencies	Auditor Qualifications and Requirements	IA Charter	Resource and budget governance	Engagement-level supervision	Strategic Alignment with Organizational Priorities	External Assessments
IA Contribution to Ethical Expectations	Confidentiality of Information	Independence Considerations for Nonaudit Services	Board and Senior Management Support	IA role within the organizational strategy	Feedback and Improvement Communication	Methodology-Driven Execution	Internal Assessments
Stakeholder Feedback on Ethical Standards	Public Transparency	Board Communication and Interaction				Audit Plan Integration with Strategy	Alignment of QA Results to Drive Improvement
Ethics-Related Auditor Performance Evaluation		Management Communication and Interaction					

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Internal Audit Maturity Model *(cont.)*

ELEMENTS					
Engagement Level Planning and Execution					Communication, Reporting, and Monitoring
COMPONENTS					
Engagement Independence and Individual Objectivity	Engagement Planning and Alignment	Engagement Resource Management	Engagement Execution and Findings	Technology	Communicate Engagement Results and Monitor Action Plans
CRITERIA					
Policies and Individual Independence Framework	Pre-engagement information gathering	IA Resourcing Strategy	Gathering Audit Evidence and Analysis	Technological Resource Management	Communication of audit results
Independence Risk Awareness	Engagement objectives and scope	IA Financial Budget	Documentation and Workpapers	Technology Strategic Alignment	Reporting format
Impairment Recognition and Documentation	Evaluation Criteria	IA Human Resource Management	Developing Findings	Collaboration with Technology stakeholders	Value of Audit Results
Applying safeguards	Structured, Risk-Informed Engagement Plan and Work Programs		Audit Recommendations and Action Plans	Technology Fluency	Recommendations, Action plans, and monitoring
					Reporting disclosures and limitations

Summary of Preliminary Results

Weaver's assessment over the City of El Paso's Internal Audit (IA or 'the function') function indicated that the function is operating at the '**Repeatable**' level with some progress into '**Defined**'. This is consistent with the expectations and understanding shared by City of El Paso stakeholders at the initiation of this review.

The Core Themes:



1. Stakeholder Engagement, Communication, and Collaboration

- Enhanced, ongoing communication with governance and management stakeholders is critical to reinforcing Internal Audit's role as a **trusted, collaborative advisor**. There is an opportunity to strengthen how and when stakeholders (especially the FOAC and senior management) are engaged, ensuring **alignment on roles, responsibilities, expectations, and feedback** throughout the audit lifecycle. A mutual understanding of these roles will support objectivity, transparency, and responsiveness, while enabling the delivery of timely, relevant, and strategic insights.



2. Strategic Alignment of Audit Outcomes

- Internal Audit should **strengthen the alignment** of engagement objectives and outcomes with the **City's strategic goals** and key risks to ensure that audit work **supports decision-making** and **drives measurable improvement**. Audit reports should be clear, **consistently formatted**, and **tailored to stakeholder needs**. Current risk assessment results and the audit plan are not fully aligned, which may limit the function's ability to address the most critical areas.



3. Performance Measurement and Accountability

- Establishing a structured approach to **evaluating performance** for both IA staff and leadership may help reinforce **alignment with the City's goals** and internal audit standards.
- Establishing technical, ethical, and behavioral **competencies** into evaluations could support **continuous development** and clarity around expectations. There is an opportunity to strengthen the broader understanding of how Internal Audit's performance is measured to enhance **accountability** to those tasked with governance.

The Core Themes:



4. Transparency of Procedures

- Internal audit processes may benefit from **increased visibility**, particularly around risk assessment and engagement selection. **Involving management** more formally in planning discussions, **soliciting on-going feedback**, and aligning audit recommendations with organizational priorities will improve **responsiveness** and **agility** of audit work, while supporting **stronger connections** between enterprise risk and individual engagements.



5. Technology and Resource Enablement

- There is an opportunity to **modernize audit execution**, reporting, and collaboration through more **effective use of technology**. Transitioning from manual and paper-based processes to **electronic tools**, expanding data analysis capabilities, **integrating technology** into daily workflows, and assessing staff's **technological proficiency** may help Internal Audit operate more efficiently, avoid potential loss and destruction of audit work products, and position the function as a modern, forward-looking function.









6. Strengthening Public Trust and Visibility

- Internal Audit is a key part of the **City's governance structure**, supporting transparency, accountability, and public value. While the City emphasizes **public trust** and meaningful outcomes, there is a disconnect between stakeholders' perceptions of **Internal Audit's role**. Clarifying this role, as both an **assurance provider** and a contributor to **public outcomes**, can help realign expectations. Enhancing transparency in audit planning, prioritization, and reporting, while preserving confidentiality, will reinforce Internal Audit's credibility and role in **safeguarding the City's integrity**.

Summary of Preliminary Results (cont.)

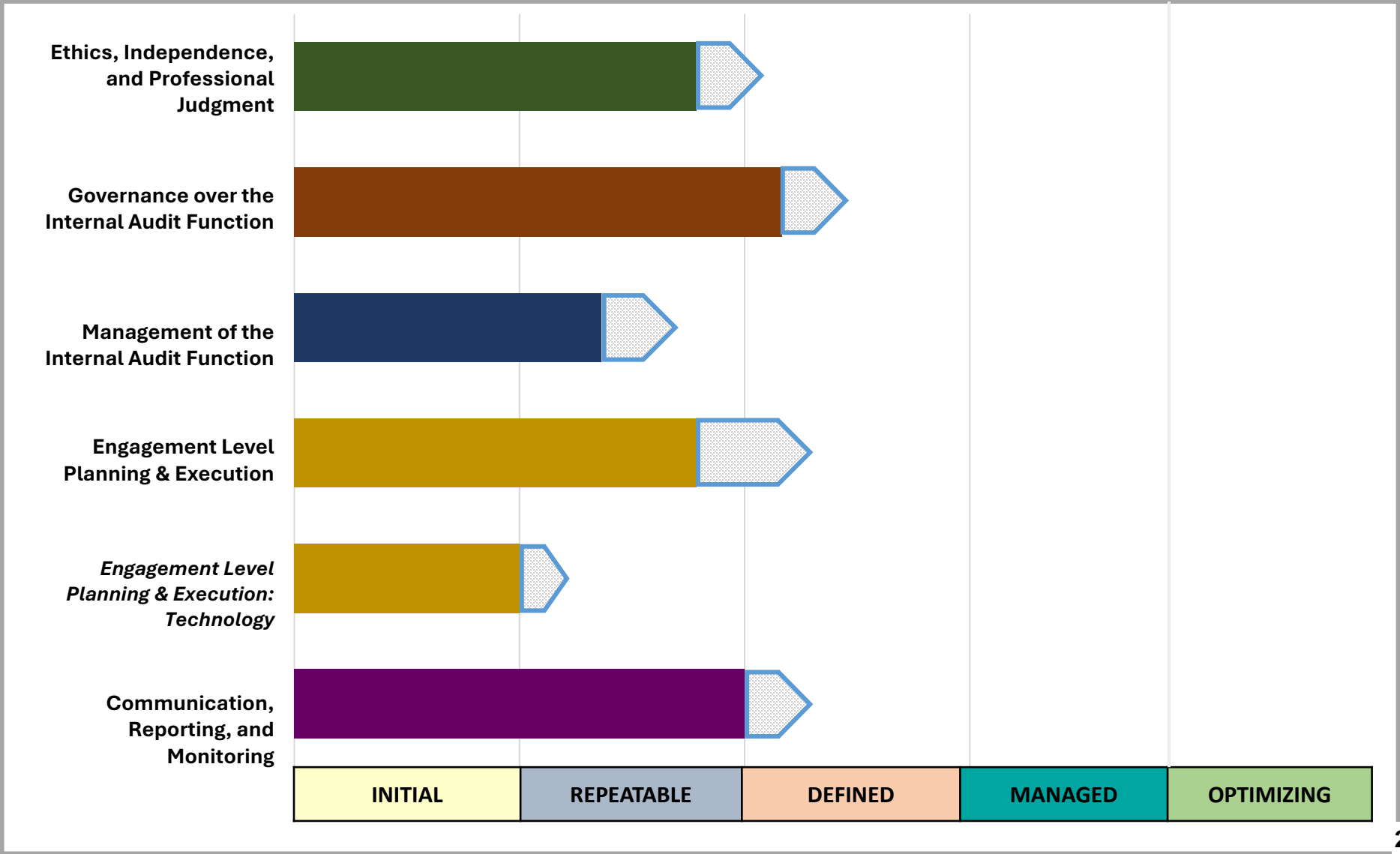
The Core Themes:

	Undefined Elements	Summary Action Points
 1. Stakeholder Engagement, Communication, and Collaboration	<ul style="list-style-type: none"> • Clear role/responsibility definitions between IA, FOAC, and Senior Management • Inconsistent stakeholder engagement • Limited two-way communication and feedback loops 	<ul style="list-style-type: none"> • Establish clear communication guidelines that define stakeholder responsibilities under what capacity (who/what/when) • Establish structured feedback mechanisms that include follow up procedures to ensure accountability
 2. Strategic Alignment of Audit Outcomes	<ul style="list-style-type: none"> • Misalignment of audit planning procedures, audit objectives, and City strategic goals • Inconsistent reporting mechanisms to Council and City management • Outcome-based performance indicators 	<ul style="list-style-type: none"> • Establish a consistent methodology to align the audit plan with City strategic initiatives and key risk areas. The Risk Assessment process should be transparent, well understood by stakeholders, and document clear linkage to City risks. • In coordination with council and city management, establish agreed upon content and mechanism for reporting audit results, both at the engagement level and governance level. This includes performance indicators to report on Internal Audit status and effectiveness.
 3. Performance Measurement and Accountability	<ul style="list-style-type: none"> • Holistic performance evaluation framework for IA function and CAE • Visibility over audit procedures 	<ul style="list-style-type: none"> • Develop and implement a performance evaluation system aligned with IIA standards to identify, assess, and track effectiveness of the IA function. Performance criteria should include technical, ethical, and behavioral competencies in alignment with City culture and objectives.
 4. Transparency of Procedures	<ul style="list-style-type: none"> • Limited visibility into how audit objectives are selected and prioritized • Minimal or inconsistent involvement and feedback opportunities for management in engagement planning, execution, reporting, and development of action plans 	<ul style="list-style-type: none"> • Facilitate internal communication protocols to understand IA procedures and solicit involvement – this may be in the form of educational resources, delivered on an on-going basis to management and City departments.
 5. Technology and Resource Enablement	<ul style="list-style-type: none"> • Heavy reliance on manual processes including physical documentation and sign-offs on audit work papers • Underutilization of how data analytics are used to inform risk and audit methodologies • Limited use of data visualization to communicate audit results 	<ul style="list-style-type: none"> • Conduct an analysis over technological resources to identify and address gaps in resource utilization. • Convert manual and paper processes to electronic versions through the use of existing tools and resources • Explore audit workpaper tools to convert all audit procedures and practices to electronic formats for proper security, retention, availability.
 6. Strengthening Public Trust and Visibility	<ul style="list-style-type: none"> • Misalignment between internal view of IA role and public perception • Inconsistent understanding and communication regarding IA's purpose and value within the City, and to external constituents • Misbalance between confidentiality and transparency 	<ul style="list-style-type: none"> • Clarification of IA's dual role as assurance provider, trusted advisor, and contributor to public outcomes • Unified communication and understanding of the need to balance confidentiality and transparency through collaboration and dialogue within the City regarding IA's role and mandate

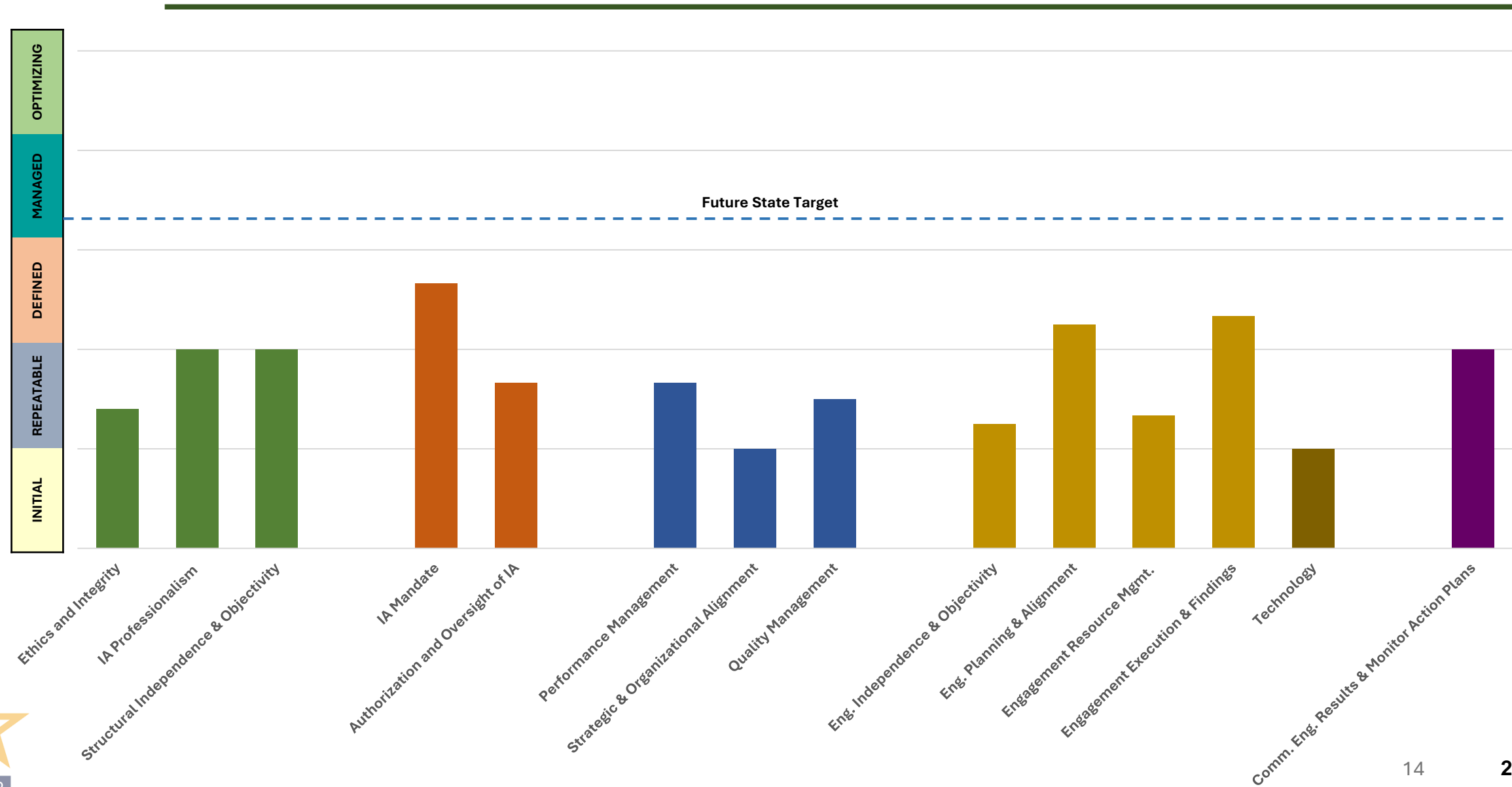
Overall Maturity Achievement

The graphic highlights the current overall status of the Internal Audit Function across each of the assessment Elements.

Furthermore, the image depicts the level of progress toward achieving the **next highest maturity level** for each component.



Overall Maturity Achievement



Next Steps

Following this meeting and consideration of feedback received, Weaver will:

- **Finalize detailed action steps at the component level**

This includes short term and long-term actions steps for desired maturity and optimization in the following areas:

Ethics, Independence, and Professional Judgement	Governance Over the IA Function	Management of the IA Function	Engagement Level Planning and Execution	Communication, Reporting, & Monitoring
<ul style="list-style-type: none">• Ethics & Integrity• Internal Audit Professionalism• Structural Independence & Objectivity	<ul style="list-style-type: none">• IA Mandate• Authorization and Oversight of IA	<ul style="list-style-type: none">• Performance Management• Strategic Oversight and Alignment• Quality Management	<ul style="list-style-type: none">• Engagement Independence & Individual Objectivity• Engagement Planning & Alignment• Engagement Resource Management• Engagement Execution & Findings• Technology	<ul style="list-style-type: none">• Communicate Engagement Results and Monitor Action Plans

- **Present summary of final report to the City Council on June 23, 2025**

- **Provide detailed *final report* for the City of El Paso Internal Audit Current State, Maturity, and Needs Assessment on June 23, 2025**

This includes the detailed road map to achieving short- and long-term desired maturity level for the IA function

Questions



Engagement Team



**Brandon Tanous, CIA,
CFE, CGAP, CRMA**
Engagement Partner



Holly Hart, CPA, CIA
Senior Manager



Chelsea Wong, CIA
Senior Associate



Diana Esquivel
Associate

This section presents the expanded summary level results of the Internal Audit maturity assessment, focusing on both:

1. **Current State Results**, and
2. **Future State Targets** aligned to leading practices and stakeholder expectations.

NOTE: these results are not inclusive of all detailed results for each component of the maturity model analyzed. These results will be included in the final detailed report.

Objectives:

Ensure **future state** considerations are accurate, contextually appropriate, and aligned with the City's evolving governance, oversight, and operational needs to support risk-aligned improvements. Goals were developed using input from the City Mayor, Council Members, FOAC, City Manager, City Attorney, CFO, and CAE. Stakeholder insights were synthesized with El Paso's organizational context and peer city comparisons to define practical, forward-looking targets.

The City has undergone **several developments** in leadership and culture, including:

- Appointment of a new FOAC Chair and committee members
- Transition in Mayoral leadership
- Initial progress in reestablishing communication channels and clarifying collaboration expectations across stakeholders

These developments represent **critical momentum** for **initiating change** and should be reflected in the City's approach to adopting the results and recommendations.

Additional context or priority areas identified through ongoing stakeholder engagement will be incorporated to ensure recommendations remain aligned, practical, and actionable.

A. Ethics, Independence, and Professional Judgment

Criteria

IIA Standards:

- ☐ IIA Principle 1: Demonstrate Integrity
- ☐ IIA Principle 3: Demonstrate Competency
- ☐ IIA Principle 4: Exercise Due Professional Care
- ☐ IIA Principle 5: Maintain confidentiality
- ☐ IIA Principle 7: Positioned Independently

GAGAS:

- ☐ 3.01 - 3.10: Ethical Considerations
- ☐ 3.11 - Objectivity
- ☐ 3.12 - 3.15: Proper Use of Government Info
- ☐ 3.17 - 3.20: Practical Considerations for Independence
- ☐ 5.47 - 5.50: Independence, Legal, and Ethical Requirements
- ☐ 3.109 - 3.114: Professional Judgement




Stakeholder Engagement, Communication, and Collaboration



Strategic Alignment of Audit Outcomes

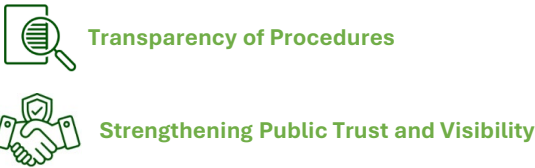


Strengthening Public Trust and Visibility

Current State Analysis			Future State Target →	DEFINED – MANAGED
OPTIMIZING		<ul style="list-style-type: none">Ethical values are referenced in policies and training but are not fully integrated into internal audit practices, culture, or public trust-building efforts.Professional standards are observed at a foundational level, but practical application, competency development, and performance assessment are consistently adopted.While policies and reporting lines support independence in structure, inconsistent practices and lack of transparency impact perceived objectivity and impartiality.	Short term Goals <ul style="list-style-type: none">Identify gaps, weakness, and points of misalignment between IA and the City’s ethical directives to prioritize enhancements of IA ethical directives.Review and tailor existing ethics training to reflect both professional standards and the City’s Ethics Ordinance, including examples specific to the City’s public service mission.Enhance performance feedback mechanisms to include assessments of ethical behavior, professional courage, and judgment (e.g., peer or stakeholder feedback surveys).Initiate more structured stakeholder engagement (FOAC, City management) during the audit process and when reporting to Council to improve understanding and effectiveness of audit results and management actions on recommendations Long-term Target <ul style="list-style-type: none">Integrate ethics and professionalism metrics into IA performance evaluations and advancement pathways for all IA staff and the CAE.Establish a formal CAE competency framework that outlines professional expectations, reporting responsibilities, and stakeholder communication standards.	
MANAGED				
DEFINED				
REPEATABLE				
INITIAL			<p>Missing Elements:</p> <ul style="list-style-type: none">- Alignment between the City’s and IA’s ethical values, culture, and documented directives (EG: Ethics Ordinances).- Collaboration between City leadership, stakeholders, and the CAE to actively communicate expectations, solicit feedback, and verify audit outcomes to reflect public accountability.- Discussion and reporting of auditor performance through the lens of integrity, objectivity, and professional courage to reassure accountability of governance stakeholders	Benefits <ul style="list-style-type: none">Further enhanced ethical culture both within Internal Audit and across the CityIncreased credibility and legitimacy of the Internal Audit function among governance bodies, City staff, and the public.Improved decision-making and risk mitigation, through audit insights grounded in ethical conduct, objectivity, and professional judgment.Enhanced stakeholder engagement and support, making it easier to secure resources, cooperation, and buy-in.Audit alignment with public service values, reinforcing the City’s commitment to integrity and transparency. Challenges <ul style="list-style-type: none">Cultural shift required to embedding ethics into performance expectationsLabor and time investments to review and re-develop training, updated and enhance reporting methodologies, stakeholder education, and update policiesNeed for consistent leadership commitment, including from the CAE, City management, and FOAC, to drive and sustain improvements

A. Ethics, Independence, and Professional Judgment

FOCUS: City of El Paso Hotline Practices



City of El Paso Hotline Guidance:

- City of El Paso Employee Ethics Course (hotline has a page)
- Employee Handbook (pg. 40 – reporting fraud or other illegal acts)
- ‘My El Paso’ – HR Services Page includes instructions for using the City Hotline

Current State

- Internal Audit manages the City’s employee hotline; however, procedures for intake, triage, and resolution tracking are unclear and inconsistently applied.
- FOAC reporting lacks standardization – some summaries have included unnecessary information without clear confidentiality safeguards.
- Hotline use has extended to non-employee (public) reporting, though it is intended for City employees only.
- Awareness and communication around the hotline’s purpose, access, and protections appear limited across the organization.
- Policies and procedures are outdated or insufficient to guide intake, escalation, confidentiality, and reporting protocols.

Missing Elements

- **Formalization of Hotline requirements and practices** to clarify roles and responsibilities of the Internal Audit function to operate a hotline and investigate reports of fraud, waste, and abuse
- **Centralized communication channel** to ensure uniform distribution of Hotline practices to users (EG: access methods, reporting protocols, and resolution expectations) and administrators (EG: data handling, escalation, and resolution processes).
- **Standardized reporting format** for updates to the oversight bodies (IE: FOAC) including defined frequency (quarterly) and content expectations (high-level summaries of outcomes excluding sensitive personnel details)
- **Clearly delineated roles and responsibilities** that define hotline intake, triage, resolution tracking and reporting. This should be communicated to all to City employees and governance stakeholders to facilitate accountability

Opportunities for Improvement → Action Plan

- Establish a **strategic communication channel** that outlines Hotline access procedures, reporting expectations, and resolution protocols for both users and administrators. Communication protocols should include provisions for sensitive information handling that is aligned with City Ethics Ordinance and hotline best practices. Specifically, provisions should address:
 - Timeliness of incident response, escalation, and reporting
 - Caller confidentiality safeguards
 - Operational oversight procedures
- Establish a **standardized reporting format** and schedule for oversight bodies (FOAC), ensuring quarterly updates that include high-level summaries while safeguarding confidentiality. Consideration should be made to utilize data visualization tools (EG: trend analysis, charts) to communicate high-level issues or recurring themes.

Benchmarking and Best Practices

- Association of Certified Fraud Examiners (ACFE)
- The Institute of Internal Auditors (IIA)



Uniform Awareness of Hotline protocols



Ensure Confidentiality and Protection from Retaliation



Clear and Consistent Handling and Investigative Processes



Continuous Monitoring, Reporting and Oversight for Effectiveness

B. Governance over the Internal Audit Function

Criteria

IIA Standards:

☐ IIA Principle 6: Authorized by the Board 6.3 (Board/Mgmt. support)

☐ IIA Principle 8: Overseen by the Board 8.1 (Board Interaction) 8.2 (Resourcing)

GAGAS:


☐ 1.04, 1.05, 1.07

☐ 5.45 – 5.46: Governance and Leadership

Stakeholder Engagement, Communication, and Collaboration

Strategic Alignment of Audit Outcomes

Performance Measurement and Accountability

Current State Analysis			Future State Target →	DEFINED – MANAGED
OPTIMIZING		<ul style="list-style-type: none">The Internal Audit Mandate and Charter is formally approved and includes required elements for independent audit services, but lacks strategic alignment and responsiveness to organizational changesOversight and support for the Internal Audit function is reactive, fragmented, and personnel-dependent, with limited strategic engagement, unclear stakeholder responsibilities, and minimal cross-City collaboration	Short-term Goals <ul style="list-style-type: none">Establish a formal schedule for reviewing, discussing, and updating the IA Charter that includes FOAC and City Manager’s involvement. Expected roles and responsibilities of each party should be clearly outlined in alignment with audit standards.Establish a clearly documented IA function governance and oversight framework leveraging the existing FOAC expectations document. Roles and responsibilities, including expectations for input into the Charter, plan, and resourcing, should be clearly documented with consideration applied to ensure alignment with audit standards to maintain structural independenceDevelop a communication protocol to formalize discussions between the CAE, FOAC, and City leadership to actively discuss IA plan progress, emerging risks, and IA resource requirements including IA priorities and limitations.Ensure IA governance stakeholders have a baseline understanding of IA’s strategy, plans, and resourcing constraints and provide informed, risk-based support for resource decisions.	
MANAGED				
DEFINED		Missing Elements: <ul style="list-style-type: none">- Strategic alignment between the IA charter to City priorities to accurately reflect stakeholder expectations and enhance clarity of IA direction and purpose.- The IA function is not widely perceived as a trusted partner in achieving strategic objectives and reinforcing organizational ethics.- Regular, structured communication channels between the CAE, FOAC, and senior leadership that supports trust, transparency, and alignment of audit focus with evolving risks and priorities.	Long-term Target <ul style="list-style-type: none">- Develop a collaborative, risk-aware governance structure to review and update and discuss the IA Charter, IA plan, and budget and resource strategies.- Embed IA as a strategic partner in City governance conversations, including ethics, performance, and enterprise risk.	
REPEATABLE			Benefits <ul style="list-style-type: none">- Enhanced clarity and alignment between Internal Audit’s purpose and the City’s strategic goals.- Stronger oversight and accountability over IA outputs: reducing reliance on individuals and enhancing institutional knowledge.- More strategic and effective use of IA resources, ensuring audits target areas of greatest value to the City.- Increased collaboration and support from City leadership, helping elevate IA’s advisory role beyond compliance.	
INITIAL				
			Challenges <ul style="list-style-type: none">- Time and personnel resources required to participate in establishing strategic engagement between stakeholders and clarifying overlapping roles (IE: CAE, FOAC, City Manager).- Need for consistent leadership commitment, including from the CAE, City Management, and FOAC, to drive and sustain improvements	

B. Governance over the Internal Audit Function

Internal Audit Charter Analysis

We performed a detailed analysis and review over [The City of El Paso Internal Audit Charter](#) (Publicly available, and effective: 07/20/2023) against criteria established by:

- COSO Integrated Risk Management Framework
- The International Professional Practices Framework (IPPF) and Global Internal Audit Standards
- Generally Accepted Government Auditing Standards (GAGAS)

In alignment with the criteria above, we verified the quality of the IA Charter to include the following **mandatory provisions**:

- Mission and Purpose
- Authority and Responsibilities (scope of services)
- Independence and objectivity
- Access to Records
- Compliance with standards
- Alignment with current organizational structure
- Charter Proposal Process and Approval

The IA Charter Future State Recommendations:

- Establish a **review procedure** to update the IA Charter on a defined basis in collaboration with Governance stakeholders, including the FOAC, City Management, and other senior leadership to ensure strategic alignment with City priorities.
- Consideration for **greater clarity** of the IA’s purpose, authority, role, and responsibilities within the City defined within the Charter. Oversight responsibilities, including review of the CAE’s performance and expenses, should be included to support transparency and accountability. This also includes expectations for hotline monitoring and investigation.
- Establish a **communication channel** to ensure the final, approved charter is understood by all key stakeholders to reinforce Internal Audit’s governance role

Provision Reviewed	Procedure	Validation Outcome	Criteria
Mission and Purpose	Compared to IIA & GAGAS standards to confirm presence of clear mission statement and defined purpose.	Clearly defined & complies with IIA requirements	IIA 6.2
Authority & Responsibilities	Checked description of internal audit authority, responsibilities, and scope.	Fully documented; includes scope, authority, and responsibilities.	IIA 6.2
Independence & Objectivity	Evaluated reporting lines and safeguards to ensure functional independence from management.	Charter supports direct reporting to FOAC.	IIA 6.2, GAGAS 3.21-3.24
Access to Records	Verified that unrestricted access to records, personnel, and property is documented.	Access rights clearly established in the Charter.	IIA 6.2
Compliance with Standards	Reviewed references to IIA and GAGAS standards.	Charter references adherence to both IIA and GAGAS standards.	IIA 6.2
Alignment with Org Structure	Compared reporting relationship to the City of El Paso’s City Charter (Article III).	Reporting aligns with City Charter governance and FOAC oversight.	IIA 6.2
Charter Proposal and Approval	Reviewed discussions over charter and approval of the latest IA charter.	IA charter approved on 07/20/2023 by FOAC members and CAE, including input by legal counsel.	IIA 6.2

Three Lines Governance Model

Stakeholder Communication and Collaboration: Understanding the roles and responsibilities

The IIA's Three Lines Governance Model provides structure and processes to assist in the achievement of objectives by facilitating strong governance and risk management. Each of the three lines plays a distinct role within the City of El Paso's control environment.

City of El Paso Financial Oversight and Audit Committee:

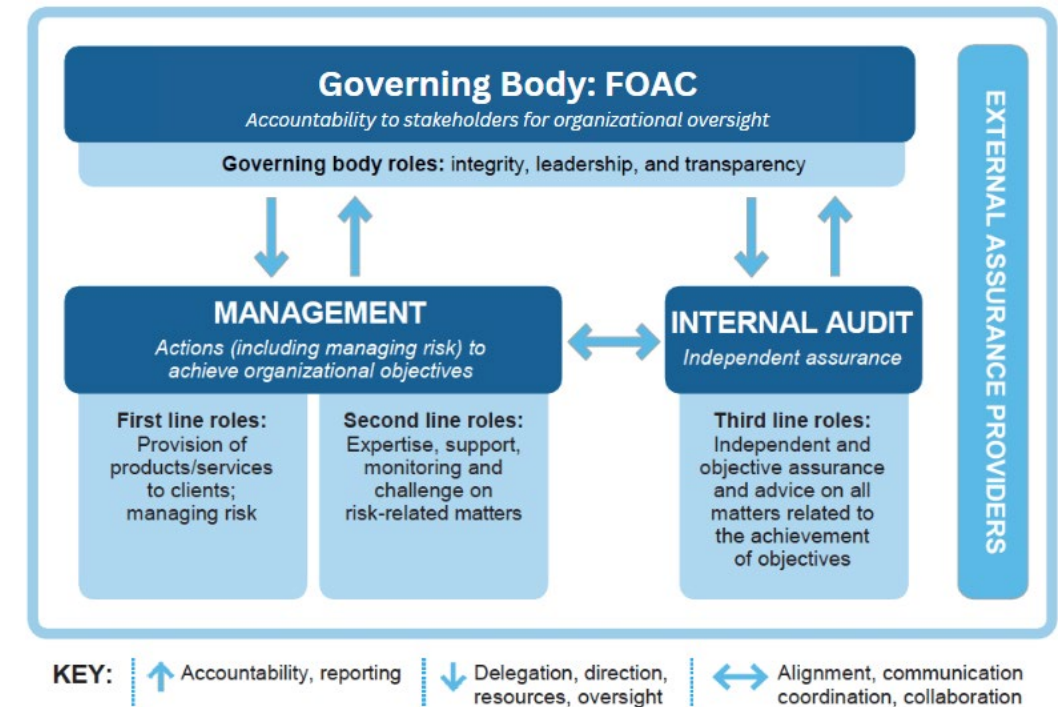
- The Financial Oversight and Audit Committee (FOAC) provides overarching accountability, responsibility, and oversight over the Internal Audit function's ability to achieve objectives.

Management

- First Line** Management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis within their business units including identifying and assessing controls and mitigating risks.
- Second Line** Helps build and monitor first line controls and ensures risk and controls are effectively managed. Reviews and challenges the effectiveness of controls established by the First Line, ensuring alignment with broader organizational risk policies and regulatory requirements
- Third Line – Internal Audit**
Provides assurance to senior management and the FOAC that the First- and Second-Line's efforts are consistent with expectations and requires a high level of organizational independence and objectivity.

IA may not direct or implement processes but should provide advice and recommendations regarding processes.

IA also coordinates with internal and external providers of assurance services to consider reliance on their work to prevent duplication of efforts, highlight gaps in coverage of key risks, and enhance value to the City of El Paso.



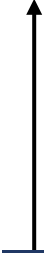
C. Management of the Internal Audit Function

Criteria

- IIA Standards:**
- ☐ IIA Principle 9: Plan Strategically
 - ☐ IIA Principle 12: Enhance Quality
 - ☐ IIA Principle 8: Overseen by the Board
 - 8.3 (Quality)
 - 8.4 (External Quality Assessment)

- GAGAS:**
- ☐ 1.04, 1.07, 1.08
 - ☐ 5.02 - 5.12: System of Quality Management
 - ☐ 5.68, 5.70 - 5.72
 - ☐ 5.09 – 5.44: Quality Management Risk Assessment Process
 - ☐ 5.54 -5.73: Engagement Performance
 - ☐ 5.87-5.89, 5.142 - 5.147, 5.155

-  Strategic Alignment of Audit Outcomes
-  Transparency of Procedures
-  Performance Measurement and Accountability

Current State Analysis			Future State Target →	DEFINED
OPTIMIZING		<ul style="list-style-type: none"> Engagement (audits, follow-ups, and non-audit work) completion rates are tracked against the IA plan and reported to the FOAC quarterly, however there is no consistent framework for evaluating auditor performance or linking engagement outcomes to departmental improvement or training plans. IA directives and methodologies exist, however planning and risk assessment processes are unclear, inconsistently executed, do not align with the City’s evolving objectives, and include varied levels of feedback from governance stakeholders, management, and auditees, resulting in unclear prioritization and limited strategic impact. Although a QAIP and supporting tools are in place, quality assurance practices are limited to basic procedural checks and periodic external reviews, without a robust internal self-assessment process, actionable follow-up plans, or formal mechanisms to translate quality findings into continuous improvement. 	<p>Short-term Goals</p> <ul style="list-style-type: none"> Establish an engagement-level assessment framework that includes performance targets (EG: audit cycle times, report issuance deadlines, and issue resolution rates) and reporting protocols to enhance accountability. Define corrective procedures to address gaps in performance. Utilize data analysis tools to review performance trends to identify opportunities for training and methodology improvements. Create a documented internal audit strategy, aligned with the IA Charter, IA Mandate, and the City’s strategic plan. New IIA standards require the CAE to establish a comprehensive plan that outlines how the internal audit function will contribute to the organization’s overall success and remain relevant and add value. <p>Long-term Target</p> <ul style="list-style-type: none"> Establish a transparent risk assessment process with clear scoring rationale, stakeholder input, and alignment to strategic priorities to ensure accuracy, consistency, and relevance of the audit plan. Operationalize a quality improvement tracking system that links internal and external QA findings to corrective action plans, ownership, and timelines. Enhance the quality of IA reporting to governance stakeholders, emphasizing strategic alignment, audit impact, and value contribution. <p>Benefits</p> <ul style="list-style-type: none"> Enhanced relevance and value of audit work and outcomes as Clear expectations, transparent procedures, and performance metrics support effective oversight Enhanced structure and visibility positions Internal Audit as a key partner in risk and governance. <p>Challenges</p> <ul style="list-style-type: none"> Personnel and time resources to review and enhance current QA frameworks, training plans, and establish performance metrics in alignment with audit standards, best practices, and City strategic objectives. Commitment from leadership to coordinate across stakeholders to align strategic direction between personnel may be resource intensive 	
MANAGED				
DEFINED				
REPEATABLE				
INITIAL		<p>Missing Elements:</p> <ul style="list-style-type: none"> Formalized performance management framework to align engagement, department, and City strategic outcomes Centralized process for aligning IA planning and resource allocation with City-wide strategic goals Integration and use of Quality Assessment results for continuous improvement 		

D. Engagement Level Planning and Execution

Criteria

- ❑ IIA Principle 2: Maintaining Objectivity
- ❑ IIA Principle 10: Manage Resources
- ❑ IIA Principle 13: Plan Engagements Effectively
- ❑ IIA Principle 14: Conduct Engagement Work

GAGAS:

- ❑ 3.11, 3.27 – 3.34, 3.36 – 3.48: Objectivity and Independence
- ❑ 3.49 – 3.50, 3.69: Applying Safeguards
- ❑ 3.107, 3.108, 3.116-7: Documentation of Compliance
- ❑ 4.02 - 4.04, 4.16 - 4.24, 4.51: Competence & CPE
- ❑ 5.65 - 5.67: Engagement Performance
- ❑ 5.74: Resources
- ❑ 8.04, 8.13, 8.07, 8.36, 8.39, 8.40: Planning
- ❑ 8.19, 8.77, 8.133, 5.109
- ❑ 8.27 – 8.29: Investigations or Legal Proceedings
- ❑ 8.31 – 8.32: Assigning Auditors



Stakeholder Engagement, Communication, and Collaboration



Strategic Alignment of Audit Outcomes



Technology and Resource Enablement

Current State Analysis		Future State Target →	DEFINED
OPTIMIZING	<div>↑</div>	Short-term Goals <ul style="list-style-type: none">Establish protocols to identify IA resourcing needs, limitations, and performance expectations, and communicate plans to address them with oversight bodies and senior management through feedback and approval.Develop procedures to support consistent identification, documentation, and escalation of independence or objectivity concerns during audit planning and execution.Align engagement planning practices with City, and department risk priorities, seeking management input to increase transparency and strengthen management adoption of audit purpose, objectives, scope, and rationale.Transition away from paper-based audit files to utilizing available digital resources such as SharePoint and cloud-based storage solutions. Long-term Target <ul style="list-style-type: none">Institutionalize structured communication between the CAE, oversight bodies, and senior management to facilitate ongoing alignment of audit priorities, resources, and management of independence impairments.Independence and objectivity safeguards should be integrated into audit methodology, including tailored engagement-level risk assessments and supervisory checkpoints.Create an IA technology strategy that integrates appropriate tools to enable more consistent and agile execution of audit workDefine and implement a consistent process for resolving disagreements with management on audit findings to strengthen trust and ensure actionable results.	
MANAGED			
DEFINED		Benefits <ul style="list-style-type: none">Transparent IA procedures and enhanced collaboration between stakeholders increases IA's alignment with City goals and priorities ensures greater value of IA outputsProactive identification and resolution of City-wide risksTechnology integration facilitates advanced yet efficient audit practicesMore effective retention and protection of audit work products Challenges <ul style="list-style-type: none">Adjustments and training to understand and integrate appropriate technology into existing processesPersonnel and time resources required to facilitate stakeholder discussions, collaboration, and constrictively address differences in opinionNeed for consistent leadership commitment, including from the CAE, City Management, and FOAC, to drive and sustain improvements	
REPEATABLE			
INITIAL			

Current State Analysis

Future State Target



DEFINED

Short-term Goals

- Establish protocols to identify **IA resourcing needs**, limitations, and **performance expectations**, and communicate plans to address them with oversight bodies and senior management through feedback and approval.
- Develop procedures to support consistent identification, documentation, and escalation of **independence or objectivity** concerns during audit planning and execution.
- Align **engagement planning practices with City, and department risk priorities**, seeking management input to increase transparency and **strengthen management adoption** of audit purpose, objectives, scope, and rationale.
- Transition away from paper-based audit files to utilizing available **digital resources** such as SharePoint and cloud-based storage solutions.

Long-term Target

- Institutionalize structured communication** between the CAE, oversight bodies, and senior management to facilitate ongoing alignment of audit priorities, resources, and management of independence impairments.
- Independence and objectivity safeguards** should be integrated into audit methodology, including tailored engagement-level risk assessments and supervisory checkpoints.
- Create an **IA technology strategy** that integrates appropriate tools to enable more consistent and agile execution of audit work
- Define and implement a consistent process for **resolving disagreements with management** on audit findings to strengthen trust and ensure actionable results.

Benefits

- Transparent IA procedures and enhanced collaboration between stakeholders increases IA's alignment with City goals and priorities ensures greater value of IA outputs
- Proactive identification and resolution of City-wide risks
- Technology integration facilitates advanced yet efficient audit practices
- More effective retention and protection of audit work products

Challenges

- Adjustments and training to understand and integrate appropriate technology into existing processes
- Personnel and time resources required to facilitate stakeholder discussions, collaboration, and constrictively address differences in opinion
- Need for consistent leadership commitment, including from the CAE, City Management, and FOAC, to drive and sustain improvements

E. Communication, Reporting, and Monitoring

Criteria

IIA Standards:

- ☐ IIA Principle 15: Communicate Engagement Results and Monitor Action Plans
- ☐ IIA Principle 11: Communicate Effectively
 - 11.3 (Communicating Results)
 - 11.4 (errors and omissions)
 - 11.5 (Communicating the Acceptance of Risks)
- ☐ IIA Principle 14: Conduct Engagement Work
 - 14.4 (Recommendation and Action Plan)

GAGAS:

- ☐ 6.17-6.30: Findings
- ☐ 9.10-9.23, 9.29, 9.56
- ☐ 8.20 - Auditor Communication




Stakeholder Engagement, Communication, and Collaboration



Strategic Alignment of Audit Outcomes

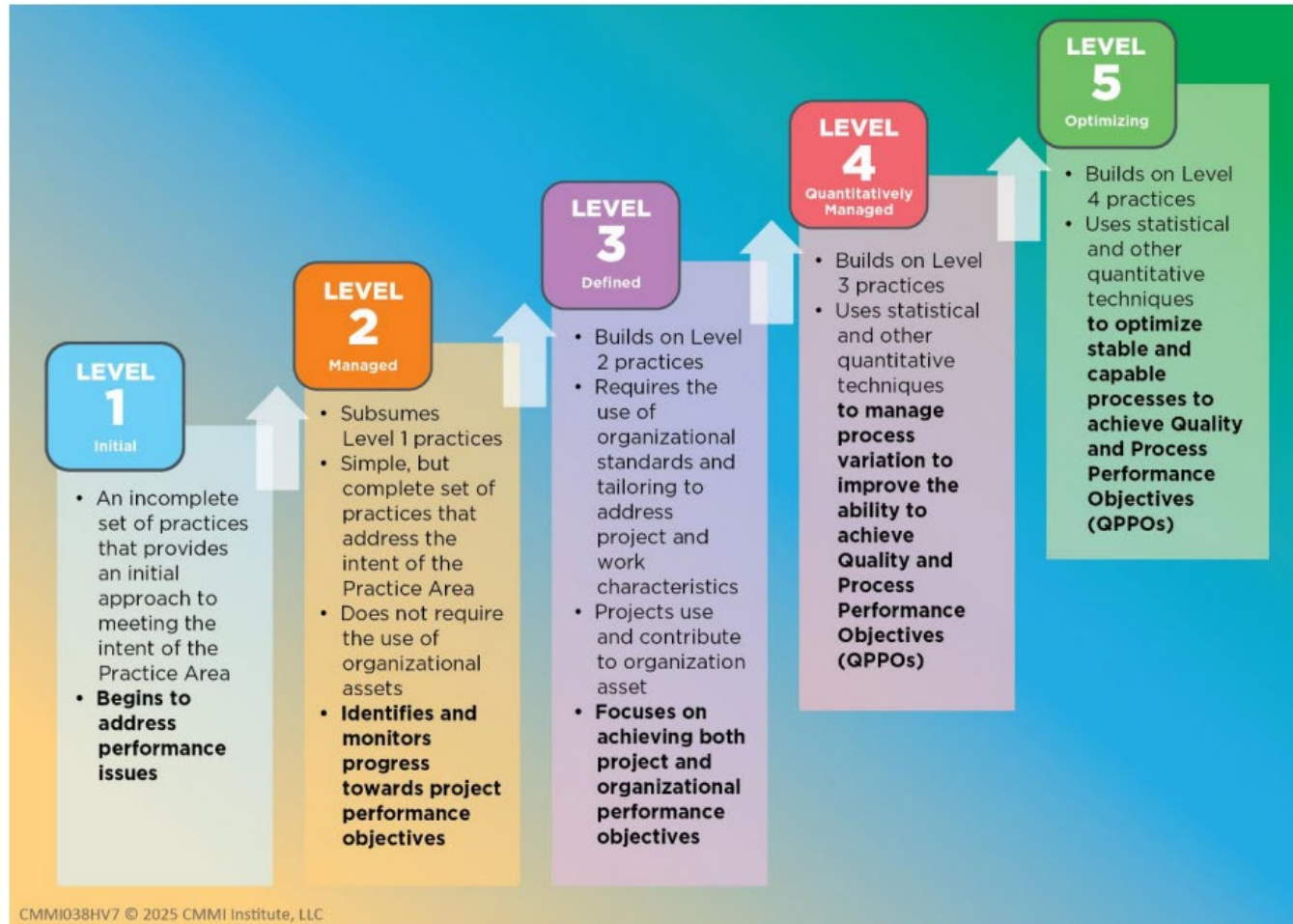


Transparency of Procedures

Current State Analysis		Future State Target →	DEFINED
OPTIMIZING		Short-term Goals <ul style="list-style-type: none">Define and document the expectations for audit reporting roles, responsibilities, and communication protocols in alignment with audit standards to reduce inconsistent stakeholder engagement.Establish minimum standards for audit reporting and management responses, including procedures to identify and address lack of clarity, structure, and risk relevance across engagements.Integrate guidance to help IA staff consistently identify and articulate root causes, organizational themes, and risk implications in findings, which may be accomplished by defining a risk rating for effects identified.Encourage mechanisms for collaborative review of findings and recommendations with management to support shared understanding and verify root cause issues are addressed by recommendations/action-plans.	
MANAGED			
DEFINED			
REPEATABLE			
INITIAL			
Missing Elements: <ul style="list-style-type: none">- Defined communication protocols that identify which stakeholders should be engaged at each stage of the audit process, including reporting, recommendation validation, and follow-up discussions- Guidance and protocols to verify that all engagement findings are addressed with management responses, and ensure risk-based, actionable plans identify responsible owners, deadlines, and are aligned with the severity of identified issues- Procedures to identify and address stakeholder reporting needs, including visual communication tools (EG: executive summaries, risk heatmaps, charts).- A structured, transparent approach to follow-up monitoring, that clearly links original audit results and follow-up scope, documented progress tracking, and periodic reporting.		Long-term Target <ul style="list-style-type: none">- Establish a reporting protocol that effectively identifies and includes relevant parties regarding audit result communication.- Implement a process to systematically track and analyze recurring findings and themes, and integrate results into key decision-making procedures to inform future audit planning and elevate oversight focus on systemic issues.- Establish a framework to document, escalate, and resolve disputes regarding audit findings and resolutions.- Integrate feedback loops from stakeholders to assess the effectiveness and clarity of audit communications and make continuous improvements.	
		Benefits <ul style="list-style-type: none">- Structured, intentional stakeholder-align communications increases transparency and credibility of audit work- Directly addressing root cause issues with actionable and risk-prioritized recommendations will enhance the strategic value of audit reports.- On-going collaboration with management facilitates trust and accountability of results for enhanced implementation	
		Challenges <ul style="list-style-type: none">- Time and personnel resource demands to understand and balance the needs of different stakeholder groups- Need for consistent leadership commitment, including from the CAE, City Management, and FOAC, to drive and sustain improvements	

Appendix B: Capability Maturity Model

CMMI Levels



The Capability Maturity Model (CMM) is a development model created in 1986 after a study of data collected from organizations that contracted with the U.S. Department of Defense, who funded the research. The term "maturity" relates to the degree of formality and optimization of processes, from ad hoc practices, to formally defined steps, to managed result metrics, to active optimization of the processes.