



AGENDA FOR THE FINANCIAL OVERSIGHT AND AUDIT COMMITTEE

August 28, 2025
COUNCIL CHAMBERS, CITY HALL, 300 N. CAMPBELL - FIRST FLOOR
11:00 AM

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: 720-982-373#

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 July 28, 2025. [Internal Audit, Elizabeth De La O, (915) 212-1371] [BC-996](#)
2. Presentation on the preparation of the 2025-2026 Annual Audit Plan. [Internal Audit, Miguel Montiel, (915) 212-1367] [BC-1042](#)
3. Discussion and Action on the results of the Budget Transfer Audit A2025-04. [Internal Audit, Miguel Montiel, (915) 212-1367] [BC-1041](#)
4. Discussion and Action on the results of the Streets and Maintenance (SAM) - Permits Review Follow-Up Audit A2025-06. [Internal Audit, Elizabeth De La O, (915) 212-1371] [BC-819](#)

ADJOURN

CLOSED MEETING

The Financial Oversight and Audit Committee of the City of El Paso may retire into CLOSED MEETING pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Chapter 551, Subchapter D, to discuss any of the following: (The items listed below are matters of the sort routinely discussed in Closed Meeting, but the Financial Oversight and Audit Committee of the City of El Paso may move to Closed Meeting any of the items on this agenda, consistent with the terms of the Open Meetings Act.) The Financial Oversight and Audit Committee will return to open session to take any final action and may also, at any time during the meeting, bring forward any of the following items for public discussion, as appropriate.

Section 551.071 CONSULTATION WITH ATTORNEY

Section 551.072 DELIBERATION REGARDING REAL PROPERTY

Section 551.073 DELIBERATION REGARDING PROSPECTIVE GIFTS

Section 551.074 PERSONNEL MATTERS

Section 551.076 DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS

Section 551.087 DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS

Section 551.089 DELIBERATION REGARDING SECURITY DEVICES OR SECURITY AUDITS;
CLOSED MEETING

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 25th day of August, 2025 at 9:42 a.m., at City Hall, 300 N.Campbell Street by Sergio Carrillo.



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-996, **Version:** 1

CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM

AGENDA LANGUAGE:

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Approval of Minutes for the Financial Oversight and Audit Committee meeting of July 28, 2025. [Internal Audit, Elizabeth De La O, (915) 212-1371]



FINANCIAL OVERSIGHT AND AUDIT COMMITTEE MINUTES

July 28, 2025

COUNCIL CHAMBERS, CITY HALL

1:00 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 1:00 p.m. Committee Chair Dr. Josh Acevedo was present and presiding and the following Committee Members answered roll call: Dr. Josh Acevedo, Alejandra Chávez, Deanna Maldonado-Rocha (joined at 1:25 p.m.), Ivan Niño, Edmundo Calderón – 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. Motion made by Committee member Chávez, seconded by Committee member Niño, and unanimously carried to **APPROVE** the Minutes for the Financial Oversight and Audit Committee meeting of June 17, 2025.

AYES: Committee Members Acevedo, Chávez, and Niño

NAYS: None

ABSENT: Committee Member Maldonado-Rocha

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2. **City of El Paso Employees Retirement Trust Annual Update.**

Mr. Robert Ash – Executive Director and Mr. Adrian Sanchez – Deputy Executive Director, City of El Paso Employees Retirement Trust, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Ms. Alejandra Chávez, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.

NO ACTION was taken on this item.

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3. **Discussion of El Paso Firemen and Policemen's Pension Fund Portfolio Returns and Funding Status.**

Mr. Tyler Grossman – Executive Director, El Paso Firemen and Policemen's Pension Fund, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

NO ACTION was taken on this item.

4. **Presentation on the preparation of the 2025-2026 Annual Audit Plan.**

Dr. Josh Acevedo, Committee Chair, asked to postpone the item to the August Financial Oversight and Audit Committee meeting.

Motion made by Committee Member Maldonado-Rocha seconded by Committee Member Chávez, and unanimously carried to **POSTPONE** the presentation on the preparation of the 2025-2026 Annual Audit Plan to the August Financial Oversight and Audit Committee meeting.

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

NAYS: None.

5. **Discussion and Action on the results of Round 9 of the Hotel Occupancy Tax Audit.**

Mr. Edmundo Calderón – Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.

The following staff member commented:

- Robert Cortinas, Deputy City Manager, Chief Financial Officer.

Motion made by Committee Member Niño, seconded by Committee Member Chávez, and unanimously carried to **ACCEPT** the results of the Round 9 of the Hotel Occupancy Tax Audit and send to City Council for action.

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

NAYS: None.

6. **Discussion and Action on the results of the Parks and Recreation Department – Park Usage Permit Audit A2025-01.**

Mr. Edmundo Calderón – Chief Internal Auditor, delivered a PowerPoint presentation.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Ms. Deanna Maldonado-Rocha, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

The following staff member commented:

- Mr. Pablo Caballero, Parks and Recreation Director.

Motion made by Committee Member Chávez, seconded by Committee Member Niño, and unanimously carried to **ACCEPT** the results of the Parks and Recreation Department – Park Usage Permit Audit A2025-01 and send to City Council for action.

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

NAYS: None.

7. **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.**

Dr. Josh Acevedo, Committee Chair, introduced the item.

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.
- Ms. Alejandra Chávez, Committee Member.
- Mr. Ivan Niño, Committee Member.
- Ms. Dionne Mack, City Manager.

The following staff member commented:

- Ms. Karla Nieman, City Attorney.

Motion made by Committee Member Maldonado-Rocha, seconded by Committee Member Chávez, and unanimously carried 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.

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

NAYS: None.

8. Discussion on FY 2024-2025 Audit Plan 3rd Quarter Updates.

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

The following members of the FOAC commented:

- Dr. Josh Acevedo, Committee Chair.

NO ACTION was taken on this item.

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ADJOURN

Motion made by Committee Member Maldonado-Rocha seconded by Committee Member Chávez and unanimously carried to **ADJOURN** the meeting at 3:11 p.m.

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

NAYS: None

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APPROVED AS TO CONTENT:

Dr. Josh Acevedo – 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-1042, **Version:** 1

CITY OF EL PASO, TEXAS
LEGISTAR AGENDA ITEM SUMMARY FORM

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Presentation on the preparation of the 2025-2026 Annual Audit Plan. [Internal Audit, Miguel Montiel, (915) 212-1367]



Presentation on the Preparation of the FY 2025-2026 Annual Audit Plan

Stakeholders Input Interviews

- Schedule individual meetings with each stakeholder. Stakeholders include:
 - FOAC members,
 - City Manager,
 - A sample of Deputy City Managers,
 - A sample of Department Heads and Staff.

9 Risk Areas

1. Management Interest
2. Budget Risk
3. Strategic Risk
4. Reputation Risk
5. Compliance Risk
6. High Level of Decentralization
7. Legal Claims
8. Time Last Audited
9. Change in Management

Risk Scoring

- 5 Point Scoring Method
 - 9 Risk Areas \times 5 points each = 45 points
 - 45 points + 5 points for weighting = 50 points maximum
- Historically, the average number of points needed to be considered for an audit is **38 to 42 points**.

Available Audit Hours

- 40 hour work week x 52 weeks = 2,080 hours available per Auditor.
- Subtract time for Vacations, Holidays, Sick Leave, Training, Contingency, and Office Admin Time. (Approximately 520 Hours)
- Leaves you with **1,560 audit hours available per Auditor.**
- 1,560 hours x Number of Auditors = Total hours available for audits
 - (1,560 x 8 = **12,480 total hours available for audits**)

Approximate Hours per type of Engagement

- Full Audits = 500 hours
- Follow-Up Audits = 250 hours
- Recurring Audits = Varies by engagement (Hotline, FOAC meetings, Tax Office Refunds, HOT Audits, Franchise Fee Audits, Sales Tax Monitoring, Cybersecurity Audits)

Scheduling

- Which quarter do the engagements go?
- Who gets the assignment?
- Team members involved?
- Intangibles (e.g., auditor resigns, goes on sick leave, or auditor skill sets/experience increases)

Q & A



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-1041, **Version:** 1

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

AGENDA LANGUAGE:

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Discussion and Action on the results of the Budget Transfer Audit A2025-04. [Internal Audit, Miguel Montiel, (915) 212-1367]



CITY OF EL PASO

Internal Audit Department Budget Transfer Audit A2025-04

Objectives

The Objectives of this audit were to determine if the Office of Management and Budget:

- Has written Policies and Procedures for Budget Transfers.
- Properly communicates and provides feedback to City departments.
- Enforces established Budget Transfer limits, and approvals.
- Ensures City departments are providing proper documentation for Budget Transfers.
- Has processes in place to ensure the accuracy and completeness of Budget Transfers.

Scope

The scope of September 1, 2024 to April 9, 2025 included:

- Obtaining an understanding of OMB's internal procedures.
- Reviewing OMB's Budget Transfer process.
- Interviewing OMB personnel.
- Reviewing Budget Transfers processed by OMB for the Fiscal Year 2025.

Finding 1

OMB does not have documented internal Policies and Procedures for processing and approving Budget Transfers specific to City Departments requests. OMB has an established process that staff follows, but the process is not documented.

Recommendation

The Office of Management and Budget should document internal Policies and Procedures specific to the Budget Transfer process.

Management Response

Finding 1

“We would like to highlight that Budget Transfers are governed by the Budget Resolution adopted by the El Paso City Council during the Annual Budget approval process. In particular, these are paragraphs 6,7,10 and 11 from FY 2025 Budget Resolution. A separate Budget Resolution, specific to the Mass Transit Department, is approved by the Mass Transit Department Board on the same day. Additional guidance on Budget Transfers is outlined in the City’s Budget Policies, which were last approved by City Council in May 2023. On October 16, 2023, the Office of Management and Budget presented the Capital Improvement Plan (CIP) Budget Transfers policy and procedure, which applies to project appropriations approved by City Council as part of the CIP, to the Financial Oversight and Advisory Committee.”

Management Response (Cont.)

“In addition, during the annual financial audit external auditors test budget transfers when they test general ledger. They have not raised any questions or concerns with regards to Budget Transfers.

While an established and consistent process is currently in place for processing and approving Budget Transfers requested by City of El Paso Departments (City), we recognize that the absence of formally documented procedures may limit consistency, transparency, and training effectiveness.

To address the finding, OMB prioritized the development of comprehensive written procedures that clearly define the steps, roles, and responsibilities involved in the Budget Transfer process. Additionally, our Budget Transfer process will maintain the regulations and adhere by Council Approved Budget Resolutions each fiscal year with the City's Budget Adoption.”

Management Responses (Cont.)

“Corrective Action Plan:

*Action: Develop and formalize written Policies and Procedures for processing and approving Budget Transfers (Complete)

- Upon receiving draft audit report Office of Management and Budget immediately developed comprehensive document that outlines Standard Operating Procedures for City of El Paso Budget Transfer Process.

*Target Completion Date: August 8th, 2025 (Complete)

*Follow-Up: Ensure dissemination to relevant staff and provide training to support implementation and compliance (Complete)

Management is committed to continuous improvement of systems integrity, compliance and enhancing transparency and accountability across all OMB processes.”

Conclusion

OMB met the audit objectives in the following areas:

- Properly communicating and providing feedback to City departments.
- Enforcing the established Budget Transfer limits.
- Ensuring City departments are providing proper documentation for Budget Transfers.
- Has processes in place to ensure the accuracy and completeness of Budget Transfers.

OMB did not meet the audit objectives in the following areas:

- Having comprehensive written Policies and Procedures for Budget Transfers.

Requested Action

To accept the results of the Budget Transfer Audit and forward the Audit Report to City Council for action.



Budget Transfer Audit

No. A2025-04

Draft

Issued by the
Internal Audit Department
June 09, 2025

**City of El Paso
Internal Audit Department
Budget Transfer Audit A2024-08**

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the Budget Transfer Audit. Based on the results of the audit, one finding was identified. The finding is considered a “Regular Finding”.

Listed below is a summary of the finding identified in this report:

1. The Office of Management and Budget (OMB) does not have documented internal Policies and Procedures for processing and approving Budget Transfers specific to City Departments requests. OMB has an established process that staff follows, but the process is not documented.

For a detailed explanation of the finding, please refer to the body of this Audit Report.

**City of El Paso
Internal Audit Department
Budget Transfer Audit A2024-08**

BACKGROUND

The Office of Management and Budget (OMB) continually analyzes the revenues, appropriations, expenses, and encumbrances of all departments to develop clear financial reporting mechanisms for the status of resources. Resources are used as management tools for City officials in the City's ongoing effort to provide the public with effective, efficient, and responsive municipal services.

OMB staff develops the City's annual operating, debt service, and capital acquisition budgets within legal and prudent fiscal management requirements. OMB monitors expenditures throughout the fiscal year to ensure that all City departments remain within budget allocations and prepare monthly financial reports of the City's comprehensive budgetary status.

OMB is responsible for processing Budget Transfers in accordance with each Fiscal Year's Budget Resolutions. The Budget Resolution for Fiscal Year 2025 included:

- Department Heads are authorized to make Budget Transfers not exceeding \$50,000.00.
- Budget Transfers that range from \$50,001.00 to \$100,000.00 require the City Manager approval.
- Budget Transfers between departments and/or non-enterprise department funds exceeding \$100,000.00 require City Council approval.

AUDIT OBJECTIVES

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

- Has comprehensive written Policies and Procedures for Budget Transfers.
- Properly communicates and provides feedback to City departments.
- Is enforcing established Budget Transfer limits.
- Is ensuring City departments are providing proper documentation for Budget Transfers.
- Has processes in place to ensure the accuracy and completeness of Budget Transfers.

AUDIT SCOPE AND METHODOLOGY

Our audit scope for September 1, 2024 to April 9, 2025 will include:

- Obtain an understanding of OMB's internal Policies and Procedures.
- Review OMB's Budget Transfer process.
- Interview OMB personnel.
- Review a sample of Budget Transfers processed by OMB for the Fiscal Year 2025.
- The total population for the review period was 612 Budget Transfers, of which 362 were under \$50,000.00, 64 were between \$50,001.00 and \$100,000.00, and 186 were over \$100,000.00.
- A sample of 15 Budget Transfers under \$50,000.00, and 12 Budget Transfers between \$50,001.00 and \$100,000.00 were selected for review.

**City of El Paso
Internal Audit Department
Budget Transfer Audit A2024-08**

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.

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**City of El Paso
Internal Audit Department
Budget Transfer Audit A2024-08**

***REGULAR FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

Finding 1

Policies and Procedures

City of El Paso Strategic Plan:

- *Goal 6.4 Implement leading-edge practices for achieving quality and performance excellence.*
- *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.

The Office of Management and Budget (OMB) does not have documented internal Policies and Procedures for processing and approving Budget Transfers specific to City Departments' requests. OMB has an established process that staff follows, but the process is not documented.

Recommendation

The Office of Management and Budget should document internal Policies and Procedures specific to the Budget Transfer process.

**City of El Paso
Internal Audit Department
Budget Transfer Audit A2024-08**

Management's Response

We would like to highlight that Budget Transfers are governed by the Budget Resolution adopted by the El Paso City Council during the Annual Budget approval process. In particular, these are paragraphs 6,7,10 and 11 from FY 2025 Budget Resolution. A separate Budget Resolution, specific to the Mass Transit Department, is approved by the Mass Transit Department Board on the same day. Additional guidance on Budget Transfers is outlined in the City's Budget Policies, which were last approved by City Council in May 2023. On October 16, 2023, the Office of Management and Budget presented the Capital Improvement Plan (CIP) Budget Transfers policy and procedure, which applies to project appropriations approved by City Council as part of the CIP, to the Financial Oversight and Advisory Committee. In addition, during the annual financial audit external auditors test budget transfers when they test general ledger. They have not raised any questions or concerns with regards to Budget Transfers.

While an established and consistent process is currently in place for processing and approving Budget Transfers requested by City of El Paso Departments (City), we recognize that the absence of formally documented procedures may limit consistency, transparency, and training effectiveness.

To address the finding, OMB prioritized the development of comprehensive written procedures that clearly define the steps, roles, and responsibilities involved in the Budget Transfer process. Additionally, our Budget Transfer process will maintain the regulations and adhere by Council Approved Budget Resolutions each fiscal year with the City's Budget Adoption.

Corrective Action Plan:

***Action: Develop and formalize written Policies and Procedures for processing and approving Budget Transfers (Complete)**

- Upon receiving draft audit report Office of Management and Budget immediately developed comprehensive document that outlines Standard Operating Procedures for City of El Paso Budget Transfer Process.

***Target Completion Date: August 8th, 2025 (Complete)**

***Follow-Up: Ensure dissemination to relevant staff and provide training to support implementation and compliance (Complete)**

Management is committed to continuous improvement of systems integrity, compliance and enhancing transparency and accountability across all OMB processes.

Responsible Party

Sasho Andonoski, Director of Management and Budget – Office of Management and Budget

Implementation Date

September 1, 2025

**City of El Paso
Internal Audit Department
Budget Transfer Audit A2024-08**

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 Budget Transfer Audit. The audit evidence used in the 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 whether the Office of Management and Budget (OMB) met the objectives of this audit. Based on our audit work, we have determined that:

1. OMB met the audit objectives in the following areas:
 - Is properly communicating and providing feedback to City departments.
 - Is enforcing the established Budget Transfer limits.
 - Is ensuring City Departments are providing proper documentation for Budget Transfers.
 - Has processes in place to ensure the accuracy and completeness of Budget Transfers.
 - Our review consisted of 15 Budget Transfers under \$50,000.00 and 12 Budget Transfers from \$50,001.00 to \$100,000.00. All of them were deemed appropriate.
2. OMB did not meet the audit objectives in the following areas:
 - Having comprehensive written Policies and Procedures for Budget Transfers.

OMB submitted Management Responses, which included a copy of documented Standard Operating Procedures (SOPs) for the Budget Transfer process. The Internal Audit Department reviewed these SOPs and confirmed that they meet the recommendation made in the audit report. No Follow-Up Audit will be conducted, as the corrective action has been implemented by OMB Management. We wish to thank OMB Management and staff for their assistance and courtesies extended during the completion of this audit.

Edmundo S. Calderon, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Miguel Olivas
Auditor I

Miguel Montiel, CIA, CGAP
Audit Manager

Distribution:
Financial Oversight and Audit Committee
Dionne Mack, City Manager
Robert Cortinas, Deputy City Manager & Chief Financial Officer
Sasho Andonoski, OMB Director



El Paso, TX

300 N. Campbell
El Paso, TX

Legislation Text

File #: BC-819, Version: 1

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

AGENDA LANGUAGE:

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Discussion and Action on the results of the Streets and Maintenance (SAM) - Permits Review Follow-Up Audit A2025-06. [Internal Audit, Elizabeth De La O, (915) 212-1371]



Internal Audit Department Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06

Objectives

The objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated July 10, 2023.

Scope

The scope of September 1, 2024 to March 1, 2025 included:

- Reviewing AECOM's assessment of Streets and Maintenance's Permitting Process.
- Reviewing Streets and Maintenance Policies and Procedures related to the Permitting Process.
- Reviewing City of El Paso Municipal Code to identify whether updates have occurred.
- Reviewing Streets and Maintenance methods for keeping track of Permits that require inspections.

Finding 1

Original Finding

- Streets and Maintenance (SAM) does not have Policies and Procedures specific to the Permitting Function of the department.

Current Observation

- SAM has draft documents of Procedures used by staff for the Permitting Process. The documents have not been consolidated into a single manual and have not been finalized by SAM.

Finding 2

Original Finding

- El Paso Municipal Code Chapter 12.30.080 does not reflect SAM operations.
- SAM is taking an average of five (5) working days to issue permits, four (4) days longer than required by City Municipal Code.

Current Observation

- Chapter 12.30.080 has not been updated to better reflect SAM operations. AECOM, a consultant contracted by SAM also provided a recommendation to adjust the Municipal Code to reflect SAM operations.

Finding 3

Original Finding

- SAM is not consistently conducting inspections before closing out a permit.

Current Observation

- SAM has developed a “Pre-Construction and Inspection Checklist” to inspect sites before a permit is closed out
- A “Weekly Permit & Inspection Report” has been developed to keep track of inspections completed, inspections failed, and inspector statistics.

Conclusion

SAM met the audit objectives as follows:

- Working to finalize a comprehensive Policies and Procedures Manual for their Permitting Process.
- Working to revise Chapter 12.30.080 of the City of El Paso Municipal Code to better reflect department operations.
- Developing a checklist and weekly report to keep track of Permits that require inspections and completed inspections.

Requested Action

To accept the results of the Streets and Maintenance (SAM) – Permits Review Follow-Up Audit and forward the Audit Report to City Council for action.



Streets and Maintenance (SAM) – Permits Review Follow-Up Audit No. A2025-06

Issued by the
Internal Audit Department
June 11, 2025

City of El Paso
Internal Audit Department
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06

EXECUTIVE SUMMARY

The Internal Audit Department conducted a Follow-Up Audit of Streets and Maintenance (SAM) – Permits Review Audit Report dated July 10, 2023. The original Audit Report contained three (3) findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Original Findings	Status
1	Streets and Maintenance does not have documented Policies and Procedures specific to the Permitting Function of the department.	In Progress – No further Follow-Up work will be necessary.
2	Streets and Maintenance is not issuing permits to contractors within one (1) working day as required by Chapter 12.30.080 of the City of El Paso Municipal Code. On average, SAM is taking <u>4 days longer</u> than as required by City Ordinance.	In Progress – No further Follow-Up work will be necessary.
3	Streets and Maintenance is not consistently conducting inspections on permitted sites before closing out the permit.	Implemented

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
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06**

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.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations identified in the original Audit Report dated July 10, 2023.

AUDIT SCOPE AND METHODOLOGY

Our scope for September 1, 2024 to March 1, 2025 will include to:

- Review AECOM's assessment of Streets and Maintenance's Permitting Process.
- Review Streets and Maintenance Policies and Procedures related to the Permitting Process.
- Review City of El Paso Municipal Code to identify whether updates have occurred.
- Review Streets and Maintenance methods for keeping track of Permits that require inspections.

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
Streets and Maintenance (SAM) – Permits Review Follow-Up Audit A2025-06

***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSE
TO ORIGINAL FINDINGS, CURRENT OBSERVATION, 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

Policies and Procedures

City of El Paso Strategic Plan:

- Goal 6.4 *Implement leading-edge practices for achieving quality and performance excellence*
- 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.

Streets and Maintenance (SAM) does not have documented Policies and Procedures specific to the Permitting Function. SAM follows City Municipal Code: Chapter 12.30 – Temporary Traffic Control, Chapter 13.08 – Excavations and Chapter 15.08 – Street Rentals for guidance. SAM also follows Chapter 6 of the Texas Manual on Uniform Traffic Control Devices (TMUTCD) for guidance.

Original Recommendation

Streets and Maintenance should develop a Policies and Procedures Manual specific to the Permitting Function of the department.

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Management's Response

Streets and Maintenance is currently completing its final evaluation of consultant recommendations of the ROW permitting process improvements. This evaluation will allow the department to develop a comprehensive Policies and Procedures Manual.

Responsible Party

Randy Garcia

Implementation Date

March 2024

Current Observation

Streets and Maintenance (SAM) provided six (6) draft documents of Procedures used by SAM staff for the Permitting Process. The documents have not been consolidated into a single manual and the manual has not been finalized. SAM entered into an agreement with a consultant, AECOM, to conduct additional work related to the Permitting Process and the work is ongoing.

Status

In Progress – We are very confident that the update to SAM's Permitting Procedure will occur. Additional work from AECOM is being conducted with an estimated completion date of December 2025. No further Follow-Up Audits will be necessary.

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Original Finding 2

Permit Issuance

City of El Paso Strategic Plan:

- Goal 6.5 *Deliver services timely and effectively with focus on continual improvement*
- Goal 6.7 *Deliver effective and efficient processes to maximize value in obtaining goods and services*

City of El Paso Municipal Code:

- Chapter 12.30.080 – *Approval or denial of temporary traffic control plan states that “the permit official shall approve or deny a completed application within **one city working day** of the permit official’s receipt of the completed application for permit.*

A sample of 25 permits issued within FY 2022 were selected for review. The sample was selected using a random number generator.

- Six (6) out of 25 (24%) permits selected were extensions on previously issued permits. The Internal Audit Office tracked the time from request to issuance of initial permit.
- Eight (8) out of 25 (32%) permit applications did not have an application date. The Internal Audit Office used the date of document upload on Accela to determine request date.

Streets and Maintenance issued 25 permits to contractors at an average of 5 working days per permit. On average, SAM is taking **4 days longer** than as required by City Municipal Code.

- Ten (10) permits were issued within one city working day as required by City Ordinance.
- The remaining 15 permits issuance ranged from 2 working days to 23 working days.

Working Days from Request to Issuance	# of Permits
0-1 days	10
2-5 days	8
6-9 days	2
10-14 days	1
15+ days	4

Original Recommendation

Streets and Maintenance (SAM) should work to revise the City Ordinance to better reflect SAM operations.

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Management's Response

Streets and Maintenance is beginning the process to revise the City Ordinances related to ROW permits based on the recommendations, specifically the process diagrams, provided by the outside consultants ROW permitting process improvement report.

Responsible Party

Randy Garcia

Implementation Date

October 2024

Current Observation

As of June 10, 2025, Chapter 12.30.80 of the City of El Paso Municipal Code has not been updated. The requirement of SAM approving or denying a completed permit application within one city working day still applies. A consultant contracted by SAM, AECOM, also provided a recommendation to adjust the Municipal Code to better reflect SAM operations. Therefore, we have two (2) entities that are recommending the same thing.

Status

In Progress – We are very confident that the recommendation to update Municipal Code 12.30.080 will happen. Additional work from AECOM is being conducted with an estimated completion date of December 2025. No further Follow-Up Audits will be necessary.

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Original Finding 3

Permit Inspections

City of El Paso Strategic Plan:

- Goal 6.3 *Implement programs to reduce organizational risk*

City of El Paso Municipal Code:

- Chapter 13.08.030 Subsection F – *“Permittees shall request appointments for inspections by city inspectors for backfill, two sack, asphalt or concrete placement by calling the permit official. Requests shall be made on or before the city work day prior to the day the permittee wishes the inspection to take place. Appointments shall be made subject to the availability of the city inspectors. Inspections not performed during normal city work hours shall be subject to the after hours inspection fee in Section 13.08.040.”*

A sample of 25 permits issued within FY 2022 were selected for review. The sample was selected using a random number generator.

- Ten (10) out of 25 (40%) permits selected had inspection documentation entered into Accela.
- Nine (9) out of 25 (36%) permits selected did not have any record of Inspections on Accela. Comments included in the emails noted that the contractors did not contact SAM to schedule inspections.
 - All 9 permits selected without inspection documentation were listed as “Closed” on Accela.
 - Backfill inspections for EPTC22-03192 did not occur as they were eliminated by the previous Transportation Manager to reduce the volume of pending inspections.
 - EPTC22-01325 did not have a final or other inspections conducted. Only a pre-construction inspection was conducted.
- Four (4) Traffic Control Permits selected did not have a corresponding Paving Cut Permit, therefore did not require inspections.
- Two (2) permits selected were under the Capital Improvement Department (CID). CID handles their own inspections.

Original Recommendation

Streets and Maintenance should develop inspection Policies and Procedures and an Aging schedule based on Permit Issuance Dates in order to keep track of sites that require inspections.

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Management's Response

Streets and Maintenance developed a ROW permit application and inspection checklist in conjunction with the outside consultants ROW permitting process improvement report. Upon implementation of Policies and Procedures Manual and adoption of the recommended ordinance changes the Department will begin to utilize the checklist. The Department is currently working with the City's IT department to develop a dashboard or report that tracks the aging of ROW permits.

Responsible Party

Randy Garcia

Implementation Date

October 2024

Current Observation

Streets and Maintenance has developed a "Pre-Construction and Inspection Checklist" to be used for permits that require pavement cuts. The checklist is completed and signed off by both the Contractor and a City inspector. The checklist is being used, but SAM is still integrating feedback from relevant stakeholders. A "Weekly Permit & Inspection Report" has been developed that monitors statistics such as Inspections Completed and Failed Inspections and drilldowns by Inspector.

Status

Implemented. Additional work from AECOM is being conducted with an estimated completion date of December 2025.

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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 Streets and Maintenance (SAM) – Permits Review 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 Streets and Maintenance met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

1. Streets and Maintenance Department met the audit objectives in the following areas:
 - Working to finalize a comprehensive Policies and Procedures Manual for their Permitting Process.
 - Working to revise Chapter 12.30.080 of the City of El Paso Municipal Code to better reflect department operations.
 - Developing a checklist and weekly report to keep track of Permits that require inspections and completed inspections.

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

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