



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

Objectives

The audit objectives for the Sun Metro – Accounts Payable Audit were to determine if:

- Accounts Payable (AP) transactions were processed in accordance with *City Policy*, Texas Prompt Payment Act, and established contract(s)/agreement(s).
- Appropriate documentation was in place to support AP transactions.
- Transactions were properly reviewed and approved.
- There was no unallowable purchases (e.g., food and alcohol).
- Sun Metro monitors utility payments and whether utility payments are being made for vacant facilities.
- Sun Metro has adequate internal controls to limit inappropriate expenditures.

Scope

The scope covered FY 2026, September 1, 2025 to January 31, 2026. To achieve our objectives, we:

- Interviewed Sun Metro Finance personnel to obtain an understanding of processes.
- Reviewed City and Sun Metro's Policies & Procedures.
- Analyzed invoice data for FY 2026.
- Reviewed a sample of 50 invoices
 - 28 standard invoices and 22 invoices specifically for utility payments.

Finding 1

A sample of 50 invoices were selected for review, of which 28 invoices were standard invoices and 22 were specifically for utility payments. Our review identified the following:

- 11 of the 50 invoices (22%) had a receipt date that differed from the invoice date. The date the invoice was received was not recorded in PeopleSoft Financials or in the supporting documentation uploaded for payment.
- 11 out of 50 (22%) invoices were not paid within 30 calendar days of receiving the invoice. Payments were posted 33 to 74 days from date invoice was received.

Recommendation

Sun Metro should:

- Consider utilizing the “Invoice Receipt Date” field in PeopleSoft Financials to enter the actual date the invoice was received to ensure clarity of payment terms were met.
- Ensure that invoices are being paid within 30 days of receiving the invoice.

Conclusion

Sun Metro met the audit objectives in the following areas:

- Maintaining appropriate documentation to support AP transactions.
- Ensuring AP transactions are properly reviewed and approved.
- Ensuring AP transactions are for allowable purchases.
- Ensuring that utility payments are made for facilities currently in use.
- Implementing adequate controls to limit exposure to unauthorized or inappropriate AP transactions.

Conclusion (Cont.)

Sun Metro **did not** meet the audit objective in the following area:

- Processing AP transactions in accordance with *City of El Paso Accounts Payable Policy* and the *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 (Cont.)

“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 and forward the Audit Report to City Council for action.