



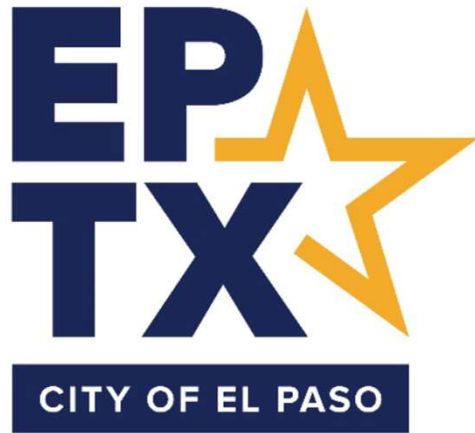
City of El Paso, Texas

Report to City Council

2023 Audit Results

June 4, 2024

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Agenda

- Reports Issued
- Major Federal and State Programs
- Report on Internal Controls
- Recommendations



Reports Issued

We issued the following reports for the year ended August 31, 2023

- **Annual Comprehensive Financial Report (ACFR)**
 - Financial statements are presented fairly in accordance with accounting principles generally accepted in the United States of America (Unmodified opinion)
 - Report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
- **Single Audit Report**
 - Audit and report on compliance related to major federal and state award programs
 - 2 federal programs and 1 state program tested
 - No findings of noncompliance noted



Major Federal and State Programs

- **Two major federal programs identified and tested this year**
 - Emergency Food and Shelter National Board Program - \$13.6M
 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds - \$23.0M
- **One major state program identified and tested this year**
 - Texas Anti-Gang (TAG) Program - \$5.0M





Other Reports Issued

We issued the following agreed-upon procedure and compliance reports for the year ended August 31, 2023

- Passenger Facility Charge Program (El Paso International Airport)
- Chapter 59 Asset Forfeiture Report (El Paso Police Department)
- TCEQ Local Government Financial Test
- National Transit Database (NTD) Allocation Data (Sun Metro)

No findings of noncompliance noted



Report on Internal Controls

Material Weakness - Deficiency in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected on a timely basis.

Significant Deficiency - Deficiency in internal control, that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the City's financial reporting.

- Material weaknesses and significant deficiencies included in report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
- Often referred to as “findings”
- No material weakness or significant deficiency in internal controls reported for fiscal year 2023



Recommendations

Recommendations and other matters are communicated in a separate communication memo to management. The following are recommendations to improve processes or procedures:

Fraud Hotline Oversight

- Fraud hotline is routed directly to Internal Auditor and to no other parties.
- Recommendation to add routing to include both Internal Auditor and FOAC Chair (or other designated recipient).

Reconciliation of Capital Assets

- Capital asset inventories were performed by various City departments during 2023. However, physical count results were not reconciled to the City's capital asset records. Variances did not present a risk of material misstatement to the financial statements.
- Recommendation to establish procedures to monitor the timely reconciliation of each department's capital assets inventory between physical count results and the City's capital asset listings prior to the completion of the year-end financial close.



Recommendations (continued)

Information Technology (IT) Segregation of Duties Review

- IT management performs segregation of duties reviews on an as-needed basis. There was no documentation of a formal review performed during the year.
- Recommendation to define and formalize procedures to perform segregations of duties reviews on a regular basis. Consider mapping high-risk roles in a segregation-of-duties matrix to assist with the analysis of users assigned in those roles to identify and remediate conflicting roles in the IT environment.

Memo to FOAC dated February 23, 2024 summarizes the required audit communications and recommendations for fiscal 2023 audit





**THANK
YOU**

