



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.