



# Internal Audit Department Sun Metro – Accounts Payable Audit A2026-09

# Objectives

The objectives of the Sun Metro – Accounts Payable Audit were to determine whether:

- Accounts Payable (A/P) transactions complied with City policy, the Texas Prompt Payment Act, and applicable contracts and agreements.
- Required documentation supported all A/P transactions.
- Transactions were properly reviewed and approved.
- Unallowable purchases, such as for food and alcohol, occurred.
- Sun Metro monitored utility payments appropriately, including those made for vacant facilities.
- Internal controls were adequate to prevent inappropriate expenditures.

# Scope

The audit scope covered FY 2026 activity from September 1, 2025, through January 31, 2026. To achieve the audit objectives, we:

- Interviewed Sun Metro Finance staff to understand A/P processes.
- Reviewed relevant City and Sun Metro policies and procedures.
- Analyzed FY 2026 invoice data.
- Reviewed a sample of 50 invoices, including:
  - 28 standard invoices
  - 22 utility-related invoices

# Finding 1

From our review of the 50 sampled invoices, we identified:

- 11 invoices (22%) lacked a recorded receipt date in PeopleSoft Financials; only the invoice date was documented.
- 11 invoices (22%) were not paid within 30 calendar days of receipt.
  - Posted payments ranged from 33 to 74 [calendar] days from the date of invoice receipt.

# Recommendation

Sun Metro should:

- Record the actual invoice receipt date in PeopleSoft Financials to clearly establish payment timelines.
- Strengthen processes to ensure invoices are paid within 30 [calendar] days of receipt.

# Conclusion

## Audit objectives met:

- Maintaining appropriate documentation to support A/P transactions.
- Ensuring A/P transactions are properly reviewed and approved.
- Limiting purchases to allowable items.
- Monitoring utility payments for facilities in use.
- Implementing controls to prevent unauthorized or inappropriate A/P activity.

## Audit objectives not met:

- Processing A/P transactions in accordance with both the:
  - *City of El Paso Accounts Payable Policy*; and,
  - *Texas Prompt Payment Act*.

# Management Response

## Finding 1

“Sun Metro appreciates the efforts of the Internal Audit Department in reviewing our payables policies and procedures and timeliness of payments to vendors. We acknowledge the finding that the date invoices selected for review was not recorded in the City’s financial system of record, PeopleSoft, and further that 11 out of 50 invoices reviewed were not paid within 30 calendar days of invoice receipt. Sun Metro, in keeping with a recent change to the City’s invoice posting process, has now adopted the practice of recording invoice receipt dates in PeopleSoft. In addition, we have also initiated the practice of recording and tracking when invoices are sent to the approval authority to ensure payment approvals are timely to allow for prompt payment.”

# Management Response (Cont.)

## Finding 1

“Sun Metro processes nearly 8,500 invoices for payment per year the majority of which are processed within 30 days of invoice receipt. We will continue to monitor payment status of invoices as they are received and review all instances of late payment to ensure compliance with Texas Government Code, Title 10, Subtitle F, Subchapter B., Chapter 2251.021 – Time for Payment by Government Entity; said monitoring will be facilitated by the change in the invoice posting process.”

# Requested Action

To accept the results of the Sun Metro – Accounts Payable Audit.