

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**



DEPARTMENT: Internal Audit

AGENDA DATE: 6/24/25

PUBLIC HEARING DATE:

CONTACT PERSON NAME: Edmundo Calderon - Internal Audit

PHONE NUMBER: 915-212-1365

2nd CONTACT PERSON NAME: Elizabeth De La O

PHONE NUMBER: 915-212-1371

DISTRICT(S) AFFECTED: All Districts

STRATEGIC GOAL:

Goal 6: Set the Standard for Sound Governance and Fiscal Management

SUBGOAL:

SUBJECT:

Discussion and Action to accept the results of the El Paso International Airport Accounts Payable Audit A2025-02.

BACKGROUND / DISCUSSION:

The timeframe for this audit was Fiscal Year 2023-2024. The audit determined whether the Airport (EPIA) is properly paying invoices. It also determined whether Accounts Payable transactions are properly documented, reviewed, approved, and monitored by EPIA.

The results indicated that EPIA has not updated its Accounts Payable manual since November 2008, did not pay invoices within 30 days, and paid five invoices twice. The results also identified uniform rental charges paid for a former employee.

COMMUNITY AND STAKEHOLDER OUTREACH:

Not applicable

PRIOR COUNCIL ACTION:

Not applicable

AMOUNT AND SOURCE OF FUNDING:

Not applicable

REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:

Not applicable

NAME	AMOUNT (\$)

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

 6-9-2025

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)



**El Paso International Airport –
Accounts Payable Audit
No. A2025-02**

DRAFT

Issued by the
Internal Audit Department
March 18, 2025

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the El Paso International Airport – Accounts Payable Audit. Based on the results of the audit, three findings were identified. The findings are considered significant in nature due to internal control breakdowns and violations of law and/or City Policy.

Listed below is a summary of the findings identified in this report:

1. The El Paso International Airport (EPIA) *Accounts Payable Procedure - Purchases* manual was last updated on November 6, 2008.
2. Fifty-two (52) invoices totaling \$744.92 in uniform rental charges for an ex-employee were authorized for payment between November 13, 2023 and November 7, 2024. The individual left employment in November 2023.
3. For the period of September 1, 2023 to August 31, 2024:
 - Eleven (11) out of 30 (36.67%) invoices reviewed were not paid within 30 days of receiving the invoice or goods/services.
 - Five (5) out of 3,054 (0.16%) invoices were identified as having been paid twice for the same goods/services.

For a detailed explanation of the findings, please refer to the body of this Audit Report.

BACKGROUND

El Paso International Airport (EPIA) is operated by the City of El Paso Aviation Department, which is an enterprise fund with a \$68.5 million budget for Fiscal Year 2025. Its mission is to provide customers with a safe, efficient airport, operating in an environmentally-conscious and self-sustaining manner.

EPIA offers passenger and cargo destinations. A total of 15 ramps are distributed between concourses A and B, and it houses a diversity of shops and restaurants. It is the busiest commercial airport in West Texas, and also serves Southern New Mexico as well as Northern Mexico.

AUDIT OBJECTIVES

The audit objectives for the El Paso International Airport – Accounts Payable Audit are to:

- Determine if Accounts Payable transactions are processed in accordance with the *City of El Paso Accounts Payable Policy* and the Texas Prompt Payment Act.
- Determine if appropriate documentation is in place to support Accounts Payable transactions.
- Determine if transactions are properly reviewed and approved for payment by authorized personnel.
- Determine if there are unallowable purchases (e.g., food and alcohol).
- Determine if the EPIA operates within budgetary limits.
- Determine if the EPIA has implemented adequate internal controls to limit exposure to unauthorized or inappropriate Accounts Payable transactions.
- Document areas where inefficiencies may exist and where internal controls may be strengthened.

AUDIT SCOPE AND METHODOLOGY

Our audit scope for September 1, 2023 to August 31, 2024 will:

- Obtain an understanding of the EPIA procedures for paying invoices.
- Interview EPIA Accounts Payable personnel.
- Conduct a review of a sample of invoices processed by EPIA for FY2024.
- Evaluate EPIA's monitoring and reconciliation of Accounts Payable transactions.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the Global Internal Audit Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT’S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

Finding 1

El Paso International Airport Accounts Payable Procedures

City of El Paso Strategic Plan:

- *Goal 6.12 Maintain systems integrity, compliance and business continuity.*

A strong system of internal controls requires that Policies and Procedures be developed that document routine or repetitive activity followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.

Our review of the El Paso International Airport (EPIA) *Accounts Payable Procedure - Purchases (AP Procedure)* identified that:

- The EPIA’s *AP Procedure* was last updated on November 6, 2008.
- A fuel card is no longer utilized, a FOB System is now in place.
- A listing of personnel designated to authorize invoices for payment is not maintained.
- The *AP Procedure* references job titles no longer in use.

Recommendation

El Paso International Airport (EPIA) should update their *Accounts Payable Procedure* to:

- Align with current practices that are unique to its Accounts Payable activities.
- Eliminate programs and procedures that are no longer in place.
- Maintain a listing of personnel designated to authorize invoices for payment.
- Refer to job titles currently reflected on EPIA’s staffing tables.

Management's Response

El Paso International Airport will review and update its internal Accounts Payable policy and procedures to align with the City of El Paso Accounts Payable policy. We will incorporate the recommendations provided by the Internal Audit Department and will execute and implement the updated procedures within 9 months.

Responsible Party

Annette Ditty, Administrative Services Manager

Implementation Date

January 22, 2026

Finding 2

Authorization of Invoices for Payment

City of El Paso Strategic Plan:

- *Goal 6.12 Maintain systems integrity, compliance and business continuity.*

City of El Paso Accounts Payable Policy dated June 2024:

- *Section 4.0, bullet 3: Departments are responsible for processing vouchers accurately and in a timely manner with approval by the appropriate supervisory personnel.*
- *Section 5.0, bullet 8: ...The approval to pay on the invoice means the department has received the good and/or services...*

During the period of November 13, 2023 to November 7, 2024, El Paso International Airport paid 52 invoices for uniform rental charges totaling \$744.92 for a former employee. The individual left employment with the City in November 2023.

Recommendation

El Paso International Airport staff must ensure that all goods/services have been received before approving invoices for payment.

Management's Response

El Paso International Airport will implement an annual requirement for division managers to submit a list of authorized invoice approvers for each division by April 18, 2025. The list will be reviewed and updated annually with the start of each fiscal year, or as needed.

Additionally, we are in the process of phasing out the use of uniform rentals and transitioning to a uniform purchase for employees to improve cost efficiency and prevent billing issues.

Responsible Party

Annette Ditty, Administrative Services Manager

Implementation Date

Distribute form by April 18, 2025

Phase out vendor by August 31, 2025

City of El Paso
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Finding 3

Payment of Invoices

City of El Paso Strategic Plan:

- *Goal 6.6 Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- *Goal 6.12 Maintain systems integrity, compliance and business continuity.*

City of El Paso Accounts Payable Policy dated June 2024:

- *Section 5.0, bullet 1, As per the Prompt Payment Act, invoices are to be paid before the 30th day after the latest of:*
 - 1. the date the governmental entity receives the goods under the contract,*
 - 2. the date the performance of the service under the contract is completed, or*
 - 3. the date the governmental entity receives an invoice for the goods or service.*

A strong system of internal controls requires that Accounts Payable Sections take preventative steps to ensure invoices are not paid more than once and are paid once the goods or services are received.

A sample of 30 invoices processed by El Paso International Airport during the period of September 1, 2023 to August 31, 2024 was reviewed for compliance with the *City of El Paso Accounts Payable Policy*. Our review identified that:

- Eleven invoices, for 11 individual vendors, were not paid within 30 calendar days of receiving the invoice. The 11 invoices were paid between 31 and 49 calendar days of receiving the invoice.

#	Voucher #	Invoice #	Invoice Amount	Invoice Date (Received Date)	Payment Date	# of Calendar Days Payment was made after Invoice Date
1	24039228	9952459627	\$ 329.14	January 8, 2024	February 8, 2024	31
2	24095006	2880153492	\$ 52.38	July 5, 2024	August 6, 2024	32
3	24063472	2868-179249	\$ 21.12	March 25, 2024	April 29, 2024	35
4	24048534	349643997001	\$ 137.99	January 24, 2024	February 29, 2024	36
5	24072211	928160089	\$ 120.94	April 16, 2024	May 23, 2024	37
6	25005116	08202024	\$ 2,100.00	August 20, 2024	September 26, 2024	37
7	24040415	7586705	\$ 58.47	January 22, 2024	March 4, 2024	42
8	24076434	CI_104702	\$ 108.50	April 29, 2024	June 11, 2024	43
9	24040547	2686-2	\$ 228.65	January 19, 2024	March 4, 2024	45
10	24087055	32516	\$ 380.00	May 31, 2024	July 16, 2024	46
11	24101947	6330-412753	\$ 54.33	July 16, 2024	September 3, 2024	49

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Out of a population of 3,054 invoices processed during the period of September 1, 2023 to August 31, 2024, five (5) were paid twice for the same goods/services. Our review of the double payments identified that:

- One (1) of five (5) was paid twice and a refund of \$147.50 ***has not*** been received (invoice #1).
- Four (4) of five (5) were paid twice and refunds totaling \$1,586.68 were received (invoices #2-5).

Double Payments				
#	Voucher #	Invoice #	Invoice Amount	Refund Date
1	24040396	163391	\$ 147.50	<i>Pending</i>
2	24053225	022724104682	\$ 315.00	April 4, 2024
3	24050375	T73487	\$ 61.31	March 19, 2024
4	24050369	T73488	\$ 54.00	March 19, 2024
5	24053308	T74462	\$ 1,156.37	April 1, 2024

Recommendation

El Paso International Airport staff should ensure invoices are:

- Paid within 30 days of receiving the invoice or receiving the goods/services.
- Not paid twice for the same goods or services.

Management's Response

As of March 1, 2025, Airport Accounting began using Monday.com to upload and track invoices between Airport divisions. This system will aid in processing invoices for payment within 30 days.

Additionally, we will create an internal procedure for verifying vendor information to avoid duplicate payments prior to disbursement.

Lastly, we will provide retraining for both accounting and user division staff to ensure adherence to the new processes.

Responsible Party

Annette Ditty, Administrative Services Manager

Implementation Date

Mandatory Airport Financial Training June 2025

New Airport Accounts Payable Policy and Procedure training February 2026

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our work on the objectives of the El Paso International Airport – Accounts Payable Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the El Paso International Airport met the objectives of this audit. Based on our audit work, we have determined that:

1. El Paso International Airport met the audit objectives in the following areas:
 - Maintaining appropriate documentation to support Accounts Payable transactions.
 - Ensuring Accounts Payable transactions are approved for payment by authorized personnel.
 - Operating within budgetary limits.
 - Ensuring unallowable food and alcohol transactions are not incurred.
2. EPIA did not meet the audit objectives in the following areas:
 - Updating their *Accounts Payable Procedure – Purchases* manual to reflect current Accounts Payable practices in place. Last update was on November 6, 2008.
 - Processing Accounts Payable transactions in accordance with the *City of El Paso Accounts Payable Policy* and the *Texas Prompt Payment Act*.
 - Ensuring Accounts Payable transactions are properly reviewed for delivery of goods and services.
 - Implementing adequate controls to limit the exposure of unauthorized Accounts Payable transactions.

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