

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



DEPARTMENT: Internal Audit

AGENDA DATE: October 14, 2025

PUBLIC HEARING DATE:

CONTACT PERSON NAME: Liz De La O

PHONE NUMBER: 915-212-1371

2nd CONTACT PERSON NAME: Miguel Montiel

PHONE NUMBER: 915-212-1367

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 On-Call Services Agreement Audit Report A2024-08. Audit was accepted by FOAC at the September 11, 2025 meeting.

BACKGROUND / DISCUSSION:

The timeframe for this audit was Fiscal Year 2023-2024. The audit determined if CID had proper internal controls to monitor and ensure that On-Call Consultants comply with the terms of their On-Call Agreements for Professional Services. The audit also verified that Accounts Payable transactions were processed in accordance with the City of El Paso Accounts Payable Policy. Based on our audit work, we determined that CID met the audit objectives in establishing procedures for selecting On-Call Service providers, as well as implementing proper internal controls to monitor On-Call Consultants' compliance with the terms of their On-Call Agreements. However, CID did not meet the audit objectives in the areas of:

- Ensuring CID's internal procedures reflect current practices in place,
- Paying invoices within 30 days,
- Ensuring debarment checks, indebtedness verifications, and insurance confirmations are documented for all On-Call Agreement Consultants.



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:

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



**On-Call Services Agreement Audit
No. A2024-08**

Draft

Issued by the
Internal Audit Department
February 27, 2025

**City of El Paso
Internal Audit Department
On-Call Services Agreement Audit A2024-08**

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the On-Call Services Agreement Audit. Based on the results of the audit, four findings were identified. The findings are considered significant in nature due to internal control breakdowns and violations of City Policy.

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

1. The Capital Improvement Department's internal procedures "for the selection of Professional Services" need to be updated to reflect current practices in place.
2. The Capital Improvement Department is not ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants.
 - Eighteen (18) out of eighteen (18) On-Call Consultant (100%) files did not contain evidence that a debarment check was conducted.
 - Twelve (12) out of eighteen (18) On-Call Consultant (66.67%) files did not contain evidence of verification of indebtedness to the City.
 - Three (3) out of eighteen (18) On-Call Consultants (16.67%) did not submit all required certificates of insurance.
3. Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issue with the *City of El Paso Accounts Payable Policy*:
 - Four (4) out of nine (9) invoices (44.45%) were not paid within 30 calendar days of receiving the invoice. Payments were posted 32 to 56 days from the date of the invoice.
4. Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issues with the *On-Call Agreements for Professional Services*:
 - Three (3) out of nine (9) invoices (33.34%) did not have documentation to confirm that tasks were completed by established deadlines.
 - Two (2) out of nine (9) invoices (22.23%) could not be matched to the *Consultant's Fee Proposal & Hourly Rates*.
 - One (1) out of nine (9) invoices (11.12%) did not contain the total project budget, amount billed to date, and percentage of completion.

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

**City of El Paso
Internal Audit Department
On-Call Services Agreement Audit A2024-08**

BACKGROUND

The City of El Paso utilizes On-Call Agreements to retain Consultants to perform professional services for City capital projects with a budget less than \$3.5 million. Pursuant to the Professional Services Procurement Act, Subchapter A, Chapter 2254 of the Texas Government Code, professional services cannot be procured using competitive bidding. “Professional Services” include architecture, land surveying, professional engineering, and real estate appraising. In procuring professional services, a governmental entity shall select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications to perform the requested services.

Professional services are procured by the City of El Paso via Request for Qualifications (RFQ). RFQs identify the scope of services, required offer qualifications, and criteria by which Statements of Qualifications (SOQ) are evaluated. The criteria include, but are not limited to the following:

- Professional qualifications necessary for satisfactory performance of required services;
- Specialized experience and technical competence in the type of work required;
- Capacity to accomplish the work in the required time;
- Past performance on contracts with Government agencies and private industry in terms of cost control, quality of work, and compliance with performance schedules;
- Location in the general geographical area of the project and knowledge of the locality of the project; provided, that application of this criterion leaves an appropriate number of qualified firms, given the nature and size of the project.

On-Call Agreements are awarded in two (2) year cycles to the highest ranked firms. In general, for each discipline e.g., civil engineering, the City will award three to five On-Call Agreements. For most services, On-Call assignments are given on a Task Order basis to the most qualified for the specific scope of work. Task Order notices are issued to all of the On-Call providers of the specific discipline (e.g., civil engineering). Responses to Task Order notices are evaluated by the project team and the most qualified is selected to initiate negotiations. Each On-Call Agreement has an established budget with authorization for the City Engineer to approve additional services and reimbursables up to an established amount, when deemed necessary. The City Engineer provides general oversight and direction over professional services for the City’s capital projects.

AUDIT OBJECTIVES

The audit objectives for the On-Call Services Agreement Audit were to perform an assessment of the On-Call Agreements issued and managed by the Capital Improvement Department (CID) to:

- Determine how the on-call contracting process is administered.
- Identify how CID determines when on-call contracting is the preferred contract arrangement and determine when specific vendors are used.
- Determine if CID has proper internal controls in place to monitor and ensure that on-call consultants are compliant with the terms of their *On-Call Agreements for Professional Services*.
- Determine if Accounts Payable transactions for on-call services are processed in accordance with the applicable *City of El Paso Accounts Payable Policy*.

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AUDIT SCOPE AND METHODOLOGY

The scope of this audit included reviewing active On-Call Agreements for Professional Services as of FY 2024. The following five (5) On-Call Agreements for Professional Services awarded to 18 Consultants were selected for review:

No.	Consultants	Professional Service	Solicitation #
1	Alvidrez Architecture	Architecture	2022-0872
2	Brown Reynolds Watford Architects		
3	Carl Daniels Architects		
4	Countryman & Co		
5	In *Situ Architecture		
6	MNK Architects		
7	WSP USA Environment & Infrastructure, Inc.	Environmental (Engineering) EPIA	2023-0332
8	Professional Service Industries	TXDOT Civil (Engineering)	2023-0398
9	AECOM Technical Services		
10	CEA Group		
11	GRV Integrated Engineering Solutions	Mechanical & Electrical (Engineering)	2023-0587R
12	Bath Group		
13	CARDINA Engineering Commissioning	Construction (Engineering) Management	2024-0422R
14	JMT		
15	Nuraami		
16	Garver		
17	Huitt-Zollars		
18	Moreno Cardenas		

To achieve our audit objectives, we:

- Conducted interviews with Capital Improvement Department (CID) management and staff,
- Conducted a review of CID's applicable Policies and Procedures,
- Analyzed a sample of active On-Call Agreements monitored by CID staff,
- Analyzed a sample of invoices paid by CID staff for On-Call Professional Services,
- Conducted a review of CID's monitoring processes.

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.

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On-Call Services Agreement Audit A2024-08**

***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

Department Policies and 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.

A review of the Capital Improvement Department’s (CID) internal procedures “for the selection of Professional Services” provided on July 2, 2024 identified the following:

- The procedures do not have an “effective date.”
- The procedures reference the former job title of the Business Contracts Manager.
- The Sam.gov weblink cited in the procedures for debarment checks is no longer active.
- The procedures unique to the selection of On-Call Consultants do not reflect the current practices in place. The procedures do not address:
 - Specific steps in performing City indebtedness verifications.
 - Specific steps in performing vendor debarment checks.
 - The methodology used for rotating the selection of Consultants.
 - The review process of proposals for Task Orders.
 - Situations when a Consultant’s price quote for Task Orders do not match the approved hourly rates in the Consultant’s On-Call Agreement.
 - How CID staff monitor the progress of Task Orders.

Recommendation

The Capital Improvement Department (CID) should update their *Procedures for the Selection of Professional Services* to:

- Include an “effective date.”
- Contain updated job titles and working weblinks.
- Reflect current practices in place unique to the selection of On-Call Consultants. The manual should be updated to include:
 - Specific steps in performing City indebtedness verifications. These completed steps should be documented in the On-Call Consultant’s file.
 - Specific steps in performing vendor debarment checks. These completed steps should be documented in the On-Call Consultant’s file.
 - Methodology used for rotating the selection of Consultants.
 - The review process of proposals for Task Orders.
 - When a Consultant’s price quote for Task Orders do not match the approved hourly rates in the Consultant’s On-Call Agreement.
 - How CID staff monitor the progress of Task Orders.

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Management's Response

Staff has updated job titles and included an effective date on the procedure.

Regarding the procedure to the selection of on-call consultants: Staff has included that rotation of tasks are specifically for city-funded projects, and deviation from this assignment shall follow the defined federal process for task order requirement notices. The document directs staff to utilize an alternate task order requirement notices (TORN) approach. The term "rotational" in and of itself would be the proposed methodology.

Section 5 references policy of the City of El Paso to check if a vendor has been debarred prior to entering into a contract. During the audit was discovered that the checks were not saved to the file correctly. Debarment and Indebtedness checks are mentioned in the policy, however staff will update the sam.gov link and clearly outline the process.

The review process of proposals for the Task Order may reference the project specific process. Will add within procedures to reference "Scoping Meeting and Fee Proposal Negotiations"

Proposal review, cost estimate practices, and project monitoring are defined in current procedures and follow standard processes: "The scoping meeting will be held with the preliminary selected firm to discuss the project scope and the deadline for the submittal of the fee proposal. The project manager will review and negotiate the fee proposal with the firm. The project manager will prepare an independent cost estimate, record of negotiations, and make a recommendation to the City Engineer to accept the final fee proposal."

How staff monitors the progress of the Task Order is defined in the RFQ under section Project Schedule. The section requires for the consultant to submit a detailed preliminary schedule based on project scope including review time by the owner. The schedule will also identify phases included within the contract.

Responsible Party

Elsa Rodriguez

Implementation Date

July 7, 2025

**City of El Paso
Internal Audit Department
On-Call Services Agreement Audit A2024-08**

Finding 2

On-Call Consultant Review

City of El Paso Strategic Plan:

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

City of El Paso Procurement Sourcing Policy dated May 9, 2023,

- *Section 13.1 Vendor Indebtedness to the City:*

For all formal bids, in accordance with Ordinance No. 016529, it is the policy of the City to refuse to do business with a contracting entity, or any owner of 5% or more of such entity, who is indebted to the City... In the context the Indebtedness Ordinance, debt shall mean any delinquent sum of money in an amount greater than one hundred dollars (\$100.00)...

This Ordinance is applicable to all purchases and contracts, formal bids, proposals or otherwise, that require City Council approval. Contracts that are awarded without the submission of a proposal, including but not limited to, contract for engineering and architectural services, shall be subject to this Policy and shall not be approved by Council until a determination as to any indebtedness of the contracting entity or any owner to the City has been made as provided for in this Policy.

- *Section 13.2 Debarment Check:*

It shall be the policy of the City of El Paso to check if a vendor has been debarred prior to entering into a contract.

On-Call Agreement for Professional Services,

- *Section 5.1 INSURANCE. Consultant shall not commence work under this Agreement until the Consultant has obtained the required insurance and such insurance has been approved by the Owner...Failure to maintain said insurance shall be considered a material breach of this Agreement.*
 - *5.1.1 WORKERS' COMPENSATION INSURANCE. The Consultant shall procure and shall maintain during the life of this Agreement, Worker's Compensation Insurance...*
 - *5.1.2 COMMERCIAL LIABILITY, PROPERTY DAMAGE LIABILITY AND AUTOMOBILE LIABILITY INSURANCE. The Consultant shall procure and shall maintain during the life of this Agreement...The minimum limits of liability and coverages shall be as follows...*

Five (5) *On-Call Agreements for Professional Services* awarded to 18 Consultants were selected for review with the following results:

- Eighteen (18) out of eighteen (18) On-Call Consultant (100%) files did not contain evidence that a debarment check was conducted.
- Twelve (12) out of eighteen (18) On-Call Consultant (66.67%) files did not contain evidence of verification of indebtedness to the City.
- Three (3) out of eighteen (18) On-Call Consultants (16.67%) did not submit all required certificates of insurance. The On-Call Consultants were:

#	On-Call Consultant	Professional Service	Insurance Policy Missing
1	Countryman & Co	Architecture	Auto & Worker's Compensation
2	MNK Architects	Architecture	Auto & Worker's Compensation
3	CARDINA Engineering	Mechanical & Electrical	Auto Insurance

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Recommendation

The Capital Improvement Department should ensure that:

- Debarment checks,
- City indebtedness verifications, and
- Insurance Policy confirmations

are conducted and documented for all On-Call Agreement Consultants in accordance with the *Procurement Sourcing Policy* and the *On-Call Agreements for Professional Services*.

Management's Response

Checks were not consistently saved in the appropriate files. To strengthen the procedure, staff will reference sam.gov and seamless docs form and guideline to properly save documentation.

Responsible Party

Elsa Rodriguez

Implementation Date

Indebtedness form was recreated in seamless docs and in use, also, the new file structure to include the sam.gov registration and indebtedness verification is in effect.

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Finding 3

Payment of On-Call Professional Services

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 August 2022:

- *Section 2.0 Purpose: ...the City complies with the State of Texas Prompt Payment Act Texas Government Code, Title 10, Subtitle F, Chapter 2251.*

State of Texas Government Code, Title 10, Subtitle F, Subchapter B., Chapter 2251.021 – Time for Payment by Government Entity:

- *A payment by a government entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of the date the government entity receives an invoice for the goods or services.*

Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issue with the *City of El Paso Accounts Payable Policy*:

- Four (4) out of nine (9) invoices (44.45%) were not paid within 30 calendar days of receiving the invoice. Payments were posted 32 to 56 days from the date of the invoice.

#	On-Call Consultant	Invoice #	Invoice Amount	Date Invoice Received	Payment Date	# of Calendar Days Payment was made after date Invoice Received
1	In*Situ Architecture	24017	\$48,537.00	5/1/2024	6/25/2024	55
2	Countryman & Co	2024-06.01	\$38,156.00	5/6/2024	6/25/2024	50
3	AECOM Technical Services	2000881589	\$11,556.00	4/25/2024	6/6/2024	42
4	GRV Integrated Engineering Solutions	24-070	\$12,800.00	5/3/2024	6/4/2024	32

Recommendation

The Capital Improvement Department should ensure that invoices are paid within 30 days of receiving the invoice.

Management's Response

Within our process we ask all vendors to submit invoices to Payapplication@elpasotexas.gov. Staff has been assigned to critically evaluate the Application Status Log.

This change of assignment to the CIPS has resulted in invoices paid within 30 days of receipt.

Responsible Party

Marisol Carranza

Implementation Date

November 2024

**City of El Paso
Internal Audit Department
On-Call Services Agreement Audit A2024-08**

Finding 4

Invoicing & Payment of On-Call Professional Services

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.*

Each On-Call Agreement for Professional Services is unique with different terms and criteria for professional services. Each On-Call Agreement contains the following:

- *Attachment "B" Consultant's Fee Proposal and Hourly Rates.*
- *Section 2.1 The Owner hereby agrees to retain the Consultant and the Consultant agrees to perform on-call professional services on a Task Order basis...*
- *Section 3.1 The parties agree and understand that all fees and compensation to the Consultant shall only become due and payable in accordance with the terms of this Agreement and fees to be charged for each Project shall be pursuant to the Consultant's fee proposal for such Basic and Additional Services at the rates which is attached hereto as Attachment "B".*
- *Section 3.3.1 Each invoice shall contain a brief summary indicating, at a minimum, the total Project budget, the total amount authorized for the Consultant, the current invoiced amount and the amount billed by date. In addition to the Summary, each invoice shall provide a Progress Report. The Progress Report shall describe, at a minimum, the progress of the Project to date also indicating the percentage of completion of each phase.*
- *Section 3.3.2 The Owner agrees to pay invoices for all services performed as soon as reasonably possible, but no later than thirty (30) days from receipt....The total amount paid to Consultant shall not exceed Consultant's fee proposal, except by written amendment to this Agreement...*
- *Section 4.1 Period of Service... The services called for by each Task Order shall begin upon the issuance of a Notice to Proceed from the City Engineer and shall continue through the completion of the construction of the Project, including any required extensions beyond the contract time...*

Nine (9) invoices paid by the Capital Improvement Department (CID) from February 29, 2024 to June 25, 2024 for On-Call Professional Services were selected for review. Our review identified the following non-compliance issues with the *On-Call Agreements for Professional Services*:

- Three (3) out of nine (9) invoices (33.34%) did not have documentation to confirm that tasks were completed by established deadlines.
 - Carl Daniel Architects Invoice #8928 for \$20,774.00
 - WSP USA Invoice #S59605506 for \$14,940.00
 - AECOM Technical Services Invoice #20008815890 for \$11,556.00
- Two (2) out of nine (9) invoices (22.23%) could not be matched to the *Consultant's Fee Proposal & Hourly Rates*.
 - In*Situ Invoice #24017 for \$48,537.00
 - WSP USA Invoice #S59605506 for \$14,940.00
- One (1) out of nine (9) invoices (11.12%) did not contain the total project budget, amount billed to date, and percentage of completion.
 - WSP USA Invoice #S59605506 for \$14,940.00

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Recommendation

The Capital Improvement Department should ensure that:

- There is documentation to support tasks were completed by established deadlines.
- Invoices match the *Consultant's Fee Proposal & Hourly Rates* or notate the cause of variance.
- Invoices include the detail required of the terms in their *On-Call Services Agreement*.

Management's Response

- *Section 3.1 The parties agree and understand that all fees and compensation to the Consultant shall only become due and payable in accordance with the terms of this Agreement and fees to be charged for each Project shall be pursuant to the Consultant's fee proposal for such Basic and Additional Services at the rates which is attached hereto as Attachment "B".*
- *Section 3.3.1 Each invoice shall contain a brief summary indicating, at a minimum, the total Project budget, the total amount authorized for the Consultant, the current invoiced amount and the amount billed by date. In addition to the Summary, each invoice shall provide a Progress Report. The Progress Report shall describe, at a minimum, the progress of the Project to date also indicating the percentage of completion of each phase.*

Procedures identified to address the required documentation. Training will be provided to remind staff of policy that is in place.

Responsible Party

Division Manager

Implementation Date

Host training prior to August 1, 2025

**City of El Paso
Internal Audit Department
On-Call Services Agreement Audit A2024-08**

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 On-Call Services Agreement 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 Capital Improvement Department (CID) met the objectives of this audit. Based on our audit work, we have determined that:

1. CID met the audit objectives in the following areas:
 - Establishing and documenting internal procedures for “the selection of professional services providers for the City’s capital projects.”
 - Establishing proper internal controls to monitor and ensure that On-Call Consultants are compliant with the terms of their *On-Call Agreements for Professional Services*.
2. CID did not meet the audit objectives in the following areas:
 - Ensuring specific steps are created for performing City indebtedness verifications and debarment checks. The steps should include documentation requirements of what should be placed in the On-Call Consultant’s file.
 - Processing Accounts Payable transactions for on-call services in accordance with the *City of El Paso Accounts Payable Policy* and *On-Call Agreements for Professional Services*.
 - Ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Agreement Consultants.

We wish to thank the Capital Improvement Department management and staff for their assistance and courtesies extended during the completion of this audit.

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Liz De La O, CFE, CIA, CGAP, MPA
Deputy Chief Internal Auditor

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