



CITY OF EL PASO

# 3<sup>rd</sup> Fiscal Quarter Update

Internal Audit Department

March 1, 2026 to May 31, 2026

# Reporting Statement

According to Domains 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.

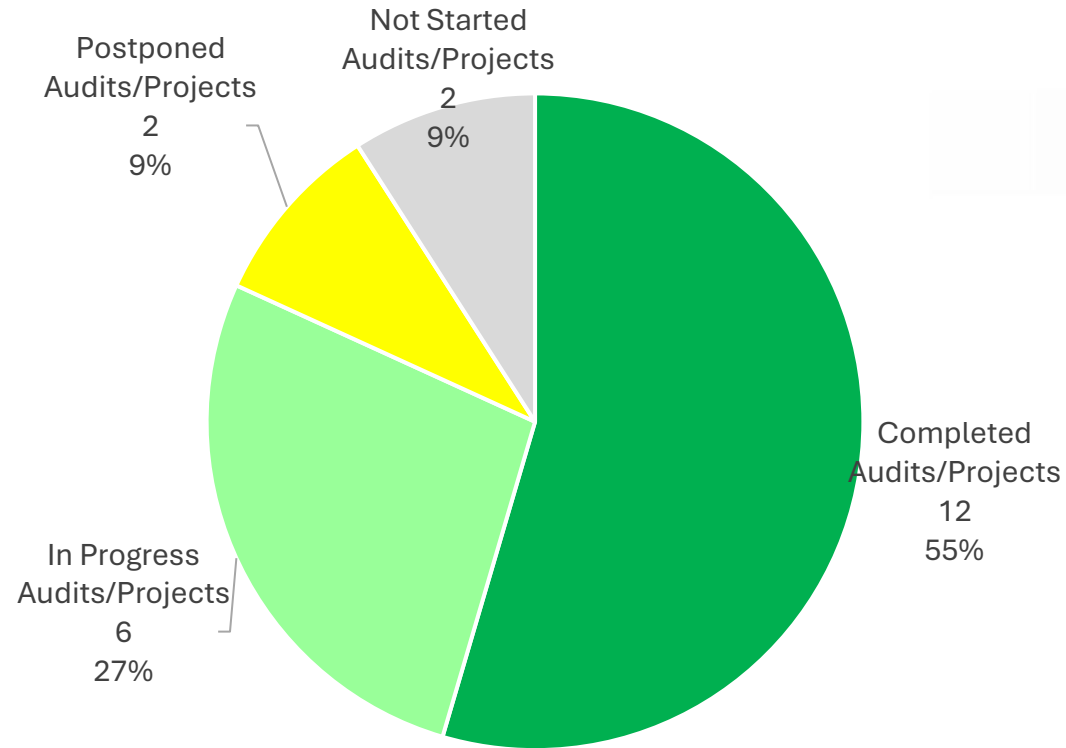
# Independence Statement

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 Chairperson of the Financial Oversight and Audit Committee (FOAC) and legislatively to the entire 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.

# YTD Audit Plan Progress

## General Status Overview

September 1, 2025 through May 31, 2026



# YTD Audit Plan Progress (Cont'd)

## Completed Audits/Projects

September 1, 2025 through May 31, 2026

Ref.	Audit/Project	Ref.	Audit/Project
A2025-05	Code Enforcement Division Audit	A2026-04	On-Call Services Agreement Follow-Up Audit
A2025-08	Animal Services – Westside Adoption Center Construction Audit	A2026-07	Environmental Services - P-Card and Travel Audit
A2025-09	El Paso Zoo – Financial Activity Audit	A2026-09	Sun Metro Accounts Payable Audit
A2025-10	Accounts Receivable program – 2 <sup>nd</sup> Follow-Up Audit	Co-Sourced	Hotel Occupancy Tax (HOT) Review - Round 10
A2026-01	Planning & Inspections – Permit Review Follo-Up Audit	Co-Sourced	Police Department - Cybersecurity Assessment
A2026-03	EPIA – Accounts Payable Follow-Up Audit	N/A	Weekly Tax Office Refund Reviews

# YTD Audit Plan Progress (Cont'd)

## In Progress Audits/Projects

September 1, 2025 through May 31, 2026

Ref.	Audit/Project	Ref.	Audit/Project
A2026-05	El Paso Police Department – Overtime Audit	A2026-10	La Nube Children’s Museum Contract Audit
A2026-06	Single Family Owner-Occupied Renovation Program Audit	Co-Sourced	Health Department – Cybersecurity Assessment
A2026-08	Streets and Maintenance – Facility Maintenance Audit	N/A	“Red Book” Internal Self-Assessment

# YTD Audit Plan Progress (Cont'd)

## Postponed & Not Started Audits/Projects

September 1, 2025 through May 31, 2026

### Postponed

Ref.	Audit/Project	Ref.	Audit/Project
N/A	Franchise Fee Audits (EPWU) - Administration	N/A	Follow-Up: 380 Agreement Monitoring Audit

### Not Started

Ref.	Audit/Project	Ref.	Audit/Project
N/A	Follow-Up: Parks & Recreation – Park Usage Permit Audit	Co-Sourced	City Council & City Manager’s Office P-Card and Travel Review

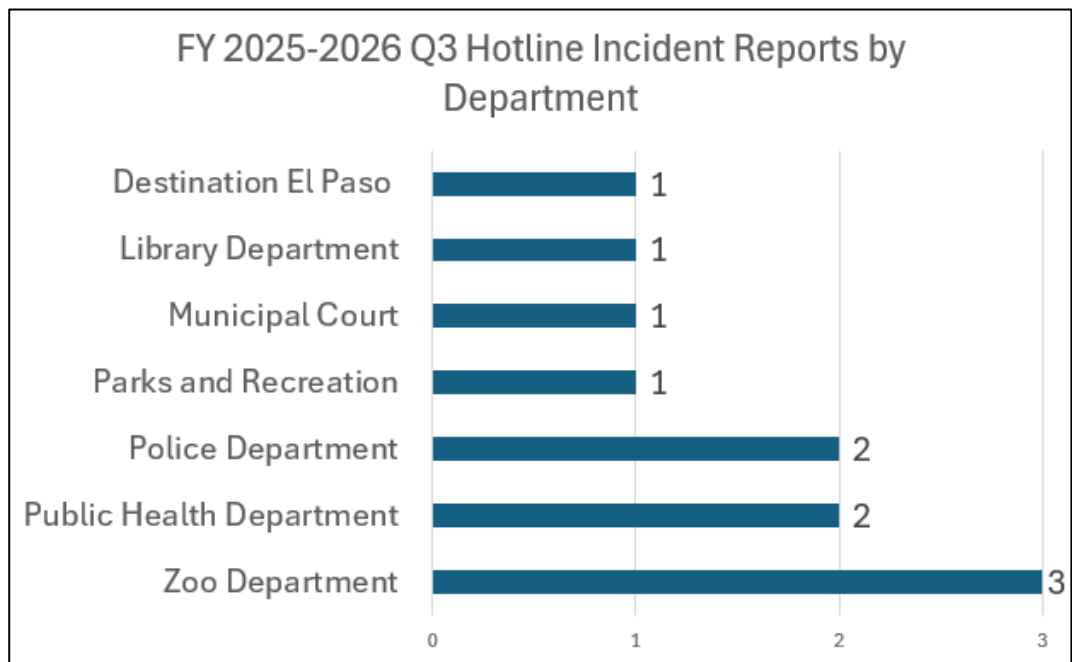
# 2025-2026 Professional Services Sales Tax Discovery Contract

- Sales tax discovery contractor identified 2 vendors that failed to remit required Texas sales tax.
- Approx. \$33K in total unremitted taxes were identified.
- Issue surfaced during a review of vendor reporting, payment patterns, and tax compliance.
- Contractor notified the vendors and remediation was completed with the State.

Vendor	Unremitted Sales Tax
“A”	\$ 60.23
“B”	33,144.59
<b>Total</b>	<b>\$ 33,204.82</b>

# Employee Hotline

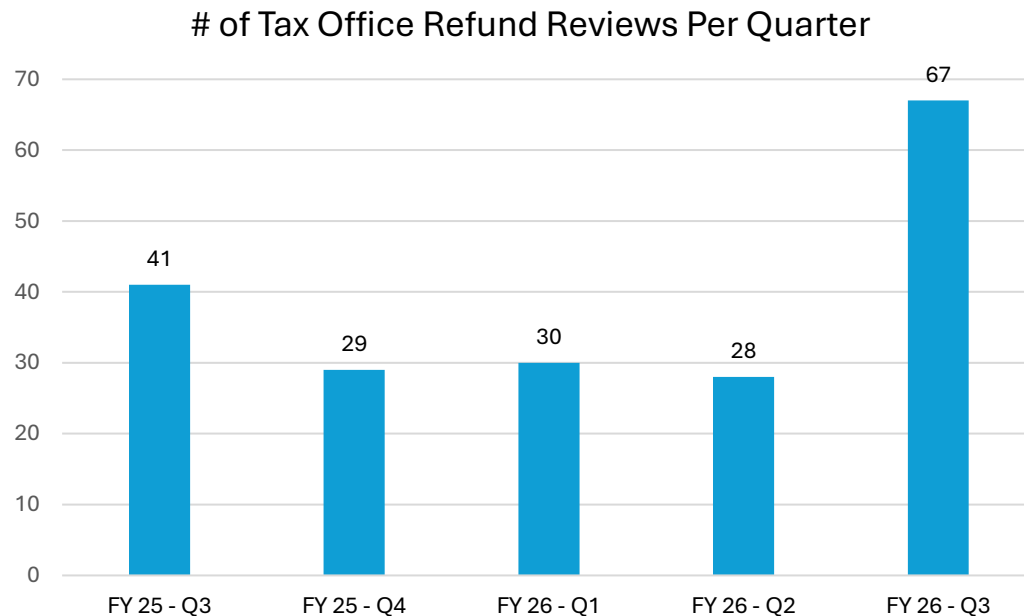
March 1, 2026 through May 31, 2026



- 11 new Hotline incidents reported during Q3
- 6 newly reported incidents open as of May 31, 2026
- 6 previously reported (from Q1 & Q2) incidents open as of May 31, 2026

# Tax Office Refund Reviews

March 1, 2026 through May 31, 2026



- In Q3, Tax Office issued 1,441 tax refunds totaling \$1,229,096.77.
- Internal Audit completed 67 refund reviews, covering 664 individual refunds (46% of all refunds) totaling \$961,265.96 (78.2% of the total dollars refunded).

# Client Surveys

March 1, 2026 through May 31, 2026

Audit	Survey Opened	Survey Closed	Surveys Requested	Surveys Completed	% Completed	Avg. Rating*
On-Call Services Agreement Follow-Up Audit (A2026-04)	3/5/26	3/19/26	3	2	67%	3.77
Sun Metro – Accounts Payable Audit (A2026-09)	4/20/26	5/5/26	4	2	50%	3.47
Code Enforcement Division Audit (A2025-05)	4/20/26	5/5/26	3	2	67%	3.87

\*Ratings are based on a 4-point scale.

# Other Matters

March 1, 2026 through May 31, 2026

- New Chief Internal Auditor commenced his tenure with the City of El Paso on April 20, 2026.
- Initiated a joint evaluation with IT in Q3 to modernize Internal Audit operations through an audit management solution, offering streamlined workflows, centralized documentation, enhanced reporting, and support for risk assessment, audit planning, budgeting, issue tracking, and monitoring.
  - Targeting implementation by end of Q4 pending procurement.

# Questions & Comments