

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



**DEPARTMENT:** Internal Audit

**AGENDA DATE:** 4/1/25

**PUBLIC HEARING DATE:**

**CONTACT PERSON NAME:** Edmundo Calderon - Internal Audit

**PHONE NUMBER:** 915-212-1365

**2nd CONTACT PERSON NAME:** Elizabeth 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 approve the FY2024-2025 Audit Plan 2nd Quarter Updates.

**BACKGROUND / DISCUSSION:**

The Internal Audit Charter requires the Chief Internal Auditor to provide Quarterly Updates to the Financial Oversight and Audit Committee and City Council. The Quarterly Update provides an update on Pending Audits, Training, Community Service and Audit Plan for the 2nd Quarter.

**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:**

*Edmund S. Caldini*

*3-24-2025*

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



**2024-2025  
Annual Audit Plan  
2<sup>nd</sup> Quarter Update**

Issued by the  
Internal Audit Department  
As of February 28, 2025

## **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 2<sup>nd</sup> Quarter. A brief synopsis is provided on the scope and objective of the Audit or Project.*

### **1. Capital Improvement On-Call Services Agreement Audit**

The objectives of the Audit are to:

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

### **2. El Paso International Airport – Accounts Payable Audit**

The audit objectives for the El Paso International Airport – Accounts Payable Audit are to:

- Determine if Accounts Payable transactions are processed in accordance with the *City of El Paso Accounts Payable Policy* and the Texas Prompt Payment Act.
- 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 if the El Paso International Airport operates within budgetary limits.
- Determine if the El Paso International Airport has implemented adequate internal controls to limit exposure to unauthorized or inappropriate Accounts Payable transactions.

### **3. Parks and Recreation Department – Park Usage Permit Audit**

The objectives of the Park Usage Permit Audit are to determine if the Parks and Recreation Department:

- Has an established process for the issuance of Park Usage Permits.
- Has established criteria for the need of a Park Usage Permit.
- Has documented Policies and Procedures for the issuance of Park Usage Permits.
- Is charging the correct Permit Fees as determined by Schedule C or other fee schedule.
- Follows-up and enforces the use of Park Usage Permits.

**4. Vehicle Allowance and Take Home Cars Project**

The objectives of the Review are to assess Vehicle Allowance payments and Take Home Cars. To achieve the project objectives, the Internal Audit Department will:

- Review Vehicle Allowance payments for compliance with the *Vehicle Allowance Program Policy*.
- Determine if City employees who are assigned a Take-Home Vehicle do not receive a Vehicle Allowance.
- Determine Policies and Procedures for the use and assignment of City-Owned Take-Home Cars.
- Determine if departments monitor the usage of Take-Home Cars.

**5. Accounts Receivable – Hotel Occupancy Tax Review**

The objectives of this Review are to ensure that the City of El Paso’s Office of the Comptroller is properly collecting the Hotel Occupancy Tax (HOT) revenues owed to the City and adhering to the City of El Paso *Accounts Receivable Policy*.

**6. Hotel Occupancy Tax Audits – Round 9**

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.

**7. Follow-Up Audit - Division of Military Affairs Accounts Payable & Travel**

The objectives of this Follow-Up Audit are to determine whether the findings and recommendations identified in the original Audit Report dated June 10, 2024 have been adequately addressed. Specifically the following two items:

- Ensuring invoices are paid within 30 days of receiving the invoice or services from the vendor.
- Ensuring compliance with the Travel Policy.

**8. Police Department – Cyber Security Audit**

The objectives of the Audit 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.

**9. Franchise Fee Audit – El Paso Water Utility**

The objectives of the Franchise Fee Audit will help identify any issues with the payment of the City Franchise Fee from the El Paso Water Utility.

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**10. Budget Transfer Audit**

The objectives of the Audit are to determine if the Office of Management and Budget department:

- Has comprehensive written Policies and Procedures for Budget Transfers.
- Is properly communicating and providing feedback to City departments.
- Is enforcing established Budget Transfer limits and approvals.
- Is ensuring City Departments are submitting proper documentation for Budget Transfers.
- Has processes in place to ensure the accuracy and timeliness of Budget Transfers.

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)**

The FOAC met on February 12, 2025 to discuss the 1<sup>st</sup> Quarter Audit Plan Update of Fiscal Year 2024-2025 Annual Audit Plan.

- Minutes for the Financial Oversight and Audit Committee meeting on November 14, 2024 were approved.
- Introduction of the Internal Audit Department.
- Discussion and Action on FY 2024-2025 Audit Plan 1<sup>st</sup> Quarter Updates.
- Discussion on Client Surveys.



City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**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 2<sup>nd</sup> Quarter, staff have earned the following number of CPE hours. Staff with professional certifications are required to earn 40 CPE hours per calendar year.*

<b>Name</b>	<b>Position</b>	<b>CPE Hours</b>
Edmundo Calderon	Chief Internal Auditor	7.80
Liz De La O	Deputy Chief Internal Auditor	8.80
Mike Montiel	Audit Manager	2.00
Martha Vargas	Auditor IV	7.80
Miguel Ortega	Auditor III	4.80
Sergio Carrillo	Auditor III	9.30
Esmeralda Herrera	Auditor II	6.80
Christian Castro	Auditor I	9.80
Miguel Olivas	Auditor I	7.80

**SERVICE TO THE PROFESSION**

- I. Association of Government Accountants – El Paso Chapter  
Edmundo Calderon volunteered as a Board Member.
- II. Institute of Internal Auditors – El Paso Chapter  
Esmeralda Herrera volunteered as a Board Member.  
Martha Vargas volunteered as a Committee Member.
- III. Association of Certified Fraud Examiners – El Paso Chapter  
Miguel Montiel and Liz De La O volunteered as Board Members.
- IV. Association of Local Government Auditors  
Miguel Montiel lead a Peer Review of LA Metro - Management Audit Services the week of January 27, 2025  
Sergio Carrillo is scheduled to participate in a Peer Review of City of Tallahassee, FL the week of May 5, 2025

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

**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 2024-2025 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.*

	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/25</b>
<b>First Quarter</b>	-	-
(CarryFwds) Pension Office Digitization and Cybersecurity Review (P2023-07)	50.00	213.00
(CarryFwds) Sun Metro Money Room Internal Control Review (P2024-01)	50.00	201.25
(CarryFwds) Water Parks Follow Up Audit (A2024-09)	50.00	43.50
(CarryFwds) U-Matter Card Program Review (P2024-02)	50.00	26.25
(CarryFwds) Sun Bowl Game Audit (A2024-04)	50.00	16.75
(CarryFwds) Accounts Receivable Program Follow Up Audit (A2024-07)	100.00	18.25
(CarryFwds) Planning and Inspections - Permit Review Audit (A2024-03)	100.00	101.75
(CarryFwds) SAM - Cyber Security Assessment Follow Up Audit (A2024-10)	100.00	35.75
(CarryFwds) Health Department - Internal Control Review (P2024-03)	250.00	323.50
(CarryFwds) Accounts Receivable - Hotel Occupancy Tax Audits	250.00	197.25
(CarryFwds) On-Call Services Agreement Audit (A2024-08)	300.00	260.25
(CarryFwds) El Paso International Airport- Accounts Payable Audit	500.00	316.25
Citywide Sales Tax Analysis - Clearview	40.00	1.50
Hotel Occupancy Tax Audits - Administration	50.00	172.50
Franchise Fee Audits (Spectrum) - Administration	50.00	13.25
TX Sales Tax Discovery - Administration	50.00	14.75
City Employee Hotline	75.00	73.75
Tax Office Refund Review Project	100.00	94.00
Longevity Project	100.00	8.00
Cyber Audits - Administration	300.00	60.75
Contingency Hours	404.00	-
Audit Plan	-	543.75
Consulting	-	20.00
Division of Veteran and Military Affairs – Travel and Accounts Payable Audit	-	23.25
Economic Development – 380 Agreement Monitoring Audit	-	3.50
P-Card Reviews: City Council & City Manager's Office – P-Card & Travel Review	-	19.00
Vehicle Allowance Analysis	-	3.00
Weaver	-	5.00
Administrative Duties - Chief Internal Auditor	225.00	219.00
Administrative Duties – Audit Manager	90.00	120.25
Administrative Duties - Staff Auditors	560.00	612.50

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/25</b>
<b>First Quarter (Continued)</b>		
Auditor Training	135.00	499.50
Vacation/Sick Leave/Holiday	651.00	875.50
<b>Total</b>	<b>4,680.00</b>	<b>5,136.25</b>
<b>Second Quarter</b>		
Take Home Cars & Use of City Vehicles Project	250.00	105.25
Executive Vacation Requests & Sick Leave Project	250.00	288.00
Follow Up Audit: Streets & Maintenance - Permits Review Audit	250.00	-
Parks Department - Permit Audit	500.00	361.25
Budget Transfer Audit	500.00	71.75
Citywide Sales Tax Analysis - Clearview	40.00	4.50
Hotel Occupancy Tax Audits - Administration	50.00	143.50
Franchise Fee Audits (Spectrum) - Administration	50.00	9.00
TX Sales Tax Discovery - Administration	50.00	5.50
City Employee Hotline	75.00	45.25
Tax Office Refund Review Project	100.00	93.00
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	74.50
Contingency Hours	504.00	-
Audit Plan	-	251.00
Consulting	-	82.00
FOAC	-	225.00
Weaver	-	229.50
Administrative Duties - Chief Internal Auditor	225.00	191.50
Administrative Duties - Audit Manager	90.00	173.50
Administrative Duties - Staff Auditors	560.00	329.75
Auditor Training	135.00	246.25
Vacation/Sick Leave/Holiday	651.00	812.25
<b>Total</b>	<b>4,680.00</b>	<b>3,742.25</b>
<b>Third Quarter</b>		
Yellow Book Self-Assessment	250.00	58.75
Red Book Self-Assessment	250.00	128.75
El Paso Zoo - Memberships, Fund-Raising Activities, Attendance, & Ticket Sales Audit	500.00	38.75
Animal Services Facilities Upgrade, Change Orders, & Construction Compliance Audit	500.00	-
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review	250.00	128.00
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	500.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	504.00	-

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

<b>Third Quarter (Continued)</b>	<b>BUDGETED HOURS</b>	<b>YTD as of 02/28/25</b>
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Audit Manager	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
<b>Total</b>	<b>4,680.00</b>	<b>354.25</b>
<b>Fourth Quarter</b>		
	-	-
Follow Up Audit: Division of Military Affairs - Travel & Acc. Payable Audit	250.00	87.75
Follow Up Audit: Economic Development - 380 Agreement Monitoring Audit	250.00	-
CID - Davis-Bacon Act Compliance & Certified Payroll Audit	500.00	-
Emergency Solutions Grant (ESG) Program Audit	500.00	-
SAM - Facility Maintenance Audit	500.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Hotel Occupancy Tax Audits - Administration	50.00	-
Franchise Fee Audits (Spectrum) - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Tax Office Refund Review Project	100.00	-
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	-
Contingency Hours	254.00	-
Administrative Duties - Chief Internal Auditor	225.00	-
Administrative Duties - Auditor IV	90.00	-
Administrative Duties - Staff Auditors	560.00	-
Auditor Training	135.00	-
Vacation/Sick Leave/Holiday	651.00	-
<b>Total</b>	<b>4,680.00</b>	<b>87.75</b>
<b>Totals for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> &amp; 4<sup>th</sup> Quarters</b>		
	<b>18,720.00</b>	<b>9,320.50</b>

City of El Paso  
Internal Audit Department  
Financial Oversight and Audit Committee  
2<sup>nd</sup> Quarter 2024-2025 Audit Plan Update  
As of February 28, 2025

---

**CONCLUSION**

The 2<sup>nd</sup> Quarter of the 2024-2025 Audit Plan was another productive quarter for the Internal Audit Department. During the 2<sup>nd</sup> 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



---

Edmundo S. Calderon, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor  
City of El Paso

Distribution:

Financial Oversight and Audit Committee

Dionne Mack, City Manager

Karla Nieman, City Attorney

Robert Cortinas, Deputy City Manager/Chief Financial Officer