



2025-2026
Annual Audit Plan
2nd Quarter Update

DRAFT

Issued by the
Internal Audit Department
As of February 28, 2026

INTRODUCTION

According to Domain 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. The Chief Internal Auditor is also responsible for reporting significant risk exposures, control issues, fraud risks, governance issues, and other matters needed or requested by the Financial Oversight and Audit Committee and Senior Management.

In addition, by periodically reporting to the Financial Oversight and Audit Committee and Senior Management, the Internal Audit Department helps support the City of El Paso's *Strategic Plan* Goals 6.6 and 6.8;

- Goal 6.6: *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*
- Goal 6.8: *Support transparent and inclusive government.*

The Chief Internal Auditor is also responsible to communicate the internal audit activity's plans and resource requirements, including significant interim changes, to the Financial Oversight and Audit Committee for review and approval. The Chief Internal Auditor must also communicate the impact of any resource limitations.

Based on this requirement, this Annual Audit Plan Update is being provided to the Financial Oversight and Audit Committee. The Chief Internal Auditor will provide an update on the following three critical areas required in the management of an internal audit activity. The three critical areas are:

1. Pending Audits and Projects
2. Miscellaneous Items affecting the Internal Audit Department's Activity
3. Annual Audit Plan Update

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 Chairman of the Financial Oversight and Audit Committee (FOAC) and legislatively to the 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. Standard 8.3 requires the Internal Audit Department ensure conformance with the *Global Internal Audit Standards*, to include the Ethics and Professionalism Domain II. The Ethics and Professionalism Domain Principles includes Integrity, Objectivity, Confidentiality, Competency, and Due Professional Care. Any non-conformance will be reported.

We conduct audits in accordance with both *Generally Accepted Government Auditing Standards* and the *Global Internal Audit Standards*.

PENDING AUDITS & PROJECTS

This section will provide the Financial Oversight and Audit Committee and the City Manager a short synopsis of the pending Audits and Projects currently being completed by the staff of the Internal Audit Department as of the end of the 2nd Quarter. A brief synopsis is provided on the scope and objective of the Audit or Project.

1. Police Department – Cyber Security Assessment

The objectives of the Assessment are to determine if City-owned applications managed by the Police Department meet National Institute of Standards and Technology (NIST) cyber security standards. The NIST cyber security standards help organizations manage and reduce cyber security risks.

2. Code Enforcement Division Audit

The objective of the Code Enforcement Division Audit is to perform an assessment of enforcement efforts for nuisance cases. To achieve the audit objectives, the Internal Audit Department will:

- Identify and review the top five (5) types of violations and associated data.
- Review and determine if established enforcement processes are in accordance with City Ordinances.
- Evaluate whether imposed penalties and costs are in accordance with established fees and/or fines.
- Identify and document education and outreach efforts.
- Evaluate budget for staffing levels of the Code Enforcement Division.

3. Environmental Services – P-Card and Travel Audit

The objectives of the Environmental Services P-Card and Travel Audit are to select a sample of P-Card transactions and Travel Requests to:

- Evaluate the adequacy of controls in effect over P-Card transactions and Travel Requests, and
- Determine whether P-Card transactions and Travel Requests comply with the City of El Paso's Policies and Procedures.

4. El Paso Police Department – Overtime Audit

The audit objectives for the El Paso Police Department (EPPD) – Overtime Audit are to:

- Determine if overtime is consistently managed, appropriately authorized, and supported by sufficient documentation.
- Determine if EPPD has established an effective monitoring program to ensure that overtime expenditures and overtime processes are in compliance with:
 - The Collective Bargaining Agreement between the City of El Paso and the El Paso Municipal Police Officer's Association.
 - City of El Paso and EPPD Policies and Procedures.
 - Applicable MOUs and/or grant agreements.

5. On-Call Services Agreement Follow-Up Audit

The objective of this Follow-Up Audit is to determine whether the findings and associated recommendations identified in the On-Call Services Agreement Audit Report dated February 27, 2025, have been adequately addressed. Specifically, the following four (4) items:

- Updating the Capital Improvement Department’s internal procedures “for the selection of Professional Services” to reflect current practices in place.
- Ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants.
- Ensuring invoices are paid within 30 calendar days of receiving the invoice.
- Ensuring invoices for *On-Call Agreements for Professional Services*:
 - Contain documentation to confirm that tasks were completed by established deadlines.
 - Match the *Consultant’s Fee Proposal & Hourly Rates*.
 - Contain the total project budget, amount billed to date, and percentage of completion.

6. Single-Family Owner-Occupied Renovation Program Audit

The objective of the audit is to determine if the SFOO Renovation Program is being administered in compliance with applicable grant and program requirements. To achieve this, the audit will assess the following:

- Applicant intake and eligibility processing,
- Individual project execution,
- Project contracting and procurement,
- Financial management and closeout, and
- Administrative oversight and reporting.

7. Streets and Maintenance – Facility Maintenance Audit

The audit objectives for the Streets and Maintenance – Facility Maintenance Audit are to provide assurance that City facilities are being adequately maintained, efficiently managed to support operational needs, and preserved to extend asset life. To achieve the audit objectives, the Internal Audit Department will:

- Determine if the Facility and Fleet Maintenance Division maintains an accurate and complete inventory of all buildings, critical assets, and components under its responsibility.
- Determine if the City tracks and assesses the maintenance needs of City-owned facilities.
- Determine if the work order system is effectively and accurately managing maintenance requests.
- Evaluate whether Facility and Fleet Maintenance Division budget allocates sufficient funds for the needs of City-owned facilities.
- Determine if maintenance expenditures are processed in accordance with the *City of El Paso Accounts Payable Policy*, Texas Prompt Payment Act, and established contract(s)/agreement(s).

8. Sun Metro – Accounts Payable Audit

The audit objectives for the Sun Metro – Accounts Payable Audit are to:

- Determine if Accounts Payable transactions are processed in accordance with the *City of El Paso Accounts Payable Policy*, Texas Prompt Payment Act, and established contract(s)/agreement(s).
- Determine if appropriate documentation is in place to support Accounts Payable transactions.
- Determine if transactions are properly reviewed and approved for payment by authorized personnel.
- Determine if there are unallowable purchases (e.g., food and alcohol).
- Determine how Sun Metro monitors utility payments and whether utility payments are being made for vacant facilities.
- Determine if Sun Metro has implemented adequate internal controls to limit exposure to unauthorized or inappropriate Accounts Payable transactions.
- Document areas where inefficiencies may exist and where internal controls may be strengthened.

9. Health Department – Cybersecurity Assessment

The objective is to perform an assessment of the Information Technology controls at the Public Health Department to:

- Assess the adequacy and effectiveness of IT general controls over key patient information, financial information and operational systems.
- Verify compliance with applicable laws, regulations, and internal policies regarding information technology.
- Identify control weaknesses and recommend improvements to reduce risk to health data and IT operations.

10. Hotel Occupancy Tax Audits – Round 10

The objectives of this Audit are to determine if 20 El Paso area hotels are compliant on paying Hotel Occupancy Taxes due to the City of El Paso.

FINANCIAL OVERSIGHT AND AUDIT COMMITTEE (“FOAC”)

1. The FOAC met on December 11, 2025 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of November 14, 2025.
 - Discussion and Action on the results of the Animal Services – Westside Adoption Center Construction Audit A2025-08.
 - Discussion and Action on the results of the El Paso Zoo – Financial Activity Audit A2025-09.
 - Discussion and Action on the results of the Planning & Inspections – Permit Review Follow-Up Audit A2026-01.
 - Discussion and Action on the 2026 Financial Oversight and Audit Committee Meeting Calendar.
2. The FOAC met on January 15, 2026 to discuss the following:
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of December 11, 2025.
 - Presentation on Project Financing Zones, Texas Tax Code 351.1015.
 - Discussion on FY 2025-2026 Audit Plan 1st Quarter Updates.
 - Discussion and Action on the results of the Accounts Receivable Program – 2nd Follow-Up Audit A2025-10.
3. The FOAC met on February 12, 2026 to discuss the following:
 - Selection of the FOAC Chairperson.
 - Approval of Minutes for the Financial Oversight and Audit Committee meeting of January 15, 2026.
 - Presentation on the City's outstanding debt, upcoming refunding opportunity, and planned debt issuances from the remaining 2019 Public Safety and 2022 Community Progress Bonds.
 - Presentation on Enterprise Risk Management (ERM) deployment.
 - Discussion and Action on the results of the Environmental Services – P-Card and Travel Audit A2026-07.

MISCELLANEOUS ITEMS

This section provides the Financial Oversight and Audit Committee and the City Manager with miscellaneous information regarding the Internal Audit Department’s activities. These activities can vary from community service activities, training sessions attended, Professional Certification Examinations attempted with result, and Internal Audit Profession news and updates.

TRAINING SESSIONS

The Internal Audit Department staff participates in Continuing Professional Education (CPE) trainings and webinars to help maintain our competency and skill sets. As of the 2nd Quarter, staff have earned the following number of CPE hours. Staff with professional certifications are required to earn 40 CPE hours per calendar year.

Name	Position	CPE Hours
Liz De La O	Deputy Chief Internal Auditor	0.00
Mike Montiel	Audit Manager	2.00
Martha Vargas	Auditor IV	1.00
Miguel Ortega	Auditor III	5.00
Sergio Carrillo	Auditor III	3.00
Christian Castro	Auditor II	3.00
Christopher Gallardo	Auditor II	3.00
Miguel Olivas	Auditor I	2.00

SERVICE TO THE PROFESSION

- I. Association of Government Accountants – El Paso Chapter
 - Martha Vargas volunteered as a Board Member.

- II. Institute of Internal Auditors – El Paso Chapter
 - Martha Vargas volunteered as a Board Member.

- III. Association of Certified Fraud Examiners – El Paso Chapter
 - Liz De La O and Miguel Montiel volunteered as Board Members.

City of El Paso
Internal Audit Department
Financial Oversight and Audit Committee
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AUDIT PLAN UPDATE

This section will provide the Financial Oversight and Audit Committee and the City Manager with an update on the progress of the 2025-2026 Annual Audit Plan. An analysis is provided listing the Audits/Projects scheduled by quarter with their associated budgeted hours. The actual audit hours worked per Audit/Project is provided. This analysis is a great management tool to demonstrate how the Internal Audit Department's resources are being used.

	BUDGETED HOURS	YTD as of 02/28/26
First Quarter	-	-
(CarryFwds) Vehicle Allowance & Take-Home Cars Project P2025-02	15.00	17.75
(CarryFwds) Cyber Audits: EPPD – Administration	50.00	52.75
(CarryFwds) El Paso Zoo – Financial Activity Audit A2025-09	100.00	93.75
(CarryFwds) Red Book Assessment	250.00	36.75
(CarryFwds) Animal Services – Construction Audit A2025-08	400.00	255.75
(CarryFwds) Code Enforcement Division Audit A2025-05	400.00	423.00
Follow-Up: Accounts Receivable Program – 2 nd Follow-Up Audit A2025-10	150.00	191.00
Follow-Up: Planning & Inspections – Permit Review Audit A2026-01	100.00	117.00
Citywide Sales Tax Analysis - Clearview	40.00	26.75
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	54.25
Hotel Occupancy Tax Audits - Administration	100.00	38.50
Tax Office Refund Review Project	100.00	183.75
Cyber Audits: Health Department (Administration)	200.00	-
Financial Oversight and Audit Committee	500.00	431.50
Contingency Hours	359.00	453.00
Administrative Duties - Chief Internal Auditor	0.00	-
Administrative Duties – Deputy Chief Internal Auditor	87.00	145.75
Administrative Duties – Audit Manager	87.00	75.25
Administrative Duties - Staff Auditors	375.00	423.25
Auditor Training	100.00	332.50
Vacation/Sick Leave/Holiday	572.00	804.00
Total	4,160.00	4,156.25
Second Quarter	-	-
(CarryFwds) Single-Family Owner-Occupied Renovation Program Audit A2026-06	500.00	126.50
El Paso Police Department – Overtime Audit A2026-05	500.00	333.00
P-Card and Travel Review Audit – City Department (ESD) A2026-07	250.00	386.75
Follow-Up: 380 Agreement Monitoring Audit	250.00	-
Follow-Up: On-Call Services Agreement Audit	250.00	284.25
Citywide Sales Tax Analysis – Clearview	40.00	9.50
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery – Administration	50.00	1.00
City Employee Hotline	75.00	62.00

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	BUDGETED HOURS	YTD as of 02/28/26
Second Quarter (Cont.)	-	-
Hotel Occupancy Tax Audits – Administration	100.00	134.50
Tax Office Refund Review Project	100.00	100.00
Cyber Audits: Health Department (Administration)	100.00	24.50
Financial Oversight and Audit Committee	500.00	262.75
Contingency Hours	494.00	257.25
Administrative Duties - Chief Internal Auditor	125.00	-
Administrative Duties – Deputy Chief Internal Auditor	87.00	118.50
Administrative Duties – Audit Manager	87.00	69.00
Administrative Duties - Staff Auditors	375.00	241.75
Auditor Training	112.00	188.00
Vacation/Sick Leave/Holiday	635.00	737.75
Total	4,680.00	3,337.00
Third Quarter	-	-
Accounts Payable Audit – City Department	500.00	346.50
Streets and Maintenance – Facility Maintenance Audit	500.00	411.50
Peer Review of the Internal Audit Department	500.00	-
Follow-Up: Parks & Recreations – Park Usage Permit Audit	150.00	6.00
Follow-Up: EPIA Accounts Payable Audit	200.00	19.75
City Council & City Manager’s Office P-Card and Travel Review (Administration: Co-Sourcing)	45.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-
Hotel Occupancy Tax Audits - Administration	100.00	-
Tax Office Refund Review Project	100.00	-
Cyber Audits: Health Department (Administration)	100.00	-
Financial Oversight and Audit Committee	500.00	-
Contingency Hours	346.00	-
Administrative Duties - Chief Internal Auditor	125.00	-
Administrative Duties – Deputy Chief Internal Auditor	88.00	-
Administrative Duties – Audit Manager	88.00	-
Administrative Duties - Staff Auditors	375.00	-
Auditor Training	113.00	-
Vacation/Sick Leave/Holiday	635.00	-
Total	4,680.00	783.75
Fourth Quarter	-	-
El Paso International Airport – Construction Audit	500.00	-
Parks Department – Sports Fields Audit	500.00	-
La Nube Children’s Museum Contract Audit	500.00	-
P-Card and Travel Review – City Department	250.00	-
Citywide Sales Tax Analysis - Clearview	40.00	-
Franchise Fee Audits (Spectrum) – Administration	50.00	-
TX Sales Tax Discovery - Administration	50.00	-
City Employee Hotline	75.00	-

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	BUDGETED HOURS	YTD as of 02/28/26
Fourth Quarter (Cont.)		
Hotel Occupancy Tax Audits - Administration	100.00	-
Tax Office Refund Review Project	100.00	-
Cyber Audits: Health Department (Administration)	100.00	-
Financial Oversight and Audit Committee	500.00	-
Contingency Hours	563.00	-
Administrative Duties - Chief Internal Auditor	125.00	-
Administrative Duties – Deputy Chief Internal Auditor	88.00	-
Administrative Duties – Audit Manager	88.00	-
Administrative Duties - Staff Auditors	375.00	-
Auditor Training	113.00	-
Vacation/Sick Leave/Holiday	635.00	-
Total	4,752.00	-
Totals for 1st, 2nd, 3rd & 4th Quarters	18,720.00	8,277.00

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CONCLUSION

The 2nd Quarter of the 2025-2026 Audit Plan was another productive quarter for the Internal Audit Department. During the 2nd Quarter, 10 Audits/Projects are in various stages of planning or completion.

It continues to be a pleasure serving the Mayor and City Council, the Financial Oversight and Audit Committee, the City Manager, the Deputy City Managers, and the Managing Directors. The Internal Audit Department staff continues to strive for excellence in meeting our departmental motto, “Exceeding our Client’s Expectations.”

Respectfully Submitted

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City of El Paso

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