

**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 Division of Military Affairs - Travel and Accounts Payable Audit Report A2024-02.

BACKGROUND / DISCUSSION:

The timeframe for this audit was Fiscal Year 2023-2024. The audit determined whether Travel Requests were properly approved and reconciled, served a Municipal purpose and contained the necessary documentation. The audit determined whether Accounts Payable invoices were processed in a timely manner and verified that the appropriate documentation exists. The audit also verified that Accounts Payable transactions were reviewed and approved, and served a Municipal purpose.

The results indicated that the Division of Military Affairs was not paying their invoices within 30 days. Travel requests were not reconciled, approved and an overpayment of Per Diem was not reimbursed to the City.

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: Elmundo S. Calderin 3-24-2025

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



**Division of Military Affairs – Travel and
Accounts Payable Audit
No. A2024-02**

Issued by the
Internal Audit Department
June 10, 2024

**City of El Paso
Internal Audit Department
Division of Military Affairs – Travel and Accounts Payable Audit A2024-02**

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the Division of Military Affairs – Travel and Accounts Payable Audit. Based on the results of the audit, two findings were identified. Both findings are considered significant in nature due to violations of the City of El Paso *Travel Policy* and *Accounts Payable Policy*.

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

1. A sample of ten (10) payment vouchers from the Division of Veteran and Military Affairs for the period of September 1, 2022 to January 23, 2024 were reviewed for compliance with the City of El Paso *Accounts Payable Policy* dated August 2022. Our review identified the following non-compliance issues:
 - Ten (10) out of 10 (100%) vouchers reviewed included invoices with no evidence that mathematical accuracy of quantities and dollar amounts paid were confirmed by the department.
 - Four (4) out of 10 (40%) vouchers reviewed included invoices that were not paid within 30 calendar days of receiving the invoice. Below is a breakdown of the four invoices not paid on time:

#	Invoice #	Invoice Amount	Invoice Date	Payment Date	# of Calendar Days Payment was made after Invoice Date
1	27202	\$ 2,637.60	April 27, 2023	June 14, 2023	48
2	14353	\$ 2,500.00	April 19, 2023	June 14, 2023	56
3	31221	\$ 672.00	March 15, 2023	May 19, 2023	65
4	2310005	\$ 257.59	June 14, 2023	November 2, 2023	141

2. A sample of eight (8) business trips conducted by the Division of Veteran and Military Affairs during the period of September 1, 2022 to January 23, 2024 were reviewed for compliance with the City of El Paso *Travel Policy* dated September 2022. Our review identified the following non-compliance issues:
 - Three (3) out of 8 (38%) business trips reviewed had a Travel Request Form that was not reconciled within five (5) working days after the completion of the travel. The Travel Request Forms were reconciled nine (9) to fourteen (14) working days after the trip ended.
 - One (1) out of 8 (13%) business trips reviewed was missing the After-Travel Approval signature required on the Travel Request Form. A reimbursement of \$147.90 for Uber expenses was paid to the Military Program Administrator even though there was no After-Travel Approval on the Travel Request Form.
 - One (1) out of 8 (13%) business trips reviewed included a \$36.00 overpayment of per diem paid to the Military Program Administrator for meal expenses.
 - The Military Program Administrator purchased and attended the October 12, 2022 – Marshall Memorial Reception & Dinner during the trip. The reception included dinner, which was not deducted from the per diem allowance used to calculate the traveler's meals.

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

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BACKGROUND

The City of El Paso Division of Veteran and Military Affairs serves as a Liaison between the City of El Paso, Fort Bliss and other outside agencies, including but not limited to, federal, state, and local military organizations. The office provides guidance, direction, and coordination of regional military issues and Veterans related issues.

General duties of the Division of Veteran and Military Affairs include:

- Serving as a Liaison for the City's Veteran Affairs Advisor Committee, community organizations, businesses, and media to publicize services.
- Advising and assisting Veterans in matters pertaining to their rights and benefits under the law.
- Responding to requests for information and provide guidance on eligibility and entitlement requirements for federal, state, and local Veterans services, programs, or benefits.
- Counseling, advising and explaining to the City's large Veteran population current laws and regulations for federal, state, and local Veteran's services, benefits, and/or programs.

A Veterans Affairs Advisor Committee has been established to serve as a source of information, review and strengthen Veteran programs and services, and report status of activities for El Paso's Veteran population. The Committee consists of nine members appointed by the Mayor and each City Council Representative. According to the most recent City Council briefing provided by the Committee on April 22, 2024, the Committee along with the Division of Veteran and Military Affairs are working on implementing the following programs for the Veteran Community:

- Homelessness – provide immediate shelter and long-term housing solutions for homeless Veterans.
- Mental Health – provide mental health services focused on equity and access to mental health options within our City.
- Employment – provide to the transitioning service members and military spouses access to meaningful employment options that will result in the retention and recruitment of military talent in the City.

In 2023, the City of El Paso was one of the five communities across the country selected as a “*Great American Defense Community*” by the Association of Defense Communities. A designation given to those cities who demonstrate an exceptional commitment to improve the lives of service members, Veterans, and their families.

The Division of Veteran and Military Affairs hosts and/or participates in the following City Military and Veteran Events:

- Veterans Day Parade.
- Texas Women Veterans Day.
- Council Day at Bliss – an event that gave City Council members and City leaders an opportunity to visit Fort Bliss and engage with soldiers. The event helped City leaders and Ft. Bliss obtain a mutual understanding of how they can help each other.
- Sun City Bliss – a show aimed at providing updates, event information, and City happenings to Veterans, military families, and El Paso residents.

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- El Paso Texas Flags Across America – an organization that promotes and gives respect and courtesy owed to the United States Flag.
- Welcome the Honor Flight at the El Paso International Airport – event honors and welcomes over 30 Korean War and Vietnam War Veterans returning home from Washington, D.C.
- Our Community Salutes of El Paso – recognizes high school graduates who have enlisted in the military.

A review of the Division of Veteran and Military Affairs' Travel and Accounts Payable transactions was scheduled as part of the Internal Audit Department's *Fiscal Year 2023-2024 Annual Audit Plan and Risk Assessment*.

AUDIT OBJECTIVES

The Audit consisted of reviewing both Travel and Accounts Payable transactions.

The objectives of the Travel review were to:

1. Obtain an understanding of the City of El Paso *Travel Policy* and *Procurement Card Policy*.
2. Obtain and review a sample of Travel related expenditures paid via a City of El Paso Procurement Card and/or through an Accounts Payable voucher.
3. Determine if Travel Requests were properly approved before travel and reconciled after travel.
4. Determine if Travel related transactions served a municipal purpose for the City of El Paso.
5. Verify that appropriate documentation (ex. Travel Request Forms, pre-travel estimates, original receipts, etc.) supported travel expenditures.
6. Document areas where inefficiencies may exist and where internal controls may be strengthened.

The objectives of the Accounts Payable review were to:

1. Obtain an understanding of the City of El Paso *Accounts Payable Policy*.
2. Obtain and review a sample of Accounts Payable transactions.
3. Determine if Accounts Payable transactions were processed in a timely manner in accordance with the *Accounts Payable Policy*.
4. Verify that appropriate documentation (ex. original receipts) supported Accounts Payable transactions.
5. Determine if Accounts Payable transactions were reviewed and approved for payment by authorized personnel.
6. Determine if Accounts Payable transactions served a municipal purpose for the City of El Paso.
7. Document areas where inefficiencies may exist and where internal controls may be strengthened.

AUDIT SCOPE

Travel and Accounts Payable transactions incurred by the Division of Veteran and Military Affairs during Fiscal Years 2023 & 2024.

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AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Obtained an understanding of the Policies and Procedures outlined in the City of El Paso’s *Travel Policy* and *Accounts Payable Policy*.
- Interviewed the Military Program Administrator to obtain an understanding of the procedures for purchasing goods/services and booking travel for the Division of Veteran and Military Affairs.
- Downloaded voucher transactions from the City’s PeopleSoft – Financial System to obtain a listing of Account Payable Vouchers for travel and non-travel expenditures.
- Selected two samples of vouchers to review travel and non-travel expenditures.
- Utilized the sample of vouchers to review if expenditures were consistent with the Policies and Procedures outlined in the City of El Paso *Travel Policy* and *Accounts Payable Policy*.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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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***SIGNIFICANT 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

Accounts Payable - Vouchers

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

City of El Paso Accounts Payable Policy dated August 2022:

- Section 5.2 – General Procedures for all Types of Purchases: *The invoice should be footed and cross-footed to ensure the accuracy of the calculations made by the vendor.*
- Section 18.0 – Conclusion: *All City departments are responsible for accurate and timely payment of all invoices.*
- Section 2.0 – Purpose: *The City complies with the State of Texas Prompt Payment Act Texas Government Code, Title 10, Subtitle F, Chapter 2251.*

State of Texas Government Code, Title 10, Subtitle F, Subchapter B., Chapter 2251.021 – Time for Payment by Government Entity:

- *A payment by a government entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of the date the government entity receives an invoice for the goods or services.*

State of Texas Government Code, Title 10, Subtitle F, Subchapter B., Chapter 2251.025 – Interest on Overdue Payment:

- *A payment begins to accrue interest on the date the payment becomes overdue.*
- *The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The rate in effect on September 1 is equal to the sum of:*
 - *one percent; and*
 - *the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.*
- *Interest on an overdue payment stops accruing on the date the governmental entity or vendor mails or electronically transmits the payment.*

A sample of ten (10) payment vouchers from the Division of Veteran and Military Affairs for the period of September 1, 2022 to January 23, 2024 were selected for review. The purpose of our review was to determine if the expenditures incurred by the department were paid in accordance with the City of El Paso *Accounts Payable Policy*. Our review identified the following non-compliance issues:

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- Ten (10) out of 10 (100%) vouchers reviewed included invoices with no evidence that mathematical accuracy of quantities and dollar amounts paid were confirmed by the department. The ten vouchers were:

#	Voucher #	Invoice #	Invoice Amount
1	23023441	63970	\$ 2,085.00
2	23065094	31221	\$ 672.00
3	23069100	061423	\$ 2,398.15
4	23072107	20246	\$ 4,556.70
5	23074850	20230614	\$ 550.00

#	Voucher #	Invoice #	Invoice Amount
6	24002463	9889610	\$ 1,000.00
7	23073798	27202	\$ 2,637.60
8	23073804	14353	\$ 2,500.00
9	24016483	2310005	\$ 257.59
10	23084900	1361337	\$ 3,035.08

- Four (4) out of 10 (40%) vouchers reviewed included invoices that were not paid within 30 calendar days of receiving the invoice as required by the *Accounts Payable Policy*. The vouchers were:

#	Voucher #	Invoice #	Invoice Amount	Invoice Date	Payment Date	# of Calendar Days Payment was made after Invoice Date
1	23073798	27202	\$ 2,637.60	April 27, 2023	June 14, 2023	48
2	23073804	14353	\$ 2,500.00	April 19, 2023	June 14, 2023	56
3	23065094	31221	\$ 672.00	March 15, 2023	May 19, 2023	65
4	24016483	2310005	\$ 257.59	June 14, 2023	November 2, 2023	141

Recommendation

The Division of Veteran and Military Affairs should adhere to the Policies and Procedures outlined on the City of El Paso *Accounts Payable Policy* by:

- Check marking or noting invoices to document evidence of mathematical review of quantities and dollar amounts on invoices.
- Paying invoices within 30 days of receiving the invoice.

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Management's Response

The Division of Veteran and Military Affairs will continue to review and adjust processes as necessary. Although the division's budget resides in and receives oversight by the Department of Community and Human Development, the division is committed to identifying process improvements to ensure fiscal responsibility is always a priority. To further prove the commitment of fiscal responsibility and to assist the Accounting Division in Community and Human Development, the division recently hired a Research and Management Assistant as of 01/24 with a specification to focus on the accounting and finances of the division.

Many of the identified invoices reflect a date that the invoice was created and not the date the service was performed. As a best practice, the division reaches out to vendors to receive an estimate or quote for services well prior to services needed. This allows time for budget approvals. Once accepting the vendors quote, an invoice will be sent by the vendor even though they understand that services will not be paid in advance. Many of the identified invoices reflected a date the invoice was created but not the date services were rendered. Vendors are not authorized to be paid prior to the date and time services are rendered as per City Policy. Overlooking the invoice date directly affected the 30-day policy compliance.

The below outlines the upcoming tasks in this particular area for the Division of Veteran and Military Affairs to ensure policy compliance:

- The week of August 2, 2024, the entire division, whether previously trained or not, was enrolled into City of El Paso's Accounting and Financial Basics Training Plan. This training includes:
 - Introduction to City of El Paso Accounting and Financial Basics,
 - City of El Paso Food and Beverage Policy Training,
 - City of El Paso Travel Policy Training,
 - City of El Paso P-card Policy Training,
 - City of El Paso Accounts Payable Policy Training,
 - Grants Management Policy Training,
 - PeopleSoft Financial Journal Entry,
 - How to Enter an Unencumbered Voucher in PeopleSoft Financial,
 - How to Enter an Encumbered Voucher in PeopleSoft Financial,
 - PeopleSoft Queries - Job Aid,
 - Budget Status Reports - Job Aid,
 - Internal Controls.
- All future invoices will have the vendors math verified effective immediately.
- The Division Manager, as well as the Research and management assistant, will ensure the date of invoices reflect the date services were rendered and not the date an invoice was created. The division will continuously monitor the applicable departments responsible to pay invoices within the 30-day requirement.

Responsible Party

Military Program Administrator

Implementation Date

Immediately

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Finding 2

Travel Expenditures

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

Per the City of El Paso Travel Policy Manual dated September 2022:

- Section 7.2 – After Travel: *After each travel, the Travel Request reconciliation shall be completed within five business days after the conclusion of the travel.*
- Section 4.0, (b) – Principles and General Travel Guidelines: *All travel requests will be signed off by the Department Director prior to the travel and after the travel (reconciliations).*
- Section 12.0 – Meals: *Meals included in the registration fees or provided by another agency should be deducted from the per diem reimbursement allowance.*
- Section 15.0 – Travel Request Preparation and Reconciliation: *If funds are due to the City, which is a refund, monies shall be paid within ten business days to the City Cashier, otherwise the amount will be deducted from the employee’s paycheck.*

A sample of eight (8) business trips conducted by the Division of Veteran and Military Affairs during the period of September 1, 2022 to January 23, 2024 was selected for review. The purpose of our review was to determine if the travel was in compliance with the City of El Paso *Travel Policy*. Our review identified the following non-compliance issues:

- Three (3) out of 8 (38%) business trips reviewed had a Travel Request Form that was not reconciled within five (5) working days after the completion of the travel. The Travel Request Form prepared for the:
 1. *2022 Annual AUSA Convention* at Washington, D.C. from October 9-13, 2022 was reconciled on November 2, 2022, fourteen (14) working days after the trip ended.
 2. *Veteran Resource Conference* at Nashville, Tennessee from July 25-27, 2023 was reconciled on August 9, 2023, nine (9) working days after the trip ended.
 3. *Installation Innovation Forum X* at Orlando, Florida from November 5-8, 2023 was reconciled on November 21, 2023, nine (9) working days after the trip ended.
- One (1) out of 8 (13%) business trips reviewed was missing the After-Travel Approval signature required on the Travel Request Form. A reimbursement of \$147.90 for Uber expenses was paid to the Military Program Administrator even though there was no After-Travel Approval signature on the Travel Request Form. The trip was for the *2022 Annual AUSA Convention* at Washington, D.C. from October 9-13, 2022.
- One (1) out of 8 (13%) business trips reviewed included a \$36.00 overpayment of per diem paid to the Military Program Administrator for meal expenses. The trip was for the *2022 Annual AUSA Convention* at Washington, D.C. from October 9-13, 2022.
 - The Military Program Administrator purchased and attended the October 12, 2022 - Marshall Memorial Reception & Dinner during the trip. The reception included dinner, which was not deducted from the per diem allowance used to calculate the traveler's meals.
 - The per diem rate for “Dinner” was \$36.00 for the timeframe and area traveled.

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Recommendation

The Division of Veteran and Military Affairs should adhere to the Policies and Procedures outlined on the City of El Paso *Travel Policy* by:

- Reconciling travel expenses within five business days after completing the travel.
- Obtaining the required After-Travel Approval signature on the Travel Request Form to acknowledge the final reconciliation and approval of travel expenses incurred by the traveler.
- Ensuring the Military Program Administrator reimburses the City of El Paso for the \$36.00 overpayment for meal expenses.

Management's Response

As a newly formed division in the City of El Paso, Veteran and Military Affairs has utilized three different departments over the last 5 years to coordinate travel expenditures. Travel is paramount to the success of the division in order to identify key resources, programs, and policies implemented across the nation that have an opportunity to prove invaluable to the quality of life for our Veteran and Military Community. Relying on other department personnel to process travel in a timely, accurate, and effective manner in accordance with the published policies is not a best practice. The below outlines the upcoming tasks in this particular area for the Division of Veteran and Military Affairs to ensure policy compliance:

- The division recently hired a Research and Management Assistant as of 01/24 who has been specifically trained to process all travel performing the duties as a travel hub. Having a travel hub employed by the division allows the division manager to personally hold the employee accountable for errors in travel processing if warranted.
- Prior to travel, the traveler, and travel hub will discuss all aspects of the travel packet to ensure accuracy prior to obtaining a before travel signature.
- The Division Manager will follow up with supervisors outside of the division who are responsible for approving travel to obtain the required signature for after travel.
- The Military Program Administrator has reimbursed the City of El Paso for the \$36.00 overpayment on 8/13/24.

Responsible Party

Military Program Administrator

Implementation Date

Immediately

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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 work on the objectives of the Division of Military Affairs – Travel and Accounts Payable 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 Division of Veteran and Military Affairs met the objectives of this audit. Based on our audit work, we have determined that:

1. The Division of Veteran and Military Affairs met the audit objectives in the following areas:
 - Properly submitting and obtaining approval for travel expenditures before the travel is done.
 - Expenditures serving a Municipal Purpose for the City of El Paso.
 - Not incurring unallowable purchases.
2. The Division of Veteran and Military Affairs did not meet the audit objectives in the areas of:
 - Paying invoices within 30 calendar days of receiving the invoice from the vendor.
 - Check marking or noting vendor invoices to document evidence of mathematical review of quantities and dollar amounts on invoices.
 - Reconciling travel expenses within five business days after completing the travel.
 - Obtaining the required After-Travel Approval signature on the Travel Request Form to acknowledge the final reconciliation and approval of travel expenses incurred by the traveler.
 - Ensuring that meals included in the registration fees or provided by other agencies are deducted to from the traveler’s per diem reimbursement allowance. The City of El Paso needs to be reimbursed for the \$36.00 overpayment paid to the Military Program Administrator for meal expenses.

We wish to thank the Division of Veteran and Military Affairs management and staff for their assistance and courtesies extended during the completion of this audit.

Signature on File

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

Signature on File

Miguel Ortega, CGAP
Auditor III

Signature on File

Miguel Montiel, CIA, CGAP
Audit Manager

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Internal Audit Department
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Distribution:

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Dionne Mack, Deputy City Manager

Paul Albright, Military Program Administrator