



**2024-2025
Annual Audit Plan
4th Quarter Update**

Issued by the
Internal Audit Department
As of August 31, 2025

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
4th Quarter 2024-2025 Audit Plan Update
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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 4th Quarter. A brief synopsis is provided on the scope and objective of the Audit or Project.

1. 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.

2. El Paso Zoo – Financial Activity Audit

The objectives of this Audit are to perform a review of the El Paso Zoo's financial activity to ensure proper accounting and reporting. The audit will concentrate on the following areas:

- Ticket Sales,
- Zoo Memberships,
- Zoo Sponsorships,
- Zoo Fundraising Events,
- Identify discrepancies and document any areas where inefficiencies can be strengthened.

3. 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.

4. Animal Services – Westside Adoption Center Construction Audit

The objectives of the Audit are to review construction costs and processes used by the Capital Improvement Department to renovate Morehead Middle School to the new "Animal Services – Westside Adoption Center". The construction audit will focus on Phase I and include 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.

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5. Accounts Receivable Program – 2nd Follow-Up Audit

The objectives of this Follow-Up Audit are to determine whether the findings and recommendations identified in the original Audit Report dated August 11, 2022 have been adequately addressed. Specifically, the following three items:

- Updating the Accounts Receivable Manual to address specific billing procedures for City Departments.
- Updating the Accounts Receivable Manual to address the collection and account management of past-due accounts.
- Ensuring that all City Departments are:
 - Recording and tracking all billable activities in the PeopleSoft Accounts Receivable Module.
 - Invoicing customers within 30 days of date of service or submit a request for the Office of the Comptroller (OTC) to invoice on behalf of the department within 30 days.
 - Informing OTC when a payment is posted to an incorrect account.
 - Conducting monthly Accounts Receivable reconciliations and submit them to OTC for review.

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FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)

1. The FOAC met on June 5, 2025 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of May 8, 2025.
 - Discussion and Action on the results of the El Paso International Airport - Accounts Payable Audit A2025-02.
 - Discussion and Action on the results of the Division of Veteran and Military Affairs - Travel and Accounts Payable Follow-Up Audit A2025-03.
 - Discussion and Action on the Audit Scope and Objectives for the approved Code Compliance Audit.
 - Discussion and Action on the Emergency Solutions Grant Audit Scope Change to Single-Family Owner-Occupied Renovation Program.
2. The FOAC met on June 17, 2025 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of June 5, 2025.
 - Presentation and discussion by Weaver and Tidwell, LLP on City of El Paso’s Internal Audit Current State, Maturity, and Needs Assessment.
3. The FOAC met on July 28, 2025 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of June 17, 2025.
 - Presentation and discussion by Weaver and Tidwell, LLP on City of El Paso’s Internal Audit Current State, Maturity, and Needs Assessment.
 - Discussion and Action on the results of Round 9 of the Hotel Occupancy Tax Audit.
 - Discussion and Action on the results of the Parks and Recreation Department - Park Usage Permit Audit A2025-01.

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- Discussion and Action to retain an external auditing firm to undertake audits, included and added to fiscal year Audit Plans, which cannot be conducted by the Internal Audit Department staff.
 - Discussion on FY 2024-2025 Audit Plan 3rd Quarter Updates.
4. The FOAC met on August 28, 2025 to discuss the following:
- Approval of Minutes for the Financial Oversight and Audit Committee meeting of July 28, 2025.
 - Presentation on the preparation of the 2025-2026 Annual Audit Plan.
 - Discussion and Action on the results of the Budget Transfer Audit A2025-04.
 - Discussion and Action on the results of the Streets and Maintenance (SAM) - Permits Review Follow-Up Audit A2025-06.

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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.

CERTIFICATIONS

Miguel Ortega successfully sat for and earned the *Certified Internal Auditor* (CIA) designation. This is a significant professional achievement and a testament to his expertise and dedication to the field of internal auditing.

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 4th 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	37.8
Mike Montiel	Audit Manager	44.5
Martha Vargas	Auditor IV	80.8
Miguel Ortega	Auditor III	38.8
Sergio Carrillo	Auditor III	44.8
Christian Castro	Auditor II	44.8
Miguel Olivas	Auditor I	38.8

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 Committee Member.
- III. Association of Certified Fraud Examiners – El Paso Chapter
Liz De La O and Miguel Montiel volunteered as Board Members.
Sergio Carrillo assisted the Chapter with a financial review.

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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.

	BUDGETED HOURS	YTD as of 08/31/2025
First Quarter	-	-
(CarryFwds) Pension Office Digitization and Cybersecurity Review (P2023-07)	50.00	220.00
(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	17.75
(CarryFwds) Accounts Receivable Program Follow Up Audit (A2024-07)	100.00	28.50
(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	269.75
(CarryFwds) On-Call Services Agreement Audit (A2024-08)	300.00	341.00
(CarryFwds) El Paso International Airport- Accounts Payable Audit	500.00	488.00
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

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First Quarter (Continued)	BUDGETED HOURS	YTD as of 08/31/25
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
Auditor Training	135.00	499.50
Vacation/Sick Leave/Holiday	651.00	875.50
Total	4,680.00	5,479.00
Second Quarter	-	-
Take Home Cars & Use of City Vehicles Project	250.00	264.00
Executive Vacation Requests & Sick Leave Project (Cancelled per FOAC Meeting of 03/13/2025)	250.00	288.00
Follow Up Audit: Streets & Maintenance - Permits Review Audit	250.00	185.50
Parks Department - Permit Audit	500.00	472.25
Budget Transfer Audit	500.00	536.00
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 Prep	-	225.00
Weaver	-	229.50
Administrative Duties - Chief Internal Auditor	225.00	191.50
Administrative Duties -Deputy Chief Internal Auditor & Audit Manager	170.00	173.50
Administrative Duties - Staff Auditors	480.00	329.75
Auditor Training	135.00	246.25
Vacation/Sick Leave/Holiday	651.00	812.25
Total	4,680.00	4,661.75

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	BUDGETED HOURS	YTD as of 08/31/2025
Third Quarter	-	-
Yellow Book Self-Assessment	250.00	75.00
Red Book Self-Assessment	250.00	205.00
El Paso Zoo - Memberships, Fund-Raising Activities, Attendance, & Ticket Sales Audit (Financial Activity Audit)	500.00	806.00
Animal Services Facilities Upgrade, Change Orders, & Construction Compliance Audit	500.00	269.50
P-Card Reviews: City Council & City Manager's Office - P-Card & Travel Review (Cancelled per FOAC Meeting of 03/13/2025)	250.00	146.00
Citywide Sales Tax Analysis - Clearview	40.00	6.50
Hotel Occupancy Tax Audits - Administration	50.00	239.25
Franchise Fee Audits (Spectrum) - Administration	500.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	51.50
Tax Office Refund Review Project	100.00	153.50
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	247.75
Contingency Hours	504.00	-
Audit Plan	-	383.75
Consulting	-	0.50
Code Enforcement Audit	-	212.50
FOAC Prep	-	530.50
Weaver	-	42.25
Administrative Duties - Chief Internal Auditor	225.00	166.00
Administrative Duties -Deputy Chief Internal Auditor & Audit Manager	170.00	240.25
Administrative Duties - Staff Auditors	480.00	331.50
Auditor Training	135.00	371.75
Vacation/Sick Leave/Holiday	651.00	464.75
Total	4,680.00	4,943.75
Fourth Quarter	-	-
Follow Up Audit: Division of Military Affairs - Travel & Acc. Payable Audit	250.00	222.25
Follow Up Audit: Economic Development - 380 Agreement Monitoring Audit	250.00	111.25
Follow Up: Accounts Receivable Program- 2 nd Follow-Up Audit	250.00	70.75
CID - Davis-Bacon Act Compliance & Certified Payroll Audit	500.00	-
Emergency Solutions Grant (ESG) Program Audit	500.00	1.25
SAM - Facility Maintenance Audit	500.00	-
Citywide Sales Tax Analysis - Clearview	40.00	1.50
Hotel Occupancy Tax Audits - Administration	50.00	79.50
Franchise Fee Audits (Spectrum) - Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	68.25
Tax Office Refund Review Project	100.00	127.50
Longevity Project	100.00	-
Cyber Audits - Administration	300.00	111.25
Contingency Hours	254.00	-

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	BUDGETED HOURS	YTD as of 08/31/2025
Fourth Quarter (Continued)	-	-
Audit Plan	-	416.00
Consulting	-	-
FOAC Prep	-	367.00
Weaver	-	50.75
Administrative Duties - Chief Internal Auditor	225.00	161.00
Administrative Duties -Deputy Chief Internal Auditor & Audit Manager	170.00	297.50
Administrative Duties - Staff Auditors	480.00	522.50
Auditor Training	135.00	209.50
Vacation/Sick Leave/Holiday	651.00	581.50
Total	4,680.00	3,399.25
Totals for 1st, 2nd, 3rd & 4th Quarters	18,720.00	18,483.75

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FISCAL YEAR-END RECAP

As required by the *Global Internal Audit Standards*, Standard 9.3 & 12.1, the City of El Paso's Internal Audit Department performs ongoing internal assessments in order to monitor the performance of the internal audit activity. Standard 5.44 of the *Generally Accepted Government Auditing Standards* requires the Internal Audit Department to analyze and summarize the results of its monitoring process at least annually. Internal assessments include supervision, review and measurement of the internal audit activity. All engagements are properly supervised, files are peer reviewed by someone not involved in the engagement, time budgets are established, and customer surveys are sent out to gauge the performance of the Internal Audit Department. The Internal Audit Department monitors measurements of the internal audit activity. Any non-conformance will be identified and reported. The following section will provide the Financial Oversight and Audit Committee and the City Manager with a synopsis of various measurements taken of Audits, Follow-Ups, and Projects conducted by the Internal Audit Department during the Fiscal Year.

FY 2025 NOTEWORTHY AUDITS & PROJECTS

Accounts Receivable - Hotel Occupancy Tax Review Memo (March 6, 2025)

The Internal Audit Department conducted a review of the Office of the Comptroller's process for monitoring and collecting Hotel Occupancy Tax Revenues owed to the City.

Based on the review, we determined that the Office of the Comptroller is:

- Properly collecting and monitoring the additional HOT Revenues owed to the City that were identified by HOT Audits.
- Properly invoicing HOT Receivables in a timely manner.
- Collecting HOT delinquent accounts according to the *Office of the Comptroller – Hotel Occupancy Tax Collection Procedure Policy* and the *City of El Paso Accounts Receivable Policy*.
- Accurately reporting HOT Receivable Balances to management.
- We did not identify any internal control weaknesses.

Hotel Occupancy Tax (HOT) Audit – Round 9 (April 24, 2025)

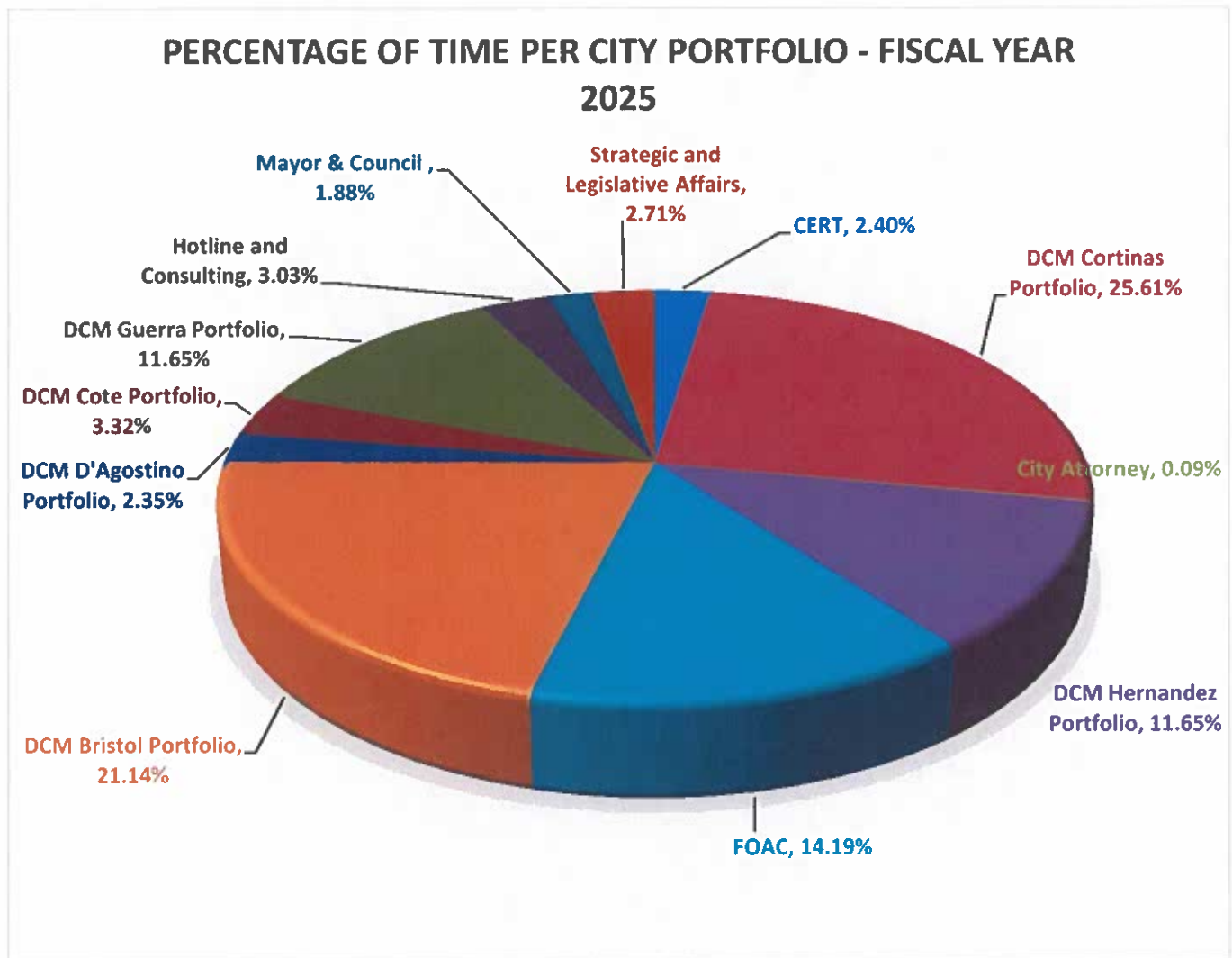
The Internal Audit Department has a contract with Avenu Insights & Analytics to conduct Hotel Occupancy Tax Audits. Based on the results of the Round 9 Audit, additional Hotel Occupancy Taxes totaling \$855,919.13 were identified as being due to the City of El Paso from the 20 hotels audited.

Initial HOT Audit Results (20 hotels):	\$1,417,289.09
Re-Audit Adjustments (4 hotels):	<u>(\$561,369.96)</u>
Revised HOT Audit Results:	\$855,919.13

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AUDIT TIME PER CITY PORTFOLIO

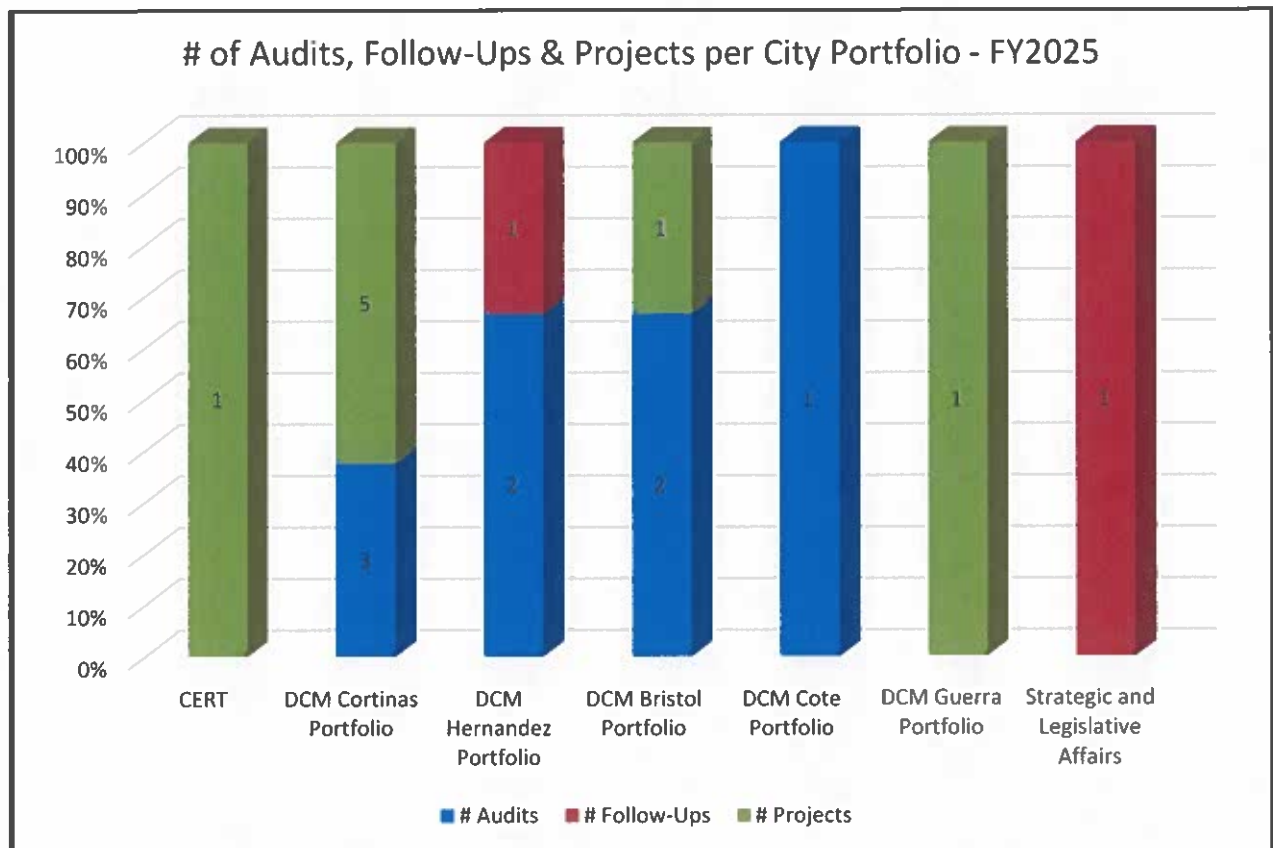
The chart below shows the percentage of audit-hours incurred in each City Portfolio during Fiscal Year 2024-2025.



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AUDITS, FOLLOW-UP'S & PROJECTS PER CITY PORTOLIO

This chart shows the number of audit assignments completed per City Portfolio during Fiscal Year 2024-2025.



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FOLLOW-UP RECOMMENDATION STATUS

The Internal Audit Department performs Follow-Up Audits on all Audit Reports that contain findings and recommendations. Our objective is to inform the Financial Oversight and Audit Committee and City Management that corrective action has been implemented. The table below lists the Follow-Up Audits conducted during Fiscal Year 2024-2025 and whether the recommendations have been:

- *Implemented,*
- *In-Progress,*
- *Not Applicable or,*
- *Not Implemented.*

Follow-Up Audit Status				Recommendations			
No	Follow-Up Audit Name	Follow-Up Report Date	Original Report Date	Implemented	In Progress	Not Applicable	Not Implemented
1	Division of Military Affairs – Travel and Accounts Payable Follow-Up Audit No. A2025-03	April 1, 2025	June 10, 2024	1	1	-	-
2	SAM – Permits Review Follow-Up Audit No. A2025-06	June 11, 2025	July 10, 2023	1	2	-	-
Recommendation Totals				2	3	-	-

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QUALITY SURVEY RESULTS

The Internal Audit Department performs a quality survey after the completion of each Audit or Follow-Up Audit in order to gauge the quality of service delivered. The table below lists the surveys administered during Fiscal Year 2024-2025. Our survey rating scale ranges from 1 (Poor) to 4 (Excellent).

No	Quality Surveys Audit Name	# of Surveys Sent	# of Responses Received	% Responses Received	* Average Score Received
1	SAM – Transportation Management Division – Cybersecurity Assessment Follow-Up Audit A2024-10	3	0	0%	N/A
2	Planning & Inspections – Permit Review Audit A2024-03	3	2	67%	4
3	Pension Office Digitization and Cyber Security Review Project P2023-07	4	3	75%	3.92
4	Department of Public Health – Internal Control Review P2024-03	3	2	67%	4
5	Sun Metro Money Room - Internal Controls Review P2024-01	5	5	100%	3.36
6	Accounts Receivable – Hotel Occupancy Tax Review P2025-01	3	2	67%	4
7	Division of Military Affairs - Travel and Accounts Payable Follow-Up Audit A2025-03	2	0	0%	N/A
8	Parks and Recreation Department – Park Usage Permit A2025-01	2	1	50%	4
9	El Paso International Airport - Accounts Payable Audit A2025-02	2	1	50%	3.92
10	On-Call Services Agreement Audit A2024-08	2	1	50%	3.75
11	Budget Transfer Audit A2025-04	2	2	100%	3.7
12	Streets and Maintenance (SAM) - Permits Review Follow-Up Audit A2025-06	2	1	50%	3.58
13	Vehicle Allowance & Take-Home Cars Project P2025-02	2	1	50%	4
	Totals	35	21	60%	3.84

* Rating	Score
Excellent	4
Good	3
Fair	2
Poor	1

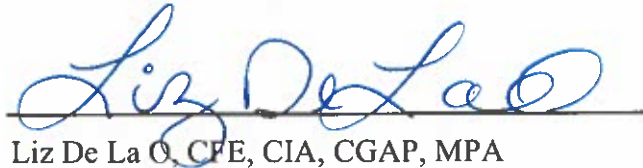
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CONCLUSION

The 4th Quarter of the 2024-2025 Audit Plan was another productive quarter for the Internal Audit Department. During the 4th Quarter, five (5) 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



Liz 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