

**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 accept the results of the Vehicle Allowance Program Analysis.

BACKGROUND / DISCUSSION:

The timeframe for this review was Fiscal Year 2023-2024. The analysis involved all City employees and elected Municipal Court Judges receiving a Vehicle Allowance payment in their payroll check.

The results documented statistical data regarding the Vehicle Allowance Program.

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:

Ernesto S. Calderin 3-24-2025

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



Vehicle Allowance Program Analysis

Issued by the
Internal Audit Department
July 8, 2024



Internal Audit Department

MAYOR
Oscar Leeser

DATE: July 8, 2024

TO: Members of the Financial Oversight and Audit Committee

FROM: Edmundo S. Calderon, CIA, CGAP, CRMA, Chief Internal Auditor

CITY COUNCIL

SUBJECT: Vehicle Allowance Program Analysis

District 1
Brian Kennedy

The Internal Audit Department conducted an analysis of all City employees and elected Municipal Court Judges who receive a Vehicle Allowance. The analysis was performed based on inquiries by Financial Oversight and Audit Committee members regarding the City's Vehicle Allowance Program.

District 2
Dr. Josh Acevedo

Background:

District 3
Cassandra Hernandez

The current *Vehicle Allowance Program Policy* is dated August 31, 2015. Per the Policy, the Vehicle Allowance Program was designed for executive-level employees to receive an allowance intended to cover the cost of an automobile, vehicle insurance, maintenance, repairs and fuel. The City Manager is responsible for designating those positions that are eligible to participate in the Program.

District 4
Joe Molinar

District 5
Isabel Salcido

The Policy states a Vehicle Allowance in the amount of \$350.00 per month is established for Department Head positions and above and a \$250.00 per month allowance for Assistant Department Heads. The allowance will be paid bi-weekly and added to the employee's paycheck which is subject to payroll taxes.

District 6
Art Fierro

District 7
Henry Rivera

The Policy does not include employees who are entitled to receive a Vehicle Allowance in accordance to their respective Employment Contract or elected Municipal Court Judges whose Vehicle Allowance is established by the City's Budget Resolution.

District 8
Chris Canales

The Policy states "...an employee may not receive both a car allowance and a City vehicle" except for the need to use special equipment, a marked City vehicle, or other special type of vehicle.

**INTERIM CITY
MANAGER**
Cary Westin

Objectives:

The objective of this engagement was to perform an analysis of all City employees and elected Municipal Court Judges receiving a Vehicle Allowance payment in their payroll check.

Methodology:

To achieve our audit objectives, we:

- Obtained a listing from the Human Resources Department of all City employees and elected Municipal Court Judges receiving a Vehicle Allowance including the dollar amount received by each person.
- Identified the City Departments and position titles of each Vehicle Allowance recipient.
- Performed an analysis of Vehicle Allowance recipient payments.
- Created tables to convey the results of the analysis.

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Internal Audit Department

MAYOR
Oscar Leeser

Results:
Based on our analysis, we have identified the following Observations:

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District 1
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Isabel Salcido

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Art Fierro

District 7
Henry Rivera

District 8
Chris Canales

**INTERIM CITY
MANAGER**
Cary Westin

OBSERVATION 1

Budget Resolution

The *Vehicle Allowance Program Policy* dated August 31, 2015 states that: "...elected Municipal Court Judges whose vehicle allowance is established by the City's Budget Resolution."

Our analysis of the City's Fiscal Year 2024 Budget Resolution revealed that the Resolution does not address Vehicle Allowance for Municipal Court Judges.

We reviewed the City's Fiscal Year 2023 Budget Resolution which also did not address Vehicle Allowance for Municipal Court Judges.

We identified six (6) Municipal Court Judges each receiving \$277.33 in a monthly Vehicle Allowance.

OBSERVATION 2

Salary Plan Classification

The Human Resources Department (HR) provided a listing of Vehicle Allowance recipients as of April 30, 2024. The listing contained the names of 96 recipients. The analysis identified that the City of El Paso is providing a yearly total of \$367,766.88 in Vehicle Allowance payments to civilian City employees, Fire Department personnel, and Municipal Court Judges.

The table below shows five (5) City Salary Plan classifications included in the Vehicle Allowance listing provided by HR and the count of how many recipients are included within each classification.

No.	Salary Plan Classification	Description	Recipient Count	Total Yearly Pmts. for all Participants within each Salary Plan
1	"A"	City Attorney Office	3	\$13,799.76
2	"EX"	Executive Level	68	\$254,198.36
3	"FMS002"	Fire Paramedic	2	\$8,400.08
4	"FS8"	Fire Personnel	17	\$71,400.68
5	"Judge"	Municipal Court Judge	6	\$19,968.00
Total Amount of Vehicle Allowance Pmts. per Yr.			96	\$367,766.88

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OBSERVATION 3

Vehicle Allowance Payments

The analysis identified that 61 of 96 recipients (63.5%) are receiving a monthly Vehicle Allowance payment governed by either the *Vehicle Allowance Program Policy* or is provided by an Employee Contract.

Line #:	Monthly Vehicle Allowance Pmt.	Recipient Count	Recipient Description	Comment
1	\$250.00	32	Assistant Department Heads	Vehicle Allowance Program
2	\$350.00	26	Department Heads	Vehicle Allowance Program
3	\$500.00	2	City Manager and CRRMA Exec. Director	Provided by Employee Contract
4	\$650.00	1	City Attorney	Provided by Employee Contract
	# Recipients	61		

The remaining 35 of 96 recipients (36.5%) are receiving Vehicle Allowance payments not specified by the *Vehicle Allowance Program Policy*.

- Six (6) Municipal Court Judges are receiving monthly Vehicle Allowance payments of \$277.33. The amount of the allowance payments are not specified by the *Policy*. The City of El Paso Budget Resolution does not address the amount of payments either.
- Nineteen (19) Fire Personnel are receiving monthly Vehicle Allowance payments of \$350.00. The Human Resources Department provided an email to the Internal Audit Department dated September 2010 regarding payments to Fire Personnel. The email stated Fire Personnel would receive a \$350.00 monthly payment instead of using a City of El Paso vehicle to save on future vehicle replacement costs.
- Three (3) City employees are receiving a \$350.00 monthly Vehicle Allowance payment. Per the *Policy*, the \$350.00 monthly allowance payment has been established for Department Head positions and above. The 3 employees identified do not hold Department Head positions.
 1. Parks & Recreation Assistant Director – Parks & Recreation Department
 2. International Bridges Strategic Project Manager – International Bridges Department
 3. Special Projects Manager – Public Information Office – PEG
- Seven (7) recipients are receiving monthly Vehicle Allowance payments of \$400.00. The recipients include 4 Deputy City Managers, a Chief Operations Officer, a Chief Transit Officer and the City of El Paso Employees Retirement Trust (CERT) Executive Director. The *Vehicle Allowance Program Policy* does not specify criteria regarding the amount of monthly allowance payments provided to these recipients.

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**INTERIM CITY
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Cary Westin

OBSERVATION 4

Vehicle Allowance per City Department

The table below shows the City Departments with staff receiving a Vehicle Allowance and the approximate total dollar amount of payments paid per year.

No.	Department	Vehicle Allowance Paid per Year	Recipient Count
1	Fire Department	\$79,800.76	19
2	City Manager's Ofc.	\$22,000.42	5
3	Municipal Court Judges	\$19,968.00	6
4	MCAD	\$19,800.04	5
5	Capital Improvement	\$17,399.72	5
6	Environmental Svcs.	\$14,999.92	4
7	International Bridges	\$14,399.84	4
8	City Attorney Ofc.	\$13,799.76	3
9	Economic Development	\$10,199.80	3
10	Human Resources Dept.	\$10,199.80	3
11	Planning and Inspections	\$10,199.80	3
12	Streets & Maintenance	\$10,199.80	3
13	Sun Metro	\$10,199.80	3
14	Purchasing	\$8,999.64	3
15	Public Information Ofc.	\$8,400.08	2
16	Parks and Recreation	\$8,400.08	2
17	City Clerk Ofc.	\$7,199.92	2
18	DoITS	\$7,199.92	2
19	Library	\$7,199.92	2
20	Municipal Court	\$7,199.92	2
21	OTC	\$7,199.92	2
22	Tax Ofc.	\$7,199.92	2
23	CRRMA	\$6,000.02	1
24	Airport	\$4,800.12	1
25	CERT	\$4,800.12	1
26	Animal Services	\$4,200.04	1
27	Community & Human Dev.	\$4,200.04	1
28	OMB	\$4,200.04	1
29	Internal Audit Dept.	\$4,200.04	1
30	Zoo	\$4,200.04	1
31	Veteran & Military Affairs	\$2,999.88	1
32	Public Health	\$2,999.88	1
33	Transformational Ofc.	\$2,999.88	1
Total		\$367,766.88	96

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INTERIM CITY MANAGER

Cary Westin

Conclusion:

Our analyses indicate non-compliance with the City's Vehicle Allowance Program with non-executives being paid a vehicle allowance. An in-depth audit of the Vehicle Allowance Program will be scheduled in the FY2024-2025 Audit Plan. The planned audit will compare Vehicle Allowance payments vs. the use of City Vehicles vs. the use of Take Home Vehicles.

If you have any questions please feel free to contact me.

cc: Cary Westin, Interim City Manager
Robert Cortinas, Deputy City Manager & Chief Financial Officer
Mary Wiggins, Chief Human Resources Officer

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DELIVERING EXCEPTIONAL SERVICES

**Vehicle Allowance Program Analysis
Management Responses from
the Human Resources Department**

Response to Audit of Vehicle Allowance Program

August 16, 2024

Observation 1 –

The vehicle allowance for Municipal Court Judges was originally established and governed by the Budget Resolution. It may have been mistakenly omitted from last year's version, or a previous version. We are updating the Vehicle Allowance policy and will add the judges and their corresponding amount to the policy to ensure consistency.

Observation 2 –

There are different classifications listed in this report.

A – Attorneys are in a separate pay plan, so they are included under this classification, separate from other Unclassified employees.

EX – Executive level employees including Department Directors and Assistant Directors.

FMS002 - Fire employees who were included beginning in 2010. The decision was made to pay a car allowance rather than purchasing a new fleet.

FM8 - Fire employees who were included beginning in 2010. The decision was made to pay a car allowance rather than purchasing a new fleet.

Judges – These employee salaries are governed by the Budget Resolution and are in a different classification.

Observation 3 -

The remaining 35 of 96 recipients (36.5%) are receiving Vehicle Allowance payments not specified by the *Vehicle Allowance Program Policy*.

- (1) The City Judges are addressed in Observation #1. These will be added to the revised policy instead of relying on the Budget Resolution.

(2) In 2010, Leadership directed us to add specific Fire personnel to the policy. This decision was made due to vehicles that were being sent to auction and the direction to not replace those vehicles.

(3) The 3 employees identified do not hold Department Head positions.

- Parks & Recreation Assistant Director – Parks & Recreation Department - Joel McKnight was grandfathered into the policy because he already received the \$350 monthly allowance when the new policy was established. The City Manager, Tommy Gonzalez, did not want to take money away from him. Mr. McKnight terminated his employment with the City on July 5, 2024.
- International Bridges Strategic Project Manager – International Bridges Department – Carlos Olmedo was hired on August 17, 2015. His Offer letter contained a monthly Car Allowance. I questioned this allowance through email and was told Mr. Gonzalez authorized it. He referenced the following section:
“Additional employees authorized and approved to participate in the program will be paid the amount designated by the City Manager or his designee.”
- Special Projects Manager – Public Information Office – PEG – Julie Lozano was grandfathered into the policy because she already received the \$350 monthly allowance when the new policy was established. The City Manager, Tommy Gonzalez, did not want to take money away from her.

(4) These amounts do not correspond to the policy:

- Deputy City Managers, Chief Operations Officer, and Chief Transit Officer – The City Manager, Mr. Gonzalez, increased the amount to \$400 per month to these titles through an amended Offer letter. He referenced the following section:
“Additional employees authorized and approved to participate in the program will be paid the amount designated by the City Manager or his designee.”
- City of El Paso Employees Retirement Trust (CERT) Executive Director - Mr. Ash is not a City employee. His contract governs his amount, but we can add wording in the revised to policy to include his allowance.