



AGENDA FOR THE FINANCIAL OVERSIGHT AND AUDIT COMMITTEE

March 12, 2026
COUNCIL CHAMBERS, CITY HALL, 300 N. CAMPBELL - FIRST FLOOR
12:30 PM

Notice is hereby given that a meeting of the Financial Oversight and Audit Committee (FOAC) will be conducted on the above date and time.

Members of the public may view the meeting via the following means:

Via the City's website. <http://www.elpasotexas.gov/videos>
Via television on City15,
YouTube: <https://www.youtube.com/user/cityofelpasotx/videos>

In compliance with the requirement that the City provide two-way communication for members of the public, members of the public may communicate with the Financial Oversight and Audit Committee during public comment, and regarding agenda items by calling the following number:

1-915-213-4096 or Toll Free Number: 1-833-664-9267

At the prompt please enter the corresponding Conference ID: 248-341-753#

If you wish to sign up to speak please contact Miguel Montiel at MontielMA@elpasotexas.gov no later than two (2) hours prior to the meeting date and time. Please provide your name, phone number, email address and the agenda item(s) you wish to speak on.

A quorum of the Financial Oversight and Audit Committee must be present and participate in the meeting.

ROLL CALL

PLEDGE OF ALLEGIANCE

AGENDA

1. Approval of Minutes for the Financial Oversight and Audit Committee meeting of February 12, 2026. [Internal Audit, Elizabeth De La O, (915) 212-1371] [BC-1815](#)
2. Discussion regarding improvements to the upcoming budget development timeline and process. [City Manager's Office, Robert Cortinas, (915) 212-1067] [BC-1825](#)
3. Discussion on FY 2025-2026 Audit Plan 2nd Quarter Updates. [Internal Audit, Miguel Montiel, (915) 212-1367] [BC-1824](#)
4. Discussion and Action on the results of the On-Call Services Agreement Follow-Up Audit A2026-04. [Internal Audit, Elizabeth De La O, (915) 212-1371] [BC-1816](#)

ADJOURN

NOTICE TO THE PUBLIC

This is a meeting of the Financial Oversight and Audit Committee of the El Paso City Council. The committee ordinarily consists of 4 Council members for purposes of establishing a quorum and the voting membership on the committee. However, any other member of the City Council may, on an ad hoc basis, join the meeting and participate in the discussions.

Sign language interpreters will be provided for this meeting upon request. Requests must be made to Miguel Montiel at MontielMA@elpasotexas.gov a minimum of 48 hours prior to the date and time of this hearing.

If you need Spanish Translation Services, please email MontielMA@elpasotexas.gov at least 48 hours in advance of the meeting.

Posted this 5th day of March, 2026 at 4:54 p.m., at City Hall, 300 N.Campbell Street by Sergio Carrillo.



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-1815, Version: 1

**CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM**

AGENDA LANGUAGE:

This is the language that will be posted to the agenda. Please use ARIAL 11 Font.

Approval of Minutes for the Financial Oversight and Audit Committee meeting of February 12, 2026. [Internal Audit, Elizabeth De La O, (915) 212-1371]



FINANCIAL OVERSIGHT AND AUDIT COMMITTEE MINUTES
February 12, 2026
COUNCIL CHAMBERS, CITY HALL
12:30 PM

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The Financial and Oversight and Audit Committee Members of the City of El Paso met at the above place and date. Meeting was called to order at 12:30 p.m. Committee Members present were Alejandra Chávez, Deanna Maldonado-Rocha, Ivan Niño, Chris Canales, Elizabeth De La O – Deputy Chief Internal Auditor, and Dionne Mack – City Manager.

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PLEDGE OF ALLEGIANCE

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AGENDA

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1. Selection of the FOAC Chairperson.

Committee Member Maldonado-Rocha nominated Committee Member Chávez, seconded by Committee Member Niño, and unanimously carried to **APPROVE** Ms. Alejandra Chávez as the FOAC Chairperson.

AYES: Committee Members Canales, Chávez, Maldonado-Rocha, and Niño
NAYS: None

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2. Approval of Minutes for the Financial Oversight and Audit Committee meeting of January 15, 2026.

Motion made by Committee Member Niño, seconded by Committee Member Maldonado-Rocha, and carried to **APPROVE** the Minutes for the Financial Oversight and Audit Committee meeting of January 15, 2026.

AYES: Committee Members Chávez, Maldonado-Rocha, and Niño
NAYS: None
ABSTAIN: Committee Member Canales

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3. Presentation on the City’s outstanding debt, upcoming refunding opportunity, and planned debt issuances from the remaining 2019 Public Safety and 2022 Community Progress Bonds.

Mr. Robert Cortinas – Deputy City Manager/CFO, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Mr. Chris Canales, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

No **ACTION** was taken on this item.

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4. Presentation on Enterprise Risk Management (ERM) deployment.

Ms. Yvette Griffin – Risk Management Director, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Chair.
- Ms. Deanna Maldonado-Rocha, Committee Member.

No **ACTION** was taken on this item.

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5. Discussion and Action on the results of the Environmental Services – P-Card and Travel Audit A2026-07.

Mr. Miguel Montiel – Audit Manager, delivered a PowerPoint presentation.

The following member of the FOAC commented:

- Ms. Deanna Maldonado-Rocha, Committee Member.

Motion made by Committee Member Niño, seconded by Committee Member Canales, and unanimously carried to **ACCEPT** the results of the Environmental Services – P-Card and Travel Audit and send to City Council for action.

AYES: Committee Members Chávez, Canales, Maldonado-Rocha, and Niño
NAYS: None

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ADJOURN

Motion made by Committee Member Canales, seconded by Committee Member Niño and unanimously carried to **ADJOURN** the meeting at 1:47 p.m.

AYES: Committee Members Chávez, Canales, Maldonado-Rocha and Niño

NAYS: None

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APPROVED AS TO CONTENT:

Alejandra Chávez – Committee Chair,
Financial Oversight and Audit Committee

Elizabeth De La O – Deputy Chief Internal Auditor,
Internal Audit Department



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-1825, Version: 1

**CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM**

AGENDA LANGUAGE:

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Discussion regarding improvements to the upcoming budget development timeline and process. [City Manager's Office, Robert Cortinas, (915) 212-1067]



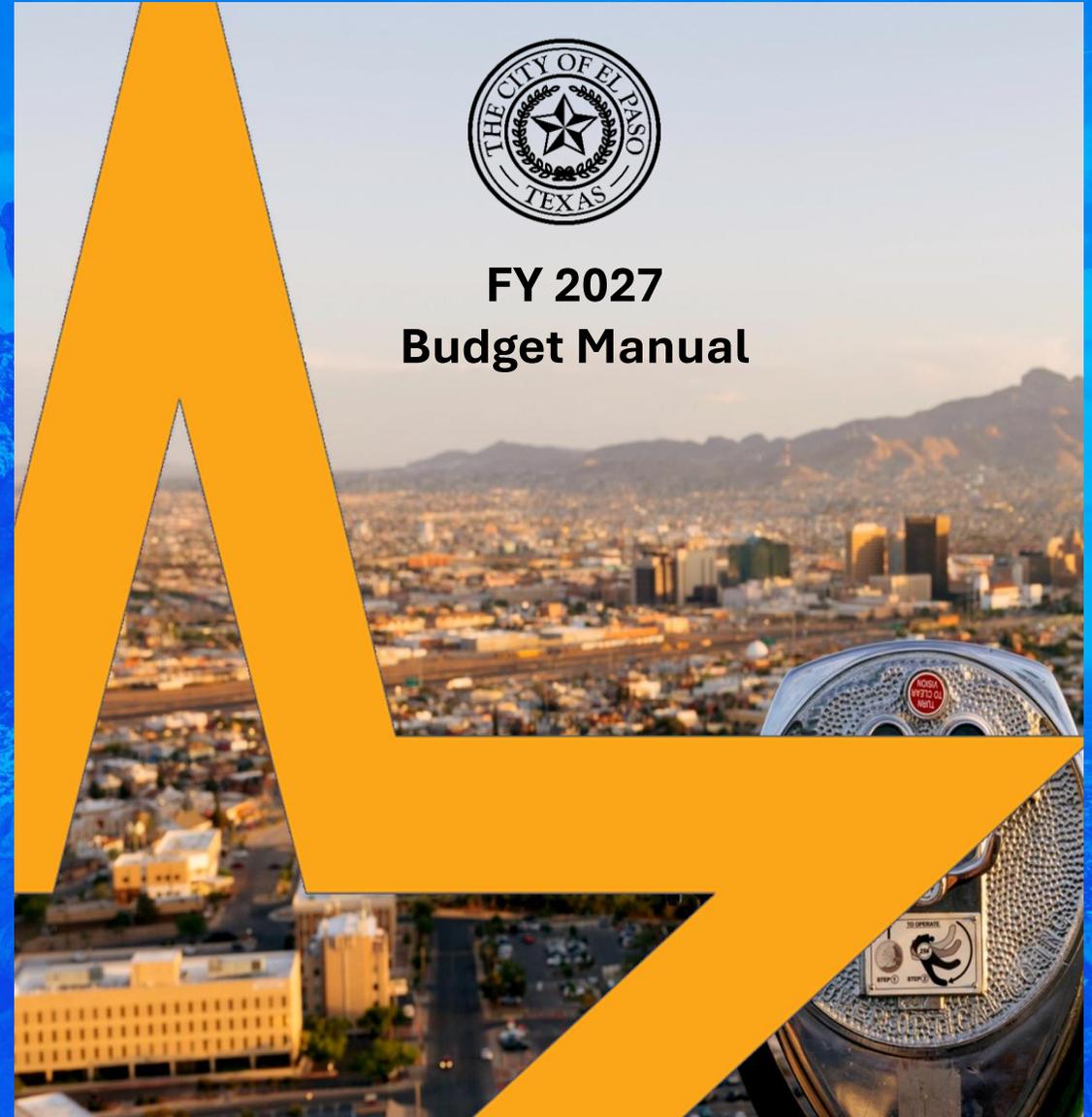
CITY OF EL PASO

Budget Development Timeline and Process

March 12, 2026

Agenda Items

1. Recent Budget Process Improvements
2. Areas for Improvement
3. Proposed Changes for Discussion
4. Budget Timeline



Budget Development

- Budget Process Promotes Transparency and Accountability
- City Council's Role Is Central to the Process
- Community Engagement Strengthens the Budget
- Align Services with Strategic Goals
- Opportunity to Evaluate Program Performance

Recent Improvements

- Increased community engagement - 18 Community Presentations (April – August)
- Program Based Budgeting Pilot – Economic Development, Parks, Streets and Maintenance, and Code Enforcement
- 31 Department Presentations – Previously presented by Strategic Goals
 - Budget Profile – “what they do”
 - Budget Variances, highlights and initiatives

Areas for Additional Improvements

- Increasing Council input earlier in the development process
- Community outreach/education sessions
- Improved process for Council Budget Adjustment Requests
- Multi-year outlook emphasis throughout the process

Proposed Improvements for Discussion

- Conduct two rounds of budget workshops (late May and late June)
- Community Outreach
 - Procuring “Budget Simulator” tool
 - Program Based Budgeting rollout
- Include two-year outlook when discussing/presenting budget development
 - Provides clear fiscal impact of decisions being made
- Revise Council Budget Adjustment Request Form

Council Budget Adjustment Request Form

Fiscal Year: FY 2027

Council Member: _____

Date Submitted: _____

1. Adjustment Summary

Proposal Name: _____

Category (Check One):

- Increase Revenue
- Reduce Expenditure
- Increase Expenditure
- Reallocate Funds
- Policy Change with Fiscal Impact

Strategic Priority Alignment:

- Economic Mobility
- Public Safety
- Infrastructure
- Quality of Life
- Good Governance

2. Description of the request

Provide a concise explanation of the requested adjustment:

3. Financial Impact – Revenue

Type	One-Time Impact	Ongoing Annual Impact	Total Impact
Increase	_____	_____	_____
Decrease	_____	_____	_____

Proposed Revenue Source (Check All That Apply):

- User Fee Increase
- New Fee/Charge
- Property Tax Adjustment
- Sales Tax Allocation
- Franchise Fee Adjustment
- Grant Funding
- Fund Balance (One-Time Only)
- Other: _____

Financial Impact – Expenditure

Department	Program	Increase	Decrease	Ongoing or One-time
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Personnel Impact:

- Add FTE(s) (#____)
- Eliminate FTE(s) (#____)
- No Personnel Impact

4. Funding Source Identification (Required for Increases)

- Offset by Revenue Increase
- Reduce Other Program (identify below)
- Use One-Time Funds
- Reprioritize Within Department
- Other: _____

If reducing another program, describe below:

5. Policy or Service Impact

- Improves Service Level
- Maintains Service Level
- Reduces Service Level
- Creates New Service

Please Describe:

6. Long-Term Fiscal Sustainability Assessment

- One-Time Adjustment
- Ongoing Structural Impact

Does this create future-year obligations? Yes No

7. Performance & Outcome Metrics

How will success be measured?

Council Member Signature: _____

Budget Timeline

- **Mid-May**

City Council Individual Briefings

- **Late May**

Public Budget Workshops-Round 1

- **Mid-July**

File Proposed Budget

- **Late July**

Receive Certified Property Values

May

June

July

August

- **Early June**

Community Meetings

- **Late June**

Public Budget Workshops-Round 2

- **First Half of Aug**

- Present Certified Values

- Community Meetings

- Public Hearings

- Budget Adoption



CITY OF EL PASO

COUNCIL BUDGET ADJUSTMENT REQUEST FORM

Fiscal Year: FY 2027

Council Member: _____

Date Submitted: _____

1. Adjustment Summary

Proposal Name: _____

Category (Check One):

- Increase Revenue
- Reduce Expenditure
- Increase Expenditure
- Reallocate Funds
- Policy Change with Fiscal Impact

Strategic Priority Alignment:

- Economic Mobility
- Public Safety
- Infrastructure
- Quality of Life
- Good Governance

2. Description of the request

Provide a concise explanation of the requested adjustment:

3. Financial Impact – Revenue

Type	One-Time Impact	Ongoing Annual Impact	Total Impact
Increase	_____	_____	_____
Decrease	_____	_____	_____

Proposed Revenue Source (Check All That Apply):

- User Fee Increase
- Sales Tax Allocation
- Fund Balance (One-Time Only)
- New Fee/Charge
- Franchise Fee Adjustment
- Other: _____
- Property Tax Adjustment
- Grant Funding

Financial Impact – Expenditure

Department	Program	Increase	Decrease	Ongoing or One-time
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Personnel Impact:

- Add FTE(s) (#____)
 Eliminate FTE(s) (#____)
 No Personnel Impact

4. Funding Source Identification (Required for Increases)

- Offset by Revenue Increase
 Reprioritize Within Department
 Reduce Other Program (identify below)
 Other: _____
 Use One-Time Funds

If reducing another program, describe below:

5. Policy or Service Impact

- Improves Service Level
 Reduces Service Level
 Maintains Service Level
 Creates New Service

Please Describe:

6. Long-Term Fiscal Sustainability Assessment

- One-Time Adjustment
 Ongoing Structural Impact

Does this create future-year obligations? Yes No

7. Performance & Outcome Metrics

How will success be measured?

Council Member Signature: _____



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

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**CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM**

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Discussion on FY 2025-2026 Audit Plan 2nd Quarter Updates. [Internal Audit, Miguel Montiel, (915) 212-1367]



Internal Audit Department 2nd Quarter Update

December 1, 2025 to February 28, 2026

Reporting Statement

According to Domain III & IV of the Global Internal Audit Standards, Principle 8 - Standard 8.1 and Principle 9 - Standard 9.4 as issued by the Institute of Internal Auditors, the Chief Internal Auditor must report periodically to the Financial Oversight and Audit Committee and Senior Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its Audit Plan.

We conduct audits in accordance with both Generally Accepted Government Auditing Standards and the Global Internal Audit Standards.

Independence Statement

As required by the Global Internal Audit Standards, Standard 7.1, the City of El Paso's Internal Audit Department continues to maintain its independence. Per the City Charter amended May 6, 2023, the Chief Internal Auditor reports operationally to the Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the FOAC. The FOAC reviews and recommends for approval by City Council the Internal Audit Charter and annual risk-based Audit Plan. The FOAC also receives quarterly updates to the Annual Audit Plan from the Chief Internal Auditor. The City Manager shall be responsible for the implementation of any audit recommendations for changes to City administrative procedures and operations as requested by City Council.

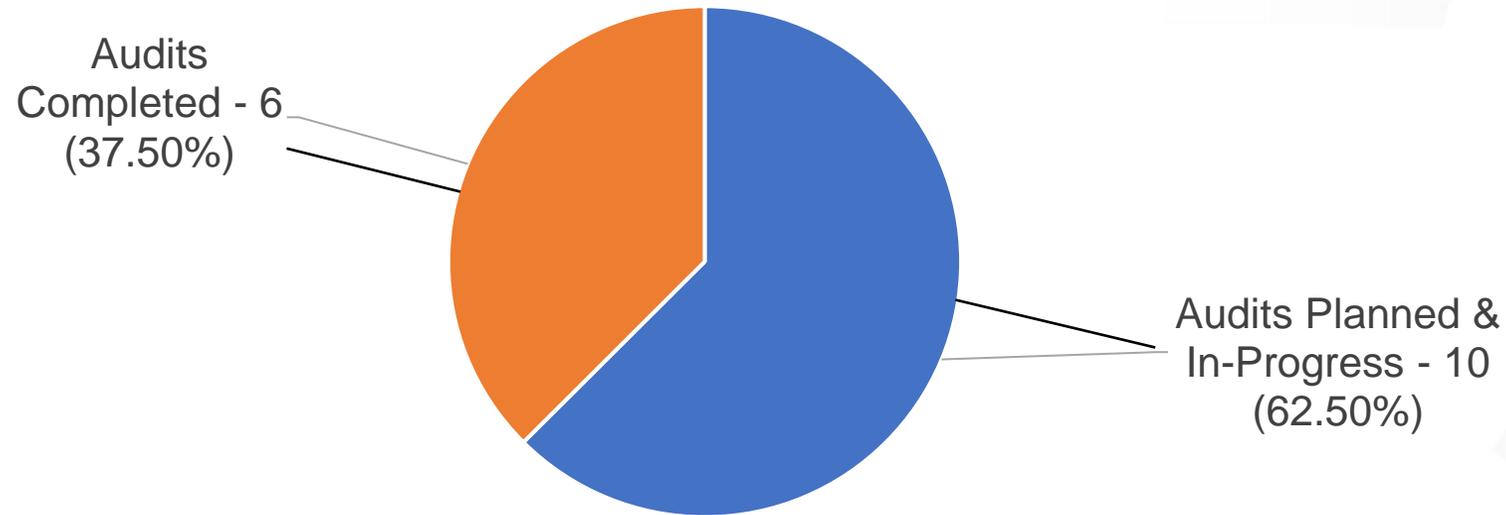
Overview of FY 2025-2026 Audit Plan

September 1, 2025 to February 28, 2026

Audit Status	Audits
a. Number of Audits Completed (Based on Report Date)	6
b. Number of Audits Planned & In-Progress	10
c. Total Number of Audits	16

FY 2025-2026 Audit Plan Completion

September 1, 2025 to February 28, 2026



■ Audits Planned & in Progress ■ Audits Completed

Audit Code	Audit Name	Status
A2025-08	Animal Services – Westside Adoption Center Construction Audit	Complete
A2025-09	El Paso Zoo – Financial Activity Audit	Complete
A2025-10	Accounts Receivable Program – 2 nd Follow-Up Audit	Complete
A2026-01	Planning & Inspections – Permit Review Follow-Up Audit	Complete
A2026-07	Environmental Services – P-Card and Travel Audit	Complete
N/A	Tax Office Refunds Reviews	Complete
A2025-05	Code Enforcement Division Audit	In-Progress
CoSourced	Police Department – Cyber Security Assessment	In-Progress
N/A	Red Book – Internal Self Assessment	In-Progress

2025-2026 Audits

September 1, 2025 to
February 28, 2026

Audit Code	Audit Name	Status
A2026-04	On-Call Services Agreement Follow-Up Audit	In-Progress
A2026-05	El Paso Police Department – Overtime Audit	In-Progress
A2026-06	Single Family Owner-Occupied Renovation Program Audit	In-Progress
A2026-07	Streets and Maintenance – Facility Maintenance Audit	In-Progress
A2026-09	Sun Metro Accounts Payable Audit	In-Progress
CoSourced	Health Department – Cybersecurity Assessment	In-Progress
CoSourced	Hotel Occupancy Tax (HOT) – Round 10	In-Progress

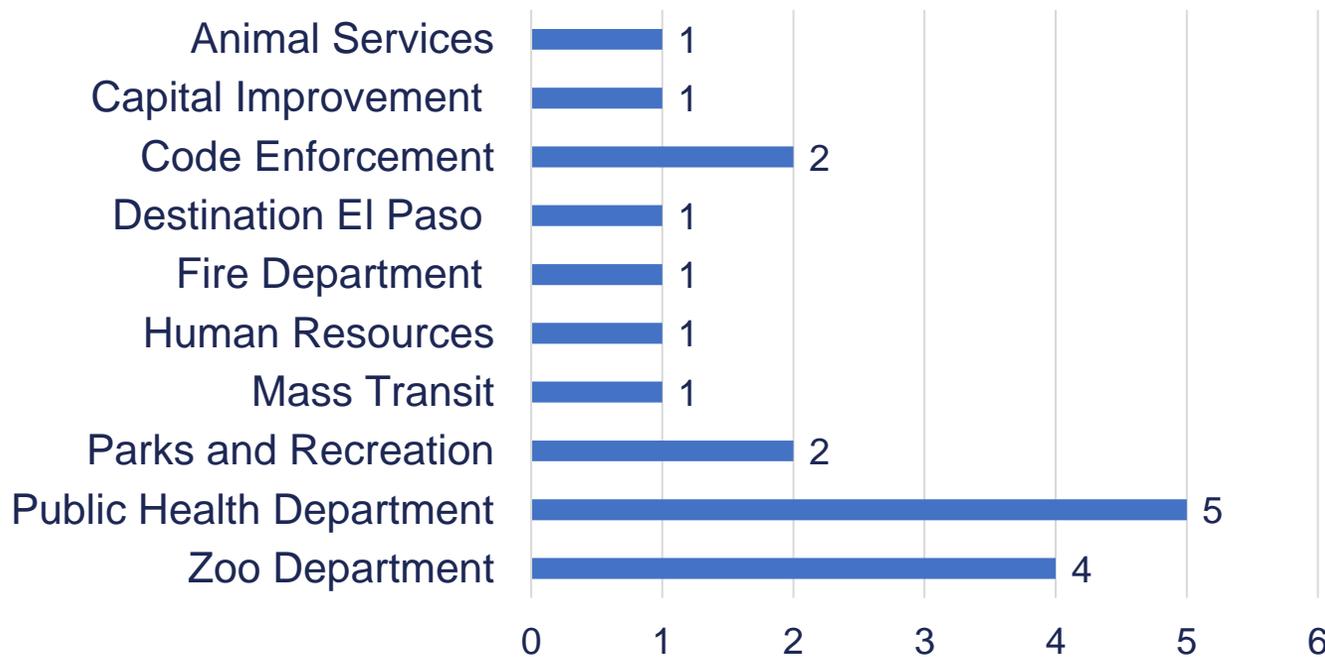
2025-2026 Audits

September 1, 2025 to
February 28, 2026

City of El Paso – Employee Hotline

December 1 to February 28, 2026

FY 2025-2026 Q2 Hotline Incident Reports
by Department

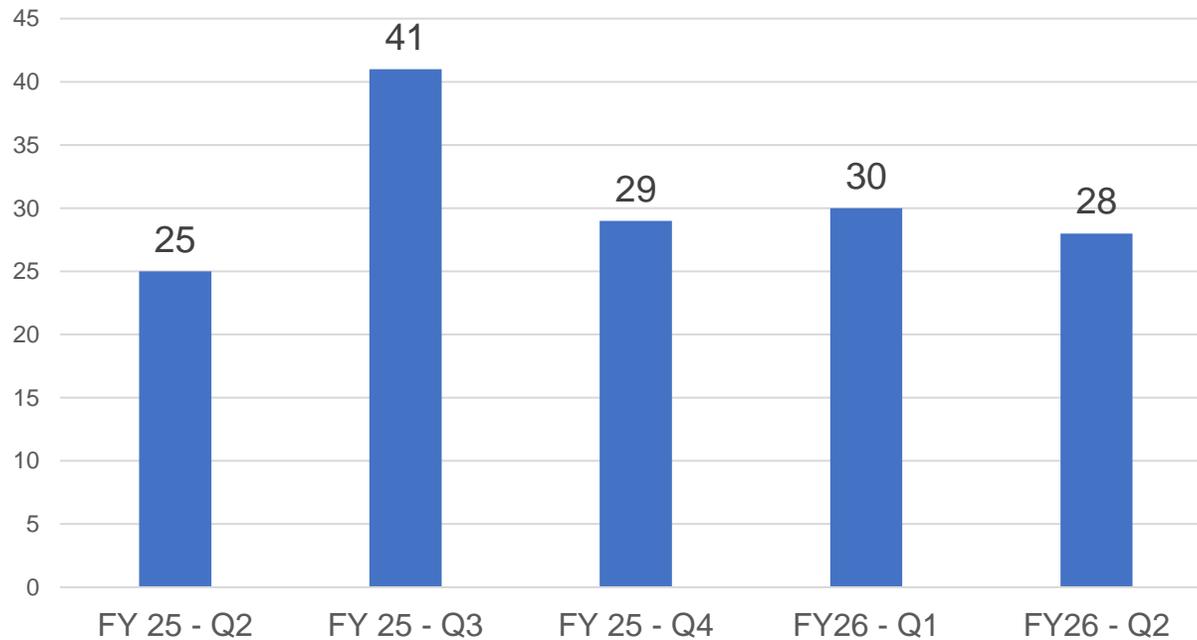


- Total of 19 new Hotline Incidents Reports
- 7 remained open as of February 28, 2026
- 2 Incident Reports from Q1 remain open as of February 28, 2026
- Total of 9 incident remain open as of February 28, 2026

Tax Office Refund Review Project

December 1, 2025 – February 28, 2026

of Tax Office Refund Memos Per Quarter



Conducted 28 Tax Office Refund Reviews during the 2nd Quarter.

Client Surveys

December 1, 2025 to February 28, 2026

Audit Name	Survey Opened	Survey Closed	# Surveys Sent Out	# Surveys Completed	% Surveys Completed	Avg. Rating*
Accounts Receivable Program – 2 nd Follow-Up Audit A2025-10	12/18/25	1/12/26	3	1	33%	3.87
Environmental Services – P-Card and Travel Audit A2026-07	2/4/26	2/18/26	4	3	75%	3.67

*Rating based on a 4-point scale.

Q & A



**2025-2026
Annual Audit Plan
2nd Quarter Update**

DRAFT

Issued by the
Internal Audit Department
As of February 28, 2026

INTRODUCTION

According to Domain III & IV of the *Global Internal Audit Standards*, Principle 8 - Standard 8.1 and Principle 9 - Standard 9.4 as issued by the Institute of Internal Auditors, the Chief Internal Auditor must report periodically to the Financial Oversight and Audit Committee and Senior Management on the internal audit activity's purpose, authority, responsibility, and performance relative to its Audit Plan. The Chief Internal Auditor is also responsible for reporting significant risk exposures, control issues, fraud risks, governance issues, and other matters needed or requested by the Financial Oversight and Audit Committee and Senior Management.

In addition, by periodically reporting to the Financial Oversight and Audit Committee and Senior Management, the Internal Audit Department helps support the City of El Paso's *Strategic Plan* Goals 6.6 and 6.8;

- Goal 6.6: *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.8: *Support transparent and inclusive government.*

The Chief Internal Auditor is also responsible to communicate the internal audit activity's plans and resource requirements, including significant interim changes, to the Financial Oversight and Audit Committee for review and approval. The Chief Internal Auditor must also communicate the impact of any resource limitations.

Based on this requirement, this Annual Audit Plan Update is being provided to the Financial Oversight and Audit Committee. The Chief Internal Auditor will provide an update on the following three critical areas required in the management of an internal audit activity. The three critical areas are:

1. Pending Audits and Projects
2. Miscellaneous Items affecting the Internal Audit Department's Activity
3. Annual Audit Plan Update

As required by the *Global Internal Audit Standards*, Standard 7.1, the City of El Paso's Internal Audit Department continues to maintain its independence. Per the City Charter amended May 6, 2023, the Chief Internal Auditor reports operationally to the Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the FOAC. The FOAC reviews and recommends for approval by City Council the Internal Audit Charter and annual risk-based Audit Plan. The FOAC also receives quarterly updates to the Annual Audit Plan from the Chief Internal Auditor. The City Manager shall be responsible for the implementation of any audit recommendations for changes to City administrative procedures and operations as requested by City Council. Standard 8.3 requires the Internal Audit Department ensure conformance with the *Global Internal Audit Standards*, to include the Ethics and Professionalism Domain II. The Ethics and Professionalism Domain Principles includes Integrity, Objectivity, Confidentiality, Competency, and Due Professional Care. Any non-conformance will be reported.

We conduct audits in accordance with both *Generally Accepted Government Auditing Standards* and the *Global Internal Audit Standards*.

PENDING AUDITS & PROJECTS

This section will provide the Financial Oversight and Audit Committee and the City Manager a short synopsis of the pending Audits and Projects currently being completed by the staff of the Internal Audit Department as of the end of the 2nd Quarter. A brief synopsis is provided on the scope and objective of the Audit or Project.

1. Police Department – Cyber Security Assessment

The objectives of the Assessment are to determine if City-owned applications managed by the Police Department meet National Institute of Standards and Technology (NIST) cyber security standards. The NIST cyber security standards help organizations manage and reduce cyber security risks.

2. Code Enforcement Division Audit

The objective of the Code Enforcement Division Audit is to perform an assessment of enforcement efforts for nuisance cases. To achieve the audit objectives, the Internal Audit Department will:

- Identify and review the top five (5) types of violations and associated data.
- Review and determine if established enforcement processes are in accordance with City Ordinances.
- Evaluate whether imposed penalties and costs are in accordance with established fees and/or fines.
- Identify and document education and outreach efforts.
- Evaluate budget for staffing levels of the Code Enforcement Division.

3. Environmental Services – P-Card and Travel Audit

The objectives of the Environmental Services P-Card and Travel Audit are to select a sample of P-Card transactions and Travel Requests to:

- Evaluate the adequacy of controls in effect over P-Card transactions and Travel Requests, and
- Determine whether P-Card transactions and Travel Requests comply with the City of El Paso's Policies and Procedures.

4. El Paso Police Department – Overtime Audit

The audit objectives for the El Paso Police Department (EPPD) – Overtime Audit are to:

- Determine if overtime is consistently managed, appropriately authorized, and supported by sufficient documentation.
- Determine if EPPD has established an effective monitoring program to ensure that overtime expenditures and overtime processes are in compliance with:
 - The Collective Bargaining Agreement between the City of El Paso and the El Paso Municipal Police Officer's Association.
 - City of El Paso and EPPD Policies and Procedures.
 - Applicable MOUs and/or grant agreements.

5. On-Call Services Agreement Follow-Up Audit

The objective of this Follow-Up Audit is to determine whether the findings and associated recommendations identified in the On-Call Services Agreement Audit Report dated February 27, 2025, have been adequately addressed. Specifically, the following four (4) items:

- Updating the Capital Improvement Department’s internal procedures “for the selection of Professional Services” to reflect current practices in place.
- Ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants.
- Ensuring invoices are paid within 30 calendar days of receiving the invoice.
- Ensuring invoices for *On-Call Agreements for Professional Services*:
 - Contain documentation to confirm that tasks were completed by established deadlines.
 - Match the *Consultant’s Fee Proposal & Hourly Rates*.
 - Contain the total project budget, amount billed to date, and percentage of completion.

6. Single-Family Owner-Occupied Renovation Program Audit

The objective of the audit is to determine if the SFOO Renovation Program is being administered in compliance with applicable grant and program requirements. To achieve this, the audit will assess the following:

- Applicant intake and eligibility processing,
- Individual project execution,
- Project contracting and procurement,
- Financial management and closeout, and
- Administrative oversight and reporting.

7. Streets and Maintenance – Facility Maintenance Audit

The audit objectives for the Streets and Maintenance – Facility Maintenance Audit are to provide assurance that City facilities are being adequately maintained, efficiently managed to support operational needs, and preserved to extend asset life. To achieve the audit objectives, the Internal Audit Department will:

- Determine if the Facility and Fleet Maintenance Division maintains an accurate and complete inventory of all buildings, critical assets, and components under its responsibility.
- Determine if the City tracks and assesses the maintenance needs of City-owned facilities.
- Determine if the work order system is effectively and accurately managing maintenance requests.
- Evaluate whether Facility and Fleet Maintenance Division budget allocates sufficient funds for the needs of City-owned facilities.
- Determine if maintenance expenditures are processed in accordance with the *City of El Paso Accounts Payable Policy*, Texas Prompt Payment Act, and established contract(s)/agreement(s).

8. Sun Metro – Accounts Payable Audit

The audit objectives for the Sun Metro – Accounts Payable Audit are to:

- Determine if Accounts Payable transactions are processed in accordance with the *City of El Paso Accounts Payable Policy*, Texas Prompt Payment Act, and established contract(s)/agreement(s).
- 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 how Sun Metro monitors utility payments and whether utility payments are being made for vacant facilities.
- Determine if Sun Metro 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.

9. Health Department – Cybersecurity Assessment

The objective is to perform an assessment of the Information Technology controls at the Public Health Department to:

- Assess the adequacy and effectiveness of IT general controls over key patient information, financial information and operational systems.
- Verify compliance with applicable laws, regulations, and internal policies regarding information technology.
- Identify control weaknesses and recommend improvements to reduce risk to health data and IT operations.

10. Hotel Occupancy Tax Audits – Round 10

The objectives of this Audit are to determine if 20 El Paso area hotels are compliant on paying Hotel Occupancy Taxes due to the City of El Paso.

FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)

1. The FOAC met on December 11, 2025 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of November 14, 2025.
 - Discussion and Action on the results of the Animal Services – Westside Adoption Center Construction Audit A2025-08.
 - Discussion and Action on the results of the El Paso Zoo – Financial Activity Audit A2025-09.
 - Discussion and Action on the results of the Planning & Inspections – Permit Review Follow-Up Audit A2026-01.
 - Discussion and Action on the 2026 Financial Oversight and Audit Committee Meeting Calendar.
2. The FOAC met on January 15, 2026 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of December 11, 2025.
 - Presentation on Project Financing Zones, Texas Tax Code 351.1015.
 - Discussion on FY 2025-2026 Audit Plan 1st Quarter Updates.
 - Discussion and Action on the results of the Accounts Receivable Program – 2nd Follow-Up Audit A2025-10.
3. The FOAC met on February 12, 2026 to discuss the following:
 - Selection of the FOAC Chairperson.
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of January 15, 2026.
 - Presentation on the City's outstanding debt, upcoming refunding opportunity, and planned debt issuances from the remaining 2019 Public Safety and 2022 Community Progress Bonds.
 - Presentation on Enterprise Risk Management (ERM) deployment.
 - Discussion and Action on the results of the Environmental Services – P-Card and Travel Audit A2026-07.

MISCELLANEOUS ITEMS

This section provides the Financial Oversight and Audit Committee and the City Manager with miscellaneous information regarding the Internal Audit Department’s activities. These activities can vary from community service activities, training sessions attended, Professional Certification Examinations attempted with result, and Internal Audit Profession news and updates.

TRAINING SESSIONS

The Internal Audit Department staff participates in Continuing Professional Education (CPE) trainings and webinars to help maintain our competency and skill sets. As of the 2nd Quarter, staff have earned the following number of CPE hours. Staff with professional certifications are required to earn 40 CPE hours per calendar year.

Name	Position	CPE Hours
Liz De La O	Deputy Chief Internal Auditor	0.00
Mike Montiel	Audit Manager	2.00
Martha Vargas	Auditor IV	1.00
Miguel Ortega	Auditor III	5.00
Sergio Carrillo	Auditor III	3.00
Christian Castro	Auditor II	3.00
Christopher Gallardo	Auditor II	3.00
Miguel Olivas	Auditor I	2.00

SERVICE TO THE PROFESSION

- I. Association of Government Accountants – El Paso Chapter
 - Martha Vargas volunteered as a Board Member.

- II. Institute of Internal Auditors – El Paso Chapter
 - Martha Vargas volunteered as a Board Member.

- III. Association of Certified Fraud Examiners – El Paso Chapter
 - Liz De La O and Miguel Montiel volunteered as Board Members.

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
2nd Quarter 2025-2026 Audit Plan Update
As of February 28, 2026

AUDIT PLAN UPDATE

This section will provide the Financial Oversight and Audit Committee and the City Manager with an update on the progress of the 2025-2026 Annual Audit Plan. An analysis is provided listing the Audits/Projects scheduled by quarter with their associated budgeted hours. The actual audit hours worked per Audit/Project is provided. This analysis is a great management tool to demonstrate how the Internal Audit Department's resources are being used.

	BUDGETED HOURS	YTD as of 02/28/26
First Quarter	-	-
(CarryFwds) Vehicle Allowance & Take-Home Cars Project P2025-02	15.00	17.75
(CarryFwds) Cyber Audits: EPPD – Administration	50.00	52.75
(CarryFwds) El Paso Zoo – Financial Activity Audit A2025-09	100.00	93.75
(CarryFwds) Red Book Assessment	250.00	36.75
(CarryFwds) Animal Services – Construction Audit A2025-08	400.00	255.75
(CarryFwds) Code Enforcement Division Audit A2025-05	400.00	423.00
Follow-Up: Accounts Receivable Program – 2 nd Follow-Up Audit A2025-10	150.00	191.00
Follow-Up: Planning & Inspections – Permit Review Audit A2026-01	100.00	117.00
Citywide Sales Tax Analysis - Clearview	40.00	26.75
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	54.25
Hotel Occupancy Tax Audits - Administration	100.00	38.50
Tax Office Refund Review Project	100.00	183.75
Cyber Audits: Health Department (Administration)	200.00	-
Financial Oversight and Audit Committee	500.00	431.50
Contingency Hours	359.00	453.00
Administrative Duties - Chief Internal Auditor	0.00	-
Administrative Duties – Deputy Chief Internal Auditor	87.00	145.75
Administrative Duties – Audit Manager	87.00	75.25
Administrative Duties - Staff Auditors	375.00	423.25
Auditor Training	100.00	332.50
Vacation/Sick Leave/Holiday	572.00	804.00
Total	4,160.00	4,156.25
Second Quarter	-	-
(CarryFwds) Single-Family Owner-Occupied Renovation Program Audit A2026-06	500.00	126.50
El Paso Police Department – Overtime Audit A2026-05	500.00	333.00
P-Card and Travel Review Audit – City Department (ESD) A2026-07	250.00	386.75
Follow-Up: 380 Agreement Monitoring Audit	250.00	-
Follow-Up: On-Call Services Agreement Audit	250.00	284.25
Citywide Sales Tax Analysis – Clearview	40.00	9.50
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery – Administration	50.00	1.00
City Employee Hotline	75.00	62.00

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
2nd Quarter 2025-2026 Audit Plan Update
As of February 28, 2026

	BUDGETED HOURS	YTD as of 02/28/26
Second Quarter (Cont.)	-	-
Hotel Occupancy Tax Audits – Administration	100.00	134.50
Tax Office Refund Review Project	100.00	100.00
Cyber Audits: Health Department (Administration)	100.00	24.50
Financial Oversight and Audit Committee	500.00	262.75
Contingency Hours	494.00	257.25
Administrative Duties - Chief Internal Auditor	125.00	-
Administrative Duties – Deputy Chief Internal Auditor	87.00	118.50
Administrative Duties – Audit Manager	87.00	69.00
Administrative Duties - Staff Auditors	375.00	241.75
Auditor Training	112.00	188.00
Vacation/Sick Leave/Holiday	635.00	737.75
Total	4,680.00	3,337.00
Third Quarter	-	-
Accounts Payable Audit – City Department	500.00	346.50
Streets and Maintenance – Facility Maintenance Audit	500.00	411.50
Peer Review of the Internal Audit Department	500.00	-
Follow-Up: Parks & Recreations – Park Usage Permit Audit	150.00	6.00
Follow-Up: EPIA Accounts Payable Audit	200.00	19.75
City Council & City Manager’s Office P-Card and Travel Review (Administration: Co-Sourcing)	45.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Hotel Occupancy Tax Audits - Administration	100.00	-
Tax Office Refund Review Project	100.00	-
Cyber Audits: Health Department (Administration)	100.00	-
Financial Oversight and Audit Committee	500.00	-
Contingency Hours	346.00	-
Administrative Duties - Chief Internal Auditor	125.00	-
Administrative Duties – Deputy Chief Internal Auditor	88.00	-
Administrative Duties – Audit Manager	88.00	-
Administrative Duties - Staff Auditors	375.00	-
Auditor Training	113.00	-
Vacation/Sick Leave/Holiday	635.00	-
Total	4,680.00	783.75
Fourth Quarter	-	-
El Paso International Airport – Construction Audit	500.00	-
Parks Department – Sports Fields Audit	500.00	-
La Nube Children’s Museum Contract Audit	500.00	-
P-Card and Travel Review – City Department	250.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
2nd Quarter 2025-2026 Audit Plan Update
As of February 28, 2026

	BUDGETED HOURS	YTD as of 02/28/26
Fourth Quarter (Cont.)		
Hotel Occupancy Tax Audits - Administration	100.00	-
Tax Office Refund Review Project	100.00	-
Cyber Audits: Health Department (Administration)	100.00	-
Financial Oversight and Audit Committee	500.00	-
Contingency Hours	563.00	-
Administrative Duties - Chief Internal Auditor	125.00	-
Administrative Duties – Deputy Chief Internal Auditor	88.00	-
Administrative Duties – Audit Manager	88.00	-
Administrative Duties - Staff Auditors	375.00	-
Auditor Training	113.00	-
Vacation/Sick Leave/Holiday	635.00	-
Total	4,752.00	-
Totals for 1st, 2nd, 3rd & 4th Quarters	18,720.00	8,277.00

DRAFT

CONCLUSION

The 2nd Quarter of the 2025-2026 Audit Plan was another productive quarter for the Internal Audit Department. During the 2nd Quarter, 10 Audits/Projects are in various stages of planning or completion.

It continues to be a pleasure serving the Mayor and City Council, the Financial Oversight and Audit Committee, the City Manager, the Deputy City Managers, and the Managing Directors. The Internal Audit Department staff continues to strive for excellence in meeting our departmental motto, “Exceeding our Client’s Expectations.”

Respectfully Submitted

Elizabeth De La O, CFE, CIA, CGAP, MPA
Deputy Chief Internal Auditor
City of El Paso

Distribution:
Financial Oversight and Audit Committee
Dionne Mack, City Manager
Robert Cortinas, Deputy City Manager/Chief Financial Officer



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-1816, **Version:** 1

**CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM**

AGENDA LANGUAGE:

This is the language that will be posted to the agenda. Please use ARIAL 11 Font.

Discussion and Action on the results of the On-Call Services Agreement Follow-Up Audit A2026-04. [Internal Audit, Elizabeth De La O, (915) 212-1371]



Internal Audit Department On-Call Services Agreement Follow-Up Audit A2026-04

Objective

The objective of the Follow-Up Audit was to ensure that corrective action was taken by the Capital Improvement Department (CID) management to address the recommendations for the four (4) Findings identified in the original Audit Report titled *On-Call Services Agreement Audit* dated February 27, 2025.

Scope

The Follow-Up Audit was limited to a review of the four (4) Findings in the Original Audit report titled *On-Call Services Agreement Audit* dated February 27, 2025. The audit period covered operations from August 1, 2025 through March 2, 2026.

Finding 1

Original Finding

Report dated February 27, 2025

A review of the Capital Improvement Department's (CID) internal procedures "for the selection of Professional Services" 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.

Finding 1

Original Finding (Cont.)

Report dated February 27, 2025

- 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.

Finding 1

Current Observation

CID has updated their *Procedures for the Selection of Professional Services* to include:

- An effective date of March 2025.
- Current job titles and active working weblinks.
- The following procedures that reflect current practices in place for the selection of On-Call Consultants:
 - Steps for performing and documenting City indebtedness verifications.
 - Steps for performing and documenting vendor debarment checks.
 - Methodology used for rotating the selection of On-Call Consultants.
 - The review process of proposals for Task Orders.

Finding 1

Current Observation (Cont.)

The *Procedures for the Selection of Professional Services* were not updated to include:

- Situations when a Consultant's Task Order price quote does not align with the approved hourly rates in the Consultant's On-Call Agreement.
 - According to CID, staff must ensure that all quoted rates match the Business Contracts Manager's fee schedule on file before submitting a PO for approval.
- How CID staff monitor the progress of Task Orders.
 - Procedures were not incorporated because the monitoring of Task Orders occurs after the steps outlined in the *Procedures for the Selection of Professional Services*.
 - Guidance on how CID staff monitor the progress of Task Orders is provided in the 2017 *Project Delivery Manual*.

Finding 2

Original Finding

Report dated February 27, 2025

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

Finding 2

Current Observation

Two (2) On-Call Agreements awarded after August 1, 2025 to a total of seven (7) Consultants were selected for review with the following results:

- Seven (7) out of seven (7) On-Call Consultants (100%) had debarment checks and indebtedness verifications on file.
- Six (6) out of seven (7) On-Call Consultants (85.71%) submitted all required certificates of insurance.
 - One (1) On-Call Consultant's (14.29%) Certificate of Liability Insurance did not name the City of El Paso as an "Additional Insured." The City of El Paso is listed as a Certificate Holder but not as an additional insured in the description section.

Status: In Progress – No additional follow-up audits are deemed necessary.

Finding 3

Original Finding

Report dated February 27, 2025

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

Finding 3

Current Observation

A sample of seven (7) invoices paid by CID in January 2026 was selected for review. Four (4) invoices were for projects financed and managed by CID, and three (3) were financed and managed by other City departments. Our review identified the following:

- Three (3) out of seven (7) invoices (42.86%) were not paid within 30 calendar days of receiving the invoice. Payments were posted 32 to 48 days from the date the invoice was received.
 - Two invoices directly related to CID projects were paid 32 to 37 days after the invoice was received.
 - One invoice related to a project overseen by the International Bridges Department was paid 48 days after the invoice was received.

Status: In Progress – No additional follow-up audits are deemed necessary.

Finding 4

Original Finding

Report dated February 27, 2025

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.

Finding 4

Current Observation

A review of seven (7) invoices paid by CID for January 2026 identified the following:

- Seven (7) invoices (100%) had documentation confirming that tasks were completed by deadlines.
- Six (6) invoices (85.71%) matched to their *Consultant's Fee Proposal & Hourly Rates*.
 - One (1) invoice billed a higher rate for “Project Architect – CA” than the rate listed in the Agreement’s *Consultant's Fee Proposal & Hourly Rates*.
- Six (6) invoices (85.71%) contained the total project budget, amount billed to date, and percentage of completion as required by Section 3.3.1 of their *On-Call Services Agreement*.
 - One (1) invoice did not contain the total project and amount billed to date.
- A training session was held on January 29, 2026 with CID Project Managers to address the evaluation of fee proposals and review of invoices against *On-Call Services Agreements*.

Conclusion

The Capital Improvement Department met the audit objectives in the following areas:

- Updating internal procedures “for the selection of Professional Services” to reflect current practices in place.
- Ensuring debarment checks and indebtedness verifications are conducted and documented for all On-Call Consultants.
- Ensuring insurance confirmations are conducted and documented for all On-Call Consultants.
- Ensuring that there is documentation to support that tasks were completed by established deadlines.

Conclusion (Cont.)

The Capital Improvement Department did **not meet** the audit objectives in the following areas:

- Ensuring On-Call Consultant's Certificates of Liability Insurance list the City of El Paso as an "Additional Insured".
- Ensuring that invoices are paid within 30 days of receiving the invoice.
- Ensuring that invoices:
 - Match the *Consultant's Fee Proposal & Hourly Rates* or notate the cause of variance.
 - Include the details required by the terms in their *On-Call Services Agreement*.

Requested Action

To accept the results of the *On-Call Services Agreement Follow-Up Audit A2026-04* and forward the Audit Report to City Council for action.



**On-Call Services Agreement
Follow-Up Audit
No. A2026-04**

Issued by the
Internal Audit Department
March 2, 2026

City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04

EXECUTIVE SUMMARY

The Internal Audit Department conducted a Follow-Up Audit of On-Call Services Agreement Audit Report dated February 27, 2025. The original Audit Report contained four (4) findings. Upon completion of the audit fieldwork, we have determined the status of the recommendations for each audit finding as outlined in the table below:

Finding No.	Description of Original Findings	Status
1	The Capital Improvement Department’s internal procedures “for the selection of Professional Services” need to be updated to reflect current practices in place.	Implemented
2	The Capital Improvement Department is not ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants. <ul style="list-style-type: none"> • 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. 	In Progress
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 <i>City of El Paso Accounts Payable Policy</i> : <ul style="list-style-type: none"> • 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. 	In Progress
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 <i>On-Call Agreements for Professional Services</i> : <ul style="list-style-type: none"> • 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 <i>Consultant’s Fee Proposal & Hourly Rates</i>. • One (1) out of nine (9) invoices (11.12%) did not contain the total project budget, amount billed to date, and percentage of completion. 	In Progress

For a detailed explanation of the findings and current observations, please refer to the appropriate finding contained in the body of this Audit Report.

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *Global Internal Audit Standards* (Standard 15.2) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

The City of El Paso utilizes On-Call Agreements to retain consultants for capital projects under \$3.5 million. Under the Texas Professional Services Procurement Act (Chapter 2254), professional services—such as architecture, engineering, land surveying, and real estate appraising—cannot be procured through competitive bidding. Instead, the most qualified provider must be selected based on demonstrated competence and qualifications.

The City of El Paso procures professional services through Requests for Qualifications (RFQs), which outline the scope, required qualifications, and evaluation criteria for Statements of Qualifications (SOQs). Evaluation criteria include professional qualifications, specialized experience, capacity to meet deadlines, past performance, and geographic proximity with knowledge of the project area.

On-Call Agreements are awarded in two (2) year cycles to the highest-ranked firms, typically to three to five firms for each discipline. 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 objective of the follow-up process was to ensure that corrective action was taken by the Capital Improvement Department to address the recommendations detailed in the original Audit Report titled *On-Call Services Agreement Audit* dated February 27, 2025.

AUDIT SCOPE

The Follow-Up Audit was limited to a review of the Findings in the Original Audit report titled *On-Call Services Agreement Audit* dated February 27, 2025. The audit period encompassed operations from August 1, 2025 through March 2, 2026.

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Conducted interviews with Capital Improvement Department (CID) management and staff.
- Reviewed *Procedures for the Selection of Professional Services* dated March 2025.
- Conducted a review of Consultant files for two (2) *On-Call Agreements for Professional Services* awarded to the following seven (7) Consultants after August 1, 2025:

No.	Consultants	Professional Service	Solicitation #	Award Date
1	AECOM Technical Services, Inc.	Civil Engineering	2025-0327R	August 5, 2025
2	CEA Engineering Group Inc.			
3	Conzor Engineers, LLC			
4	GRV Integrated Engineering Solutions, LLC			
5	Huitt-Zollars, Inc.			
6	Moreno Cardenas, Inc.			
7	WSP USA, Inc.	Environmental (Engineering) EPIA	2025-0454R	September 16, 2025

- Analyzed the following sample of seven (7) invoices/vouchers paid by CID staff for On-Call Professional Services during the month of January 2026:

#	Invoice #	Invoice Payment Date	Voucher #	Dept.	On-Call Agreement #	Invoice Amount
1	25141	1/2/2026	26033011	190	IN_SITU_ARCH_2022	\$2,865.98
2	4287	1/7/2026	26034038	190	ABLE_CITY_PRO_SVCS_2023	\$2,450.67
3	1A3476301	1/7/2026	26033971	334	SMAMILLER_PRO_SVCS_2024	\$4,391.40
4	25130	1/12/2026	26035599	564	INSITU_ARCH_2024	\$5,947.86
5	1A3469101	1/14/2026	26035996	562	SMAMILLER_PRO_SVCS_2024	\$4,801.20
6	25-006.02	1/20/2026	26037220	190	CARDINA_ELECTRICMECH_2024	\$14,692.48
7	23-02799-001-000012	1/27/2026	26039377	190	JMT_CONST_MGMT_2024	\$22,742.82
					Total	\$57,892.41

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.

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

ORIGINAL FINDINGS, CRITERIA, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSES TO ORIGINAL FINDINGS, CURRENT OBSERVATIONS AND STATUS

Based on the follow-up audit results, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Original Finding 1 (Report dated February 27, 2025)

Department Policies and Procedures

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.

Standard/Criteria

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.

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Original 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.

Management’s Response to Original Finding

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 Follow-Up Audit A2026-04**

Current Observation

The Capital Improvement Department (CID) has updated its *Procedures for the Selection of Professional Services* to include:

- An effective date of March 2025.
- Current job titles and active working weblinks.
- The following procedures that reflect current practices in place for the selection of On-Call Consultants:
 - Steps for performing and documenting City indebtedness verifications.
 - Steps for performing and documenting vendor debarment checks.
 - Methodology used for rotating the selection of On-Call Consultants. Tasks for City-funded projects are assigned on a rotational basis. Tasks for federally-funded projects are assigned using the Task Order Requirement Notice.
 - The review process of proposals for Task Orders.

The *Procedures for the Selection of Professional Services* were not updated to include:

- Situations when a Consultant's Task Order price quote does not align with the approved hourly rates in the Consultant's On-Call Agreement.
 - Procedures state: *Negotiations will be based on an independent cost estimate prepared by the Project Manager using hourly rates data maintained by the Contracts Manager.*
 - According to CID, staff must ensure that all quoted rates match the Business Contracts Manager's fee schedule on file before submitting a purchase order for approval.
- How CID staff monitor the progress of Task Orders. Procedures were not incorporated because the monitoring of Task Orders occurs after the steps outlined in the *Procedures for the Selection of Professional Services*. Guidance on how CID staff monitor the progress of Task Orders is provided in the following sections of the 2017 *Project Delivery Manual*:
 - Chapter 4 – Project Monitoring and Control
 - Chapter 6 – Using Consultants: 6.8 – Managing Consultant Performance

Status

Implemented

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Original Finding 2 (Report dated February 27, 2025)

On-Call Consultant Review

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

Standard/Criteria

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...*

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Original 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 to Original Finding

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.

Current Observation

Two (2) On-Call Agreements awarded after August 1, 2025 to a total of seven (7) Consultants were selected for review with the following results:

- Seven (7) out of seven (7) On-Call Consultants (100%) had debarment checks and indebtedness verifications on file.
- Six (6) out of seven (7) On-Call Consultants (85.71%) submitted all required certificates of insurance.
 - One (1) On-Call Consultant's (14.29%) Certificate of Liability Insurance did not name the City of El Paso as an "Additional Insured." The City of El Paso is listed as a Certificate Holder but not as an additional insured in the description section.

Status

In Progress – As part of obtaining the required Certificates of Insurance from On-Call Consultants, the Capital Improvement Department should ensure that the Certificates of Liability Insurance list the City of El Paso as an "Additional Insured." No additional follow-up audits are deemed necessary given the limited exceptions noted.

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Original Finding 3 (Report dated February 27, 2025)

Payment of On-Call Professional 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

Standard/Criteria

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.*

Original Recommendation

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

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Management’s Response to Original Finding

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

Current Observation

For the month of January 2026, CID processed 25 invoices in the amount of \$1,000 or above. A sample of seven (7) invoices were selected for review (28% sample). Four (4) invoices were for projects financed and managed by CID, and the remaining three (3) were financed and managed by other City departments. Our review identified the following:

- Three (3) out of seven (7) invoices (42.86%) were not paid within 30 calendar days of receipt. Payments were posted 32 to 48 days from the date the invoice was received.
 - Two invoices directly related to CID projects were paid 32 to 37 days after the invoice was received.
 - One invoice related to a project overseen by the International Bridges Department was paid 48 days after the invoice was received.

#	On-Call Consultant	Invoice #	Invoice Amount	Date Invoice Received	Payment Date	# of Calendar Days Payment was made after date Invoice Received
1	In*Situ	25130	\$5,947.86	11/25/2025	1/12/2026	48
2	Able City	4287	\$2,450.67	12/1/2025	1/7/2026	37
3	In*Situ	25141	\$2,865.98	12/1/2025	1/2/2026	32

Status

In Progress – The Capital Improvement Department should ensure invoices are paid within 30 days of receipt. A second follow-up audit is not deemed necessary at this time due to the organization’s recently implemented monitoring process. The Office of the Comptroller now provides Executive Management with monthly Accounts Payable and Accounts Receivable aging reports. Department leadership is responsible for actively monitoring compliance, addressing any deficiencies, and taking corrective action as needed.

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Original Finding 4 (Report dated February 27, 2025)

Invoicing & Payment of On-Call Professional 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 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

Standard/Criteria

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...*

**City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04**

Original Recommendation

The Capital Improvement Department should ensure that:

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

Management's Response to Original Finding

- *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

Current Observation

A review of seven (7) invoices paid by the Capital Improvement Department (CID) for the month of January 2026 identified the following:

- Seven (7) out of seven (7) invoices (100%) had documentation to confirm that tasks were completed by established deadlines.
- Six (6) out of seven (7) invoices (85.71%) matched to their corresponding *Consultant's Fee Proposal & Hourly Rates*.
 - One (1) invoice billed a higher rate for "Project Architect – CA" than the rate listed in the Agreement's *Consultant's Fee Proposal & Hourly Rates* (In*Situ Invoice #25141 for \$2,865.98).
- Six (6) out of seven (7) invoices (85.71%) contained the total project budget, amount billed to date, and percentage of completion as required by Section 3.3.1 of their *On-Call Services Agreement*.
 - One (1) invoice did not contain the total project budget and amount billed to date (Cardina Consulting, LLCSP USA Invoice #25-006.02 for \$14,692.48).

A training session was held on January 29, 2026, with CID Project Managers (PMs) to review the fee proposal structure and a new standardized form required of On-Call Consultants. PMs were reminded to:

- Compare each proposal to the *On-Call Services Agreements* before approval.
- Verify each invoice against the proposal that was originally validated against the Agreement.

Status

In Progress – No additional follow-up audits are deemed necessary given the limited exceptions noted.

City of El Paso
Internal Audit Department
On-Call Services Agreement Follow-Up Audit A2026-04

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 audit work on the objectives of the On-Call Services Agreement Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether the Capital Improvement Department met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. The Capital Improvement Department met the audit objectives in the following areas:
 - Updating internal procedures “for the selection of Professional Services” to reflect current practices in place.
 - Ensuring debarment checks and indebtedness verifications are conducted and documented for all On-Call Consultants.
 - Ensuring insurance confirmations are conducted and documented for all On-Call Consultants.
 - Ensuring that there is documentation to support that tasks were completed by established deadlines.
2. The Capital Improvement Department did not meet the audit objectives in the following areas:
 - Ensuring On-Call Consultant’s Certificates of Liability Insurance list the City of El Paso as an “Additional Insured”.
 - Ensuring that invoices are paid within 30 days of receiving the invoice.
 - Ensuring that invoices:
 - Match the *Consultant’s Fee Proposal & Hourly Rates* or notate the cause of variance.
 - Include the details required by the terms in their *On-Call Services Agreement*.

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

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

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Auditor III

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