

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



DEPARTMENT: Internal Audit

AGENDA DATE: February 3, 2026

PUBLIC HEARING DATE:

CONTACT PERSON NAME: Miguel Montiel

PHONE NUMBER: 915-212-1367

2nd CONTACT PERSON NAME: Liz De La O

PHONE NUMBER: 915-212-1371

DISTRICT(S) AFFECTED: All Districts

STRATEGIC GOAL:

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

SUBGOAL:

SUBJECT:

Discussion and Action to accept the results of the Animal Services – Westside Adoption Center Construction Audit A2025-08. Audit was accepted by FOAC at the December 11, 2025 meeting.

BACKGROUND / DISCUSSION:

The timeframe for this audit was July 30, 2024 to August 1, 2025. The audit objectives were to:

1. Review construction costs and processes used by the Capital Improvement Department to renovate Phase I of the Morehead Middle School to the "Animal Services – Westside Adoption Center".

2. Conduct a review of:

- The Capital Improvement Department's Compliance with the City's Policies and Procedures,
- Construction Expenditures, Change Orders, Inspections,
- Approvals and supporting documentation.

Based on the results of the audit, we can provide reasonable assurance that:

- The Capital Improvement Department (CID) has Policies, Procedures and processes in place to ensure that projects are properly monitored from start to finish.
- Construction expenditures and change orders are properly reviewed, approved and paid on time.
- Inspections are completed along with detailed Daily Inspection Reports.

COMMUNITY AND STAKEHOLDER OUTREACH:

Not applicable

PRIOR COUNCIL ACTION:

Not applicable

AMOUNT AND SOURCE OF FUNDING:

Not applicable

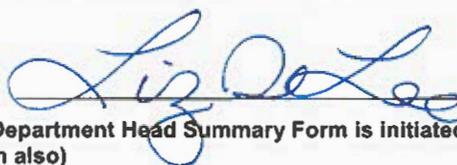
REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:

Not applicable

NAME	AMOUNT (\$)

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

DEPARTMENT HEAD:



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



Animal Services – Westside Adoption Center Construction Audit No. A2025-08

Draft

Issued by the
Internal Audit Department
October 21, 2025

City of El Paso
Internal Audit Department
Animal Services – Westside Adoption Center Construction Audit A2025-08

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the Animal Services – Westside Adoption Center Construction Audit. The audit was approved in the Fiscal Year 2024-2025 Annual Audit Plan. The scope for this audit was Fiscal Years 2024 and 2025. The audit objectives were to:

1. Review construction costs and processes used by the Capital Improvement Department to renovate Phase I of the Morehead Middle School to the “*Animal Services – Westside Adoption Center*”.
2. Conduct a review of:
 - The Capital Improvement Department’s Compliance with the City’s Policies and Procedures,
 - Construction Expenditures, Change Orders, Inspections,
 - Approvals and supporting documentation.

Based on the results of the audit, we can provide reasonable assurance that:

- The Capital Improvement Department (CID) has Policies, Procedures and processes in place to ensure that projects are properly monitored from start to finish.
- Construction expenditures and change orders are properly reviewed, approved and paid on time.
- Inspections are completed along with detailed Daily Inspection Reports.

For more detail on the areas under review, please refer to the body of the Audit Report.

**City of El Paso
Internal Audit Department
Animal Services – Westside Adoption Center Construction Audit A2025-08**

BACKGROUND

On September 25, 2023, City Council approved the purchase of a vacant school, *Morehead Middle School*, from the El Paso Independent School District. The property was purchased for \$3,800.00.00 and it's located on 5625 Confetti Dr., El Paso, Texas. The City used a portion of the school building to build the “*Animal Services – Westside Adoption Center*.” The building has been renovated to include a 4,700 square feet space for an Adoption Area and another 14,000 square feet area to hold 100 kennels. Funds totaling over \$7 million was used to renovate, equip, and convert the building to the Westside Adoption Center as part of Phase 1.

The renovation included, but not limited to:

- New plumbing and drainage,
- Replacing broken windows,
- Cleaning: dirt, asbestos, and Fire Extinguisher dust,
- Fixing and updating the HVAC System,
- Sealing floors,
- Adding Security Cameras,
- Installing Fire Protection and Network Access (WIFI),
- Adding outdoor and indoor signage around the property,
- New Fencing (wrought iron & chain-link).



According to the former Animal Services Director, the Westside Adoption Center is helping with the overcrowding of animals at the other El Paso Animal Shelters and making pet adoptions more accessible to citizens. The Westside Adoption Center officially opened to the public on September 27, 2025. A second phase expansion of the Westside Adoption Center is still pending. It will include about 20,000 square feet of additional space. The Animal Services Department is still assessing funding for the second phase.

City of El Paso
Internal Audit Department
Animal Services – Westside Adoption Center Construction Audit A2025-08

AUDIT OBJECTIVES

The objective of this audit was to review the construction costs and processes used by the Capital Improvement Department to renovate the Morehead Middle School to the “*Animal Services – Westside Adoption Center*”. The construction audit focused on Phase I and included a review of the following areas:

- Compliance with Capital Improvement Department Policies and Procedures,
- Construction Expenditures, Change Orders, and Inspections,
- Proper approvals and supporting documentation.

AUDIT SCOPE AND METHODOLOGY

The scope for this audit was from July 30, 2024 to August 1, 2025. To achieve our audit objectives, we:

- Reviewed Capital Improvement Policies and Procedures.
- Obtained an understanding of how Capital Improvement handles:
 - Change Orders,
 - Construction Expenditure Applications,
 - Job-site inspections.
- Conducted interviews with Capital Improvement staff.
- Reviewed ten (10) “Contractor’s Application for Payment” requests totaling \$6,846,723.43 to ensure they:
 - Were appropriate and related to the project,
 - Were properly supported by documentation,
 - Were reviewed by the appropriate parties,
 - Were paid within 30 days as required by the City of El Paso Accounts Payable Policy.
- Reviewed eight (8) issued Change Orders totaling \$76,331.37 to verify that:
 - The reason for the Change Order was appropriate,
 - Calculations were appropriate and under 25% of the initial budget,
 - Reviewed and approved by the appropriate parties within the required timeframes,
 - Proper supporting documentation was obtained.
- Selected a sample of 15 Daily Inspection Reports to review if:
 - Reports are properly completed,
 - Construction activities are detailed,
 - Daily Inspection Reports are filed and organized.

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
Animal Services – Westside Adoption Center Construction Audit A2025-08**

***FINDING, CRITERIA, RECOMMENDATION,
AND MANAGEMENT'S RESPONSE***

Finding 1 (Positive Finding)

Capital Improvement Department Processes

Based on the results of our review of Phase I of the Westside Adoption Center's Construction, we identified that the Capital Improvement Department:

1. Has established Policies and Procedures to assist in the process of conducting inspections, reviewing construction expenditures and processing Change Orders.
2. Properly reviews and approves payment applications from contractors and pays invoices within 30 days.
3. Properly reviews and approves Change Orders while keeping construction budget increases down.
4. Conducts inspections and completes detailed Daily Inspection Reports that are properly filed and maintained for easy reference.

We can provide reasonable assurance that the Capital Improvement Department has processes in place to ensure that construction projects are properly managed from the start of the project to the finish.

Standard/Criteria

City of El Paso's Strategic Plan:

- *Goal 6.3 Implement programs to reduce organizational risk.*
- *Goal 6.6 Ensure continued financial stability and accountability through sound financial management, budgeting, and reporting.*
- *Goal 8.3 Enhance animal services to ensure El Paso's pets are provided a safe and healthy environment.*

Capital Improvement Department Project Delivery Manual dated August 31, 2017.

City of El Paso Accounts Payable Policy dated September 18, 2025.

Recommendation

The Capital Improvement Department should continue to ensure that all aspects of a construction project including planning, budgeting, scheduling, compliance and quality control are properly monitored and maintained.

Management's Response

None Required.

**City of El Paso
Internal Audit Department
Animal Services – Westside Adoption Center Construction Audit A2025-08**

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 Animal Services – Westside Adoption Center Construction Audit. The audit evidence used in our 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 on whether the Capital Improvement Department met the objectives of this audit. Based on our audit work, we have determined that:

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

- Has established Policies and Procedures for conducting inspections, reviewing expenditures and processing Change Orders.
- Reviews, approves and pays invoices within 30 days.
- Properly reviews and approves Change Orders.
- Completes detailed Daily Inspection Reports on the job-site.

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

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

Sergio Carrillo Jr., CIA, CGAP, MBA
Auditor III

Miguel Montiel, CIA, CGAP
Audit Manager

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